

STATE OF FLORIDA AUDITOR GENERAL

Financial Audit

Report No. 2026-127
March 2026

UNIVERSITY OF CENTRAL FLORIDA

For the Fiscal Year Ended
June 30, 2025



Sherrill F. Norman, CPA
Auditor General

Board of Trustees and President

During the 2024-25 fiscal year, Dr. Alexander Cartwright served as President of the University of Central Florida and the following individuals served as Members of the Board of Trustees:

Alex Martins, Chair	Mark Filburn from 12-19-24 ^d
Bill Christy, Vice Chair from 2-26-25 ^a	Danny Gaekwad
Michael Okaty through 1-6-25, Vice Chair ^a	Dr. Stephen King ^c
Tiffany Altizer	Bryce Lister through 5-4-25 ^b
Luci Blanco from 5-5-25 ^b	Tony Massey from 1-7-25
Rick Cardenas	Caryl McAlpin through 1-6-25
Jeff Condello	Thomas McNamara from 1-7-25
Joseph D. Conte through 1-6-25	John Miklos
John Evans from 1-7-25	

^a Vice Chair position vacant from 1-7-25, through 2-25-25.

^b Student Body President.

^c Faculty Senate President.

^d Position vacant through 12-18-24.

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

The team leader was Nicholas DeCandia, CPA, and the audit was supervised by Jeffrey M. Brizendine, CPA.

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

This report and other reports prepared by the Auditor General are available at:

FLAuditor.gov

Printed copies of our reports may be requested by contacting us at:

State of Florida Auditor General

Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722

UNIVERSITY OF CENTRAL FLORIDA

TABLE OF CONTENTS

	Page No.
SUMMARY	i
INDEPENDENT AUDITOR'S REPORT	1
Report on the Audit of the Financial Statements.....	1
Other Reporting Required by <i>Government Auditing Standards</i>	3
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position.....	16
Statement of Revenues, Expenses, and Changes in Net Position.....	19
Statement of Cash Flows	20
Notes to Financial Statements.....	22
OTHER REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability.....	71
Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan	72
Schedule of University Contributions – Florida Retirement System Pension Plan	72
Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan	74
Schedule of University Contributions – Health Insurance Subsidy Pension Plan	74
Notes to Required Supplementary Information.....	76
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 <i>GOVERNMENT AUDITING STANDARDS</i>	
Report on Internal Control Over Financial Reporting	77
Report on Compliance and Other Matters	78
Purpose of this Report.....	78

SUMMARY

SUMMARY OF REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

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

SUMMARY OF REPORT ON INTERNAL CONTROL AND COMPLIANCE

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

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

AUDIT OBJECTIVES AND SCOPE

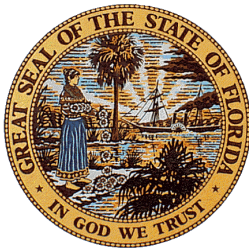
Our audit objectives were to obtain reasonable assurance about whether the financial statements as a whole were free from material misstatements, whether due to fraud or error, and to issue an auditor's report that included our opinions. In doing so we:

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

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

AUDIT METHODOLOGY

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



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



Phone: (850) 412-2722
Fax: (850) 488-6975

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 Central 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, 2025, 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 the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Central Florida and of its aggregate discretely presented component units as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the blended and aggregate discretely presented component units. The financial statements of the blended component units, represent 0.9 percent, 4.1 percent, 1.2 percent, and 0.2 percent, respectively, of the assets, liabilities, net position, and revenues reported for the University of Central Florida as of June 30, 2025. The financial statements of the aggregate discretely presented component units represent 100 percent of the transactions and account balances of the discretely presented component units columns as of June 30, 2025. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for the blended and aggregate discretely presented component units, are based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing*

Standards, issued by the Comptroller General of the United States (*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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS**, the **Schedule of the University's Proportionate Share of the Total Other Postemployment Benefits Liability**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Florida Retirement System Pension Plan**, **Schedule of University Contributions – Florida Retirement System Pension Plan**, **Schedule of the University's Proportionate Share of the Net Pension Liability – Health Insurance Subsidy Pension Plan**, **Schedule of University Contributions – Health Insurance Subsidy Pension Plan**, and **Notes to Required Supplementary** 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2026, on our consideration of the University of Central 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 Central Florida's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name "Sherrill" and last name "Norman" clearly legible, and "F." as a small initial in the middle.

Sherrill F. Norman, CPA
Tallahassee, Florida
March 4, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provide an overview of the financial position and activities of the University for the fiscal year ended June 30, 2025, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2025, and June 30, 2024.

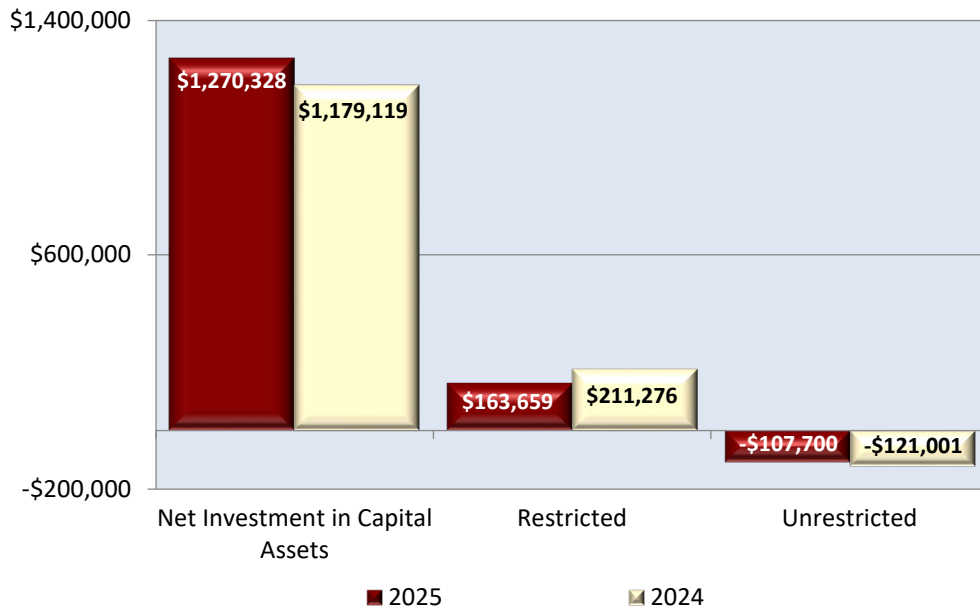
FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled \$2.8 billion at June 30, 2025. This balance reflects a \$119.2 million, or 4.5 percent, increase as compared to the 2023-24 fiscal year, resulting from increases primarily in cash and cash equivalents, capital assets, and deferred outflows of resources relating to pensions and other postemployment benefits, offset by decreases in amounts due from primary government related to capital appropriations. Liabilities and deferred inflows of resources increased by \$62.3 million, or 4.5 percent, totaling \$1.5 billion at June 30, 2025. As a result, the University's net position increased by \$56.9 million, resulting in a year-end balance of \$1.3 billion.

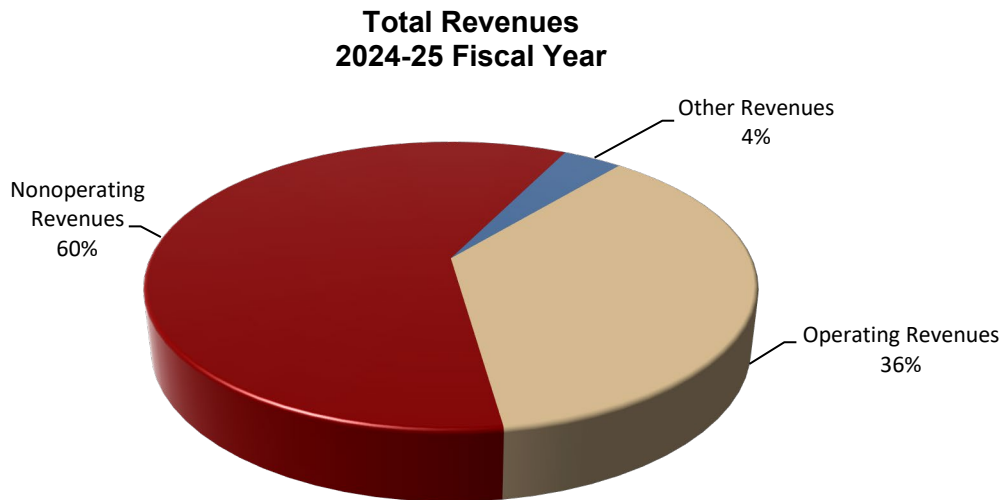
The University's operating revenues totaled \$601.7 million for the 2024-25 fiscal year, representing an increase of \$13.4 million, or 2.3 percent compared to the 2023-24 fiscal year primarily due to an increase in sales and services of auxiliary enterprises. Operating expenses totaled \$1.5 billion for the 2024-25 fiscal year, representing an increase of \$110.7 million, or 7.8 percent as compared to the 2023-24 fiscal year due to increases in compensation and employee benefits and scholarships, fellowships, and waivers.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2025, and June 30, 2024, is shown in the following graph:

Net Position (In Thousands)



The following chart provides a graphical presentation of University revenues by category for the 2024-25 fiscal year:



OVERVIEW OF FINANCIAL STATEMENTS

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

- Blended Component Units
 - UCF Finance Corporation
 - University of Central Florida College of Medicine Self-Insurance Program
- Discretely Presented Component Units
 - University of Central Florida Foundation, Inc.
 - University of Central Florida Research Foundation, Inc.
 - UCF Athletics Association, Inc.
 - UCF Convocation Corporation
 - UCF Stadium Corporation
 - Central Florida Clinical Practice Organization, Inc.
 - UCF Academic Health, Inc.

Information regarding these component units, including summaries of the blended and discretely presented component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30

(In Thousands)

	<u>2025</u>	<u>2024</u>
Assets		
Current Assets	\$ 914,127	\$ 907,082
Capital Assets, Net	1,518,190	1,435,737
Other Noncurrent Assets	<u>118,236</u>	<u>107,094</u>
Total Assets	<u>2,550,553</u>	<u>2,449,913</u>
Deferred Outflows of Resources	<u>223,630</u>	<u>205,054</u>
Liabilities		
Current Liabilities	229,704	180,602
Noncurrent Liabilities	<u>962,903</u>	<u>932,078</u>
Total Liabilities	<u>1,192,607</u>	<u>1,112,680</u>
Deferred Inflows of Resources	<u>255,289</u>	<u>272,893</u>
Net Position		
Net Investment in Capital Assets	1,270,328	1,179,119
Restricted	163,659	211,276
Unrestricted	<u>(107,700)</u>	<u>(121,001)</u>
Total Net Position	<u>\$ 1,326,287</u>	<u>\$ 1,269,394</u>

Total assets as of June 30, 2025, increased \$100.6 million, or 4.1 percent. This increase was primarily attributable to capital construction projects, specifically the new Nursing building, renovations to the Chemistry and Biology buildings, and stadium renovations. Total liabilities increased by \$79.9 million, or 7.2 percent due to increases in accounts payable and other accrued liabilities, amounts due to component units, and an increase in noncurrent postemployment health care benefit liabilities. Deferred outflows of resources increased by \$18.6 million, or 9.1 percent, and deferred inflows of resources decreased by \$17.6 million, or 6.5 percent. These changes were primarily annual changes in actuarially determined amounts for pensions and other postemployment benefits.

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

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

The following summarizes the University's activity for the 2024-25 and 2023-24 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years
(In Thousands)

	<u>2024-25</u>	<u>2023-24</u>
Operating Revenues	\$ 601,686	\$ 588,247
Less, Operating Expenses	<u>1,528,358</u>	<u>1,417,651</u>
Operating Loss	(926,672)	(829,404)
Net Nonoperating Revenues	<u>922,059</u>	<u>821,001</u>
Loss Before Other Revenues	(4,613)	(8,403)
Other Revenues	<u>61,506</u>	<u>64,146</u>
Net Increase In Net Position	<u>56,893</u>	<u>55,743</u>
Net Position, Beginning of Year	<u>1,269,394</u>	<u>1,213,651</u>
Net Position, End of Year	<u><u>\$ 1,326,287</u></u>	<u><u>\$ 1,269,394</u></u>

Operating Revenues

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

The following summarizes the operating revenues by source that were used to fund operating activities for the 2024-25 and 2023-24 fiscal years:

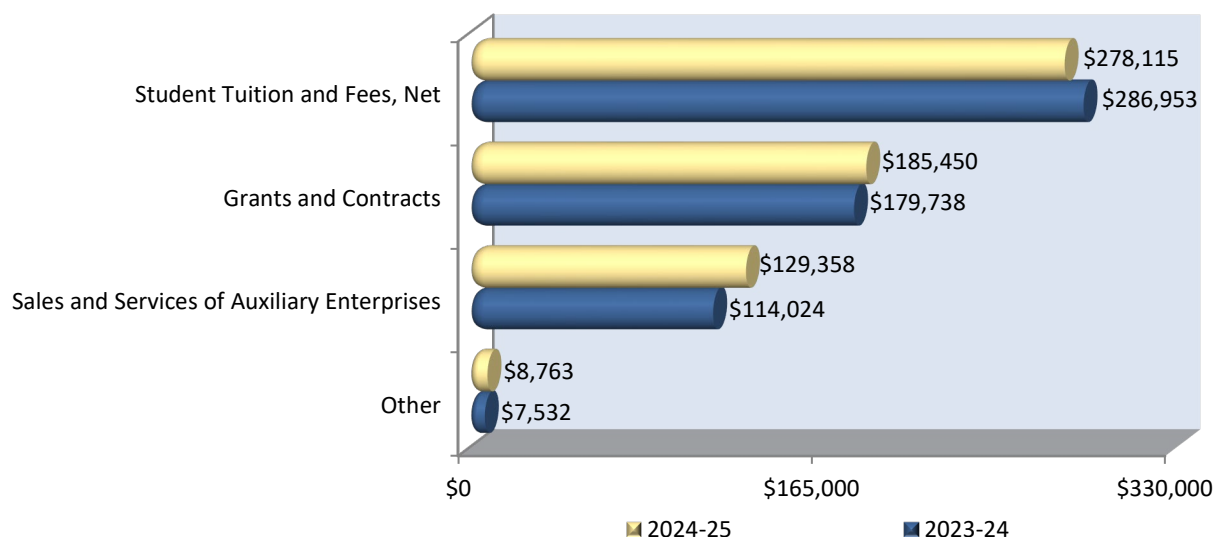
Operating Revenues
For the Fiscal Years
(In Thousands)

	<u>2024-25</u>	<u>2023-24</u>
Student Tuition and Fees, Net	\$ 278,115	\$ 286,953
Grants and Contracts	185,450	179,738
Sales and Services of Auxiliary Enterprises	129,358	114,024
Other	<u>8,763</u>	<u>7,532</u>
Total Operating Revenues	<u><u>\$ 601,686</u></u>	<u><u>\$ 588,247</u></u>

The following chart presents the University's operating revenues for the 2024-25 and 2023-24 fiscal years:

Operating Revenues

(In Thousands)



Student tuition and fees, net, decreased by \$8.8 million or 3.1 percent due to an 8.2 percent increase in tuition scholarship allowances related to increased financial support to students. Grants and contracts increased by \$5.7 million or 3.2 percent primarily due to an increase in nongovernmental contracts and grants funding during the 2024-25 fiscal year. Sales and services of auxiliary enterprises increased by \$15.3 million or 13.4 percent. These increases are primarily due to increased services in the Graduate Medical Education Program at the UCF College of Medicine and increases in housing rental revenues.

Operating Expenses

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

The following summarizes operating expenses by natural classification for the 2024-25 and 2023-24 fiscal years:

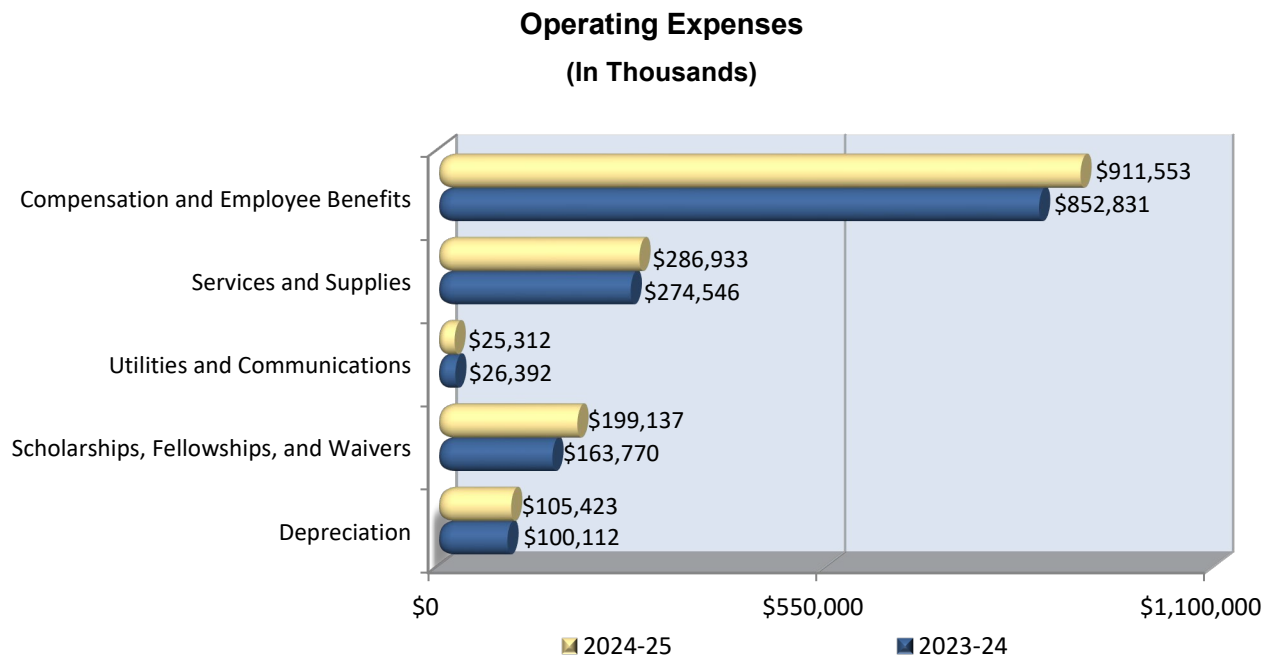
Operating Expenses

For the Fiscal Years

(In Thousands)

	2024-25	2023-24
Compensation and Employee Benefits	\$ 911,553	\$ 852,831
Services and Supplies	286,933	274,546
Utilities and Communications	25,312	26,392
Scholarships, Fellowships, and Waivers	199,137	163,770
Depreciation	105,423	100,112
Total Operating Expenses	\$ 1,528,358	\$ 1,417,651

The following chart presents the University's operating expenses for the 2024-25 and 2023-24 fiscal years:



Compensation and employee benefits increased by \$58.7 million, or 6.9 percent, primarily resulting from a merit increase program to support faculty and staff. Scholarships, fellowships, and waivers increased by \$35.4 million, or 21.6 percent. This increase was primarily driven by a \$31 million increase in Federal Pell Grant disbursements during the 2024-25 fiscal year.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2024-25 and 2023-24 fiscal years:

Nonoperating Revenues (Expenses)
For the Fiscal Years
(In Thousands)

	2024-25	2023-24
State Noncapital Appropriations	\$ 525,991	\$ 482,493
Federal and State Student Financial Aid	320,443	266,018
Noncapital Grants, Contracts, and Gifts	2,070	-
Investment Income	48,888	56,573
Other Nonoperating Revenues	83,321	49,229
Loss on Disposal of Capital Assets	(460)	(453)
Interest on Capital Asset-Related Debt	(5,079)	(4,847)
Other Nonoperating Expenses	(53,115)	(28,012)
Net Nonoperating Revenues	\$ 922,059	\$ 821,001

Net nonoperating revenues increased by \$101.1 million, or 12.3 percent, primarily due to increases in State noncapital appropriations, Federal and State student financial aid, and other nonoperating revenues, offset by other nonoperating expenses.

State noncapital appropriations increased \$43.5 million or 9 percent in both recurring and non-recurring appropriations primarily attributed to \$35 million of new recurring appropriations to support operations. Federal and State student financial aid increased \$54.4 million or 20.5 percent due mainly to increases of \$13 million in Bright Futures scholarships, \$31 million in Federal Pell grants, and \$9 million in Federal Stafford loans. Other nonoperating revenues increased by \$34.1 million or 69.3 percent, primarily due to funds provided by the Central Florida Clinical Practice Organization, Inc. to the College of Medicine (COM) to facilitate participation in the Medicaid Supplemental Payment Program and to support various missions of COM. Correspondingly, other nonoperating expenses increased by \$25.1 million, or 89.6 percent, with \$17.8 million of that increase representing the payment for participation in the Medicaid Supplemental Payment Program.

Other Revenues

This category is mainly composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University’s other revenues for the 2024-25 and 2023-24 fiscal years:

Other Revenues For the Fiscal Years (In Thousands)		
	<u>2024-25</u>	<u>2023-24</u>
State Capital Appropriations	\$ 30,550	\$ 38,062
Capital Grants, Contracts, Donations, and Fees	<u>30,956</u>	<u>26,084</u>
Total	<u>\$ 61,506</u>	<u>\$ 64,146</u>

State capital appropriations decreased by \$7.5 million, due to a decrease in legislative capital appropriations. Capital grants, contracts, donations, and fees increased by \$4.9 million, primarily due to an increase in contributions from component units for capital projects, offset by a decrease resulting from the donation of a student housing complex and its associated land to support the Rosen College of Hospitality Management in fiscal year 2023-24.

The Statement of Cash Flows

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

The following summarizes cash flows for the 2024-25 and 2023-24 fiscal years:

Condensed Statement of Cash Flows
For the Fiscal Years
(In Thousands)

	<u>2024-25</u>	<u>2023-24</u>
Cash Provided (Used) by:		
Operating Activities	\$ (802,578)	\$ (690,544)
Noncapital Financing Activities	903,411	791,819
Capital and Related Financing Activities	(86,458)	(83,163)
Investing Activities	<u>20,357</u>	<u>74,675</u>
Net Increase in Cash and Cash Equivalents	34,732	92,787
Cash and Cash Equivalents, Beginning of Year	<u>359,855</u>	<u>267,068</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 394,587</u></u>	<u><u>\$ 359,855</u></u>

Cash and cash equivalents increased by \$34.7 million or 9.7 percent. Cash outflows from operating activities increased due to increased compensation and employee benefits and increased scholarships, fellowships, and waivers awarded to students. Cash inflows from noncapital financing activities increased due to increased State appropriations and Federal and State student financial aid. Cash inflows from investing activities decreased \$54.3 million or 72.7 percent, primarily due to a reduction in investment activities and changes in fair market valuations of investments.

Major sources of funds came from proceeds from sales and maturities of investments (\$1.7 billion), State noncapital appropriations (\$526 million), Federal and State student financial aid (\$320.4 million), net student tuition and fees (\$278.2 million), grants and contracts (\$181.6 million), Federal direct loan program receipts (\$167.6 million), and sales and services of auxiliary enterprises (\$130.7 million). Major uses of funds were for purchases of investments (\$1.7 billion), payments to employees (\$893.8 million), payments to suppliers for goods and services (\$309.1 million); disbursements to students for the Federal direct loan program (\$167.6 million), and payments to students for scholarships and fellowships (\$199.1 million).

CAPITAL ASSETS, CAPITAL COMMITMENTS, AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the University had \$2.9 billion in capital assets, less accumulated depreciation of \$1.4 billion, for net capital assets of \$1.5 billion. Depreciation charges for the current fiscal year totaled \$105.4 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(In Thousands)

	<u>2025</u>	<u>2024</u>
Land	\$ 53,293	\$ 52,406
Construction in Progress	178,248	84,952
Buildings	996,568	1,000,400
Infrastructure and Other Improvements	33,479	35,832
Furniture and Equipment	51,495	48,740
Library Resources	33,136	32,159
Right-to-Use SBITA	37,797	38,735
Leasehold Improvements	4,589	5,874
Right-to-Use Lease Assets	129,309	136,317
Works of Art and Historical Treasures	263	291
Computer Software and Other Capital Assets	<u>13</u>	<u>31</u>
Capital Assets, Net	<u><u>\$ 1,518,190</u></u>	<u><u>\$ 1,435,737</u></u>

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

Capital Commitments

Major University construction commitments at June 30, 2025, are as follows:

	<u>Amount</u> <u>(In Thousands)</u>
Total Committed	\$ 308,453
Completed to Date	<u>178,248</u>
Balance Committed	<u><u>\$ 130,205</u></u>

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

Debt Administration

As of June 30, 2025, the University had \$233.8 million in outstanding capital improvement debt payable, loans and notes payable, and right-to-use leases payable, representing a decrease of \$14.3 million, or 5.7 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	<u>2025</u>	<u>2024</u>
Capital Improvement Debt	\$ 53,793	\$ 58,865
Loans and Notes Payable	44,546	47,431
Right-to-Use Leases Payable	<u>135,424</u>	<u>141,726</u>
Total	<u><u>\$ 233,763</u></u>	<u><u>\$ 248,022</u></u>

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University of Central Florida’s economic condition is closely tied to the State of Florida. According to the Florida Office of Economic and Demographic Research, Florida’s economy is projected to grow at a moderate pace, with real GDP growth slowing from 2.9 percent in the 2024-25 fiscal year to about 1.9 to 2.0 percent over the next two fiscal years. Personal income growth is expected to average 5 percent annually, while expenditure needs are forecast to outpace revenues beginning in the 2027-28 fiscal year, creating a structural gap if no corrective actions are taken. General Revenue collections were revised upward by \$246.8 million for the 2025-26 fiscal year and \$252 million for the 2026-27 fiscal year, driven by higher investment earnings, partially offset by lower corporate income tax receipts. General revenue estimates for the 2025-26 fiscal year and the 2026-27 fiscal year are increasing year-over-year compared to the 2024-25 fiscal year actual collections, but at a moderate pace of 1.6 percent in the first fiscal year and 3.1 percent by the second fiscal year.

With economic growth continuing at a slower rate, the Florida Legislature adopted a 2025–26 fiscal year budget that included \$101.6 million in funding decreases for the State University System, which resulted in a decrease of \$21.6 million to UCF in nonrecurring appropriations. In response to these decreases, the Florida Legislature and Florida Board of Governor’s implemented regulatory changes allowing for growth in fee revenues, including reducing universities burden of state mandated waivers and allowing out-of-state fee increases up to 15 percent for each of the next two academic years (e.g., the 2025-26 and 2026-27 fiscal years). UCF’s Boad of Trustees approved the 15 percent out-of-state fee increase for the Fall 2025 academic year. Additionally, enrollment increased by 1.2 percent, reaching approximately 70,989 students, driven by growth in first time-in-college undergraduates, and graduate in master’s programs. UCF continues to manage these influences through efficient and strategic resource allocation, as well as entrepreneurial efforts across academic, administrative, and auxiliary departments.

Looking ahead, UCF is poised to achieve the designation of Preeminent State Research University, pending approval by the Florida Board of Governors in June 2026. This milestone highlights UCF’s achievements in student success, research, and social mobility, and underscores the university’s expanding STEM faculty and research initiatives.

While the state’s economic growth is expected to be modest in the coming years, UCF’s proactive fiscal strategies, commitment to innovation, and strong state support will enable the university to navigate challenges and seize opportunities. UCF’s focus on expanding research, enhancing student experience, and investing in faculty excellence ensures that the university will continue to play a leadership role in Florida’s higher education landscape.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to Danta M. White, CPA, Associate Vice President for Financial Affairs and University Controller, University of Central Florida, 3544 Perseus Loop, Orlando, Florida 32816-0975.

BASIC FINANCIAL STATEMENTS

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

June 30, 2025

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 375,059,319	\$ 65,576,244
Restricted Cash and Cash Equivalents	3,493,219	92,514,554
Investments	358,872,507	-
Accounts Receivable, Net	77,571,309	33,360,345
Loans, Leases, and Notes Receivable, Net	2,484,379	11,457,229
Due from State	73,757,629	-
Due from University	-	104,553,446
Due from Component Units	7,362,095	914,678
Inventories	2,868,010	150,080
Other Current Assets	12,658,245	2,655,522
Total Current Assets	914,126,712	311,182,098
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	16,034,864	18,415,307
Restricted Investments	49,094,175	384,929,435
Loans, Leases, and Notes Receivable, Net	48,823,537	180,716,051
Depreciable Capital Assets, Net	1,286,430,867	154,399,019
Nondepreciable Capital Assets	231,758,937	68,594,909
Due from Component Units	1,541,174	-
Other Noncurrent Assets	2,743,001	1,508,095
Total Noncurrent Assets	1,636,426,555	808,562,816
Total Assets	2,550,553,267	1,119,744,914
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	105,225,614	-
Pensions	110,233,896	-
Deferred Amount on Debt Refundings	8,170,694	3,056,610
Total Deferred Outflows of Resources	223,630,204	3,056,610
LIABILITIES		
Current Liabilities:		
Accounts Payable	23,386,858	40,139,491
Construction Contracts Payable	22,311,007	-
Salary and Wages Payable	21,368,781	-
Deposits Payable	8,493,042	-
Due to University	-	7,362,095
Due to Component Units	104,553,446	914,677
Unearned Revenue	10,519,314	41,726,539
Other Current Liabilities	626,916	4,499,235
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	4,615,000	-
Loans and Notes Payable	2,955,000	4,570,000
Right-To-Use Leases Payable	2,563,922	387,009
Right-To-Use Leases Payable - Component Units	7,997,372	3,746,342
Right-To-Use SBITA	3,759,515	-
Compensated Absences Payable	6,532,513	145,857
Other Postemployment Benefits Payable	10,022,212	-
Bond Payable	-	14,151,000
Total Current Liabilities	229,704,898	117,642,245

	<u>University</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Capital Improvement Debt Payable	49,178,098	-
Bonds Payable	-	229,751,302
Loans and Notes Payable	41,591,000	49,822,000
Due to University	-	1,541,174
Right-To-Use Leases	26,249,907	3,812,142
Right-To-Use Leases - Component Units	98,613,166	58,640,364
Right-To-Use SBITA	17,749,660	-
Compensated Absences Payable	66,050,966	902,570
Other Postemployment Benefits Payable	350,558,710	-
Net Pension Liability	312,893,299	-
Other Noncurrent Liabilities	18,511	6,841,821
Total Noncurrent Liabilities	<u>962,903,317</u>	<u>351,311,373</u>
Total Liabilities	<u>1,192,608,215</u>	<u>468,953,618</u>
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	162,456,537	-
Pensions	41,996,801	-
Leases	50,835,192	156,654,162
Total Deferred Inflows of Resources	<u>255,288,530</u>	<u>156,654,162</u>
NET POSITION		
Net Investment in Capital Assets	1,270,328,486	107,897,961
Restricted for Nonexpendable:		
Endowment	-	164,784,623
Restricted for Expendable:		
Debt Service	75,212	-
Loans	3,221,856	-
Capital Projects	115,621,014	276,922
Other	44,740,294	210,395,019
Unrestricted	(107,700,136)	13,839,219
TOTAL NET POSITION	<u>\$ 1,326,286,726</u>	<u>\$ 497,193,744</u>

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

THIS PAGE INTENTIONALLY LEFT BLANK

UNIVERSITY OF CENTRAL FLORIDA
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2025

	<u>University</u>	<u>Component Units</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$263,724,726	\$ 278,115,038	\$ -
Federal Grants and Contracts	143,799,413	-
State and Local Grants and Contracts	9,197,440	-
Nongovernmental Grants and Contracts	32,452,701	-
Sales and Services of Auxiliary Enterprises		
(Pledged for Capital Improvement Debt: \$35,732,611 Pledged for Housing)	129,358,035	-
Gifts and Donations	-	52,058,276
Interest on Loans and Notes Receivable	19,433	-
Other Operating Revenues	8,744,052	221,409,723
Total Operating Revenues	<u>601,686,112</u>	<u>273,467,999</u>
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	911,553,490	30,981,272
Services and Supplies	286,932,561	207,887,746
Utilities and Communications	25,312,237	-
Scholarships, Fellowships, and Waivers	199,136,814	-
Depreciation	105,423,177	9,575,209
Total Operating Expenses	<u>1,528,358,279</u>	<u>248,444,227</u>
Operating Income (Loss)	<u>(926,672,167)</u>	<u>25,023,772</u>
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	525,991,012	-
Noncapital Grants, Contracts, and Gifts	2,069,647	-
Federal and State Student Financial Aid	320,443,449	-
Investment Income (Loss)	48,888,252	6,244,027
Other Nonoperating Revenues	83,321,014	104,978,088
Loss on Disposal of Capital Assets	(460,508)	-
Interest on Capital Asset-Related Debt	(5,078,537)	(9,398,811)
Other Nonoperating Expenses	(53,115,069)	(77,436,568)
Net Nonoperating Revenues	<u>922,059,260</u>	<u>24,386,736</u>
Income (Loss) Before Other Revenues	<u>(4,612,907)</u>	<u>49,410,508</u>
State Capital Appropriations	30,549,900	-
Capital Grants, Contracts, Donations, and Fees	30,955,337	817,460
Additions to Permanent Endowments	-	4,111,141
Total Other Revenues	<u>61,505,237</u>	<u>4,928,601</u>
Increase in Net Position	<u>56,892,330</u>	<u>54,339,109</u>
Net Position, Beginning of Year	1,269,394,396	442,854,635
Net Position, End of Year	<u>\$ 1,326,286,726</u>	<u>\$ 497,193,744</u>

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

UNIVERSITY OF CENTRAL FLORIDA
A Component Unit of the State of Florida
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2025

	<u>University</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 278,159,847
Grants and Contracts	181,558,807
Sales and Services of Auxiliary Enterprises	130,698,844
Interest on Loans and Notes Receivable	20,750
Payments to Employees	(893,838,046)
Payments to Suppliers for Goods and Services	(309,079,059)
Payments to Students for Scholarships and Fellowships	(199,136,814)
Collections on Loans to Students	34,921
Other Operating Receipts	9,003,007
Net Cash Used by Operating Activities	<u>(802,577,743)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	525,991,012
Federal and State Student Financial Aid	320,443,449
Federal Direct Loan Program Receipts	167,627,743
Federal Direct Loan Program Disbursements	(167,627,743)
Noncapital Grants, Contracts, and Donations	5,046,469
Net Change in Funds Held for Others	23,826,152
Other Nonoperating Receipts	28,104,050
Net Cash Provided by Noncapital Financing Activities	<u>903,411,132</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	68,081,154
Capital Grants, Contracts, Donations and Fees	29,282,382
Capital Subsidies and Transfers	(3,027,897)
Proceeds from Sale of Capital Assets	3,123,098
Purchase or Construction of Capital Assets	(154,375,580)
Principal Paid on Capital Debt and Leases	(24,757,239)
Interest Paid on Capital Debt and Leases	(5,075,016)
Interest Received on Capital Debt and Lease	290,499
Net Cash Used by Capital and Related Financing Activities	<u>(86,458,599)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,737,090,778
Purchases of Investments	(1,744,538,730)
Investment Income	27,805,104
Net Cash Provided by Investing Activities	<u>20,357,152</u>
Net Increase in Cash and Cash Equivalents	34,731,942
Cash and Cash Equivalents, Beginning of Year	<u>359,855,460</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 394,587,402</u></u>

	<u>University</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (926,672,167)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	105,423,177
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	1,300,277
Inventories	1,786,843
Other Assets	(1,349,894)
Accounts Payable	2,531,978
Salaries and Wages Payable	4,216,501
Deposits Payable	(1,443,497)
Compensated Absences Payable	5,247,487
Other Postemployment Benefits Payable	47,573,152
Unearned Revenue	(1,659,002)
Other Liabilities	(210,902)
Net Pension Liability	(5,146,867)
Deferred Outflows of Resources Related to Other Postemployment Benefits	(6,759,757)
Deferred Inflows of Resources Related to Other Postemployment Benefits	(28,591,055)
Deferred Outflows of Resources Related to Pensions	(12,497,192)
Deferred Inflows of Resources Related to Pensions	13,673,175
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (802,577,743)</u></u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES	
Unrealized gains on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 20,989,192
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (460,508)
The accompanying notes to financial statements are an integral part of this statement.	

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

Blended Component Units. Based on the application of the criteria for determining component units, the UCF Finance Corporation (Corporation) and the University of Central Florida College of Medicine Self-Insurance Program (Program) are included within the University's reporting entity as blended component units, and are therefore reported as if they are part of the University. The Corporation's purpose is to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The Program's purpose is to provide comprehensive general liability and professional liability coverage for the University's Trustees and students for claims and actions arising from clinical activities of the College of Medicine, College of Nursing, UCF Health Services, College of Health Professions and Sciences (previously included in the College of Health and Public Affairs), and the Central Florida Clinical Practice Organization, Inc., faculty, staff, and resident physicians. Condensed financial statements for the University's blended component units are shown in a subsequent note. The condensed financial statements are reported net of eliminations.

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) and the Central Florida Clinical Practice Organization, Inc. (an affiliated organization), are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit, corporations are organized and operated to assist the University in achieving excellence by providing supplemental resources from private gifts and bequests and valuable education support services and are governed by separate boards.

Florida Statutes authorize these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

- University of Central Florida Foundation, Inc. is a not-for-profit Florida Corporation whose principal function is to provide charitable and educational aid to the University.
- University of Central Florida Research Foundation, Inc. was organized to promote and encourage, as well as assist in, the research activities of the University's faculty, staff, and students.
- UCF Athletics Association, Inc. was organized to promote intercollegiate athletics to benefit the University and surrounding communities.
- UCF Convocation Corporation was created to finance and construct a convocation center, and to manage the Towers student housing and its related retail space on the north side of campus.
- UCF Stadium Corporation was created to finance, build, and administer an on-campus football stadium.
- Central Florida Clinical Practice Organization, Inc. is an affiliated organization of the University and was formed for the purpose of supporting the medical education program and clinical faculty within the College of Medicine.
- UCF Academic Health, Inc. is a not-for-profit Florida Corporation whose purpose is to promote and support medical education, research, and patient care through the planning and development of clinical initiatives and affiliated partnerships that serve the education, research and clinical mission and objectives of the College of Medicine.

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 on the University's discretely presented component units, including copies of audit reports, is available by contacting the University Controller. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

Basis of Presentation. The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by GASB. The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (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 entitywide reporting including the following components:

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

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

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

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The University applied the "Direct Method C" as prescribed in NACUBO Advisory Report 2023-01 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, using a high-level estimation by fiscal year.

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts, money market funds, and investments with original maturities of three months or less.

University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by the Federal Deposit Insurance Corporation (FDIC), up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

The University holds \$395,838,452 in money market funds and short-term investments. The money market funds and investments are permissible under the current investment policy; the primary portion of these investments are held in Rule 2a-7 mutual funds and securities rated AAA (or its equivalent) by a nationally recognized statistical rating organization. The Corporation, a blended component unit, holds \$3,493,219 in money market funds. The money market funds are uninsured, but collateralized by securities held by the financial institutions, not in the name of the Corporation. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

Cash and Cash Equivalents – Discretely Presented Component Units. Cash and cash equivalents for the University's discretely presented component units are reported as follows:

<u>Component Unit</u>	<u>Cash in Bank</u>	<u>Money Market Funds</u>	<u>Total</u>
University of Central Florida Foundation, Inc.	\$ 20,946,478	\$ 4,863,000	\$ 25,809,478
University of Central Florida Research Foundation, Inc.	415,989	-	415,989
UCF Athletics Association, Inc.	27,020,598	-	27,020,598
UCF Convocation Corporation	7,689,370	19,798,683	27,488,053
UCF Stadium Corporation	-	89,401,346	89,401,346
UCF Academic Health, Inc.	998,132	-	998,132
Central Florida Clinical Practice Organization, Inc.	5,372,509	-	5,372,509
Total Component Units	\$ 62,443,076	\$ 114,063,029	\$ 176,506,105

The University holds certain cash balances for various discretely presented component units. Cash amounts held for University of Central Florida Research Foundation, Inc., Central Florida Clinical Practice Organization, Inc., UCF Convocation Corporation, and UCF Stadium Corporation were \$35,943,600, \$45,570,153, \$10,237,648, and \$6,764,737, respectively.

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, the component unit will not be able to recover deposits.

- **University of Central Florida Foundation, Inc.** – Cash deposits consist of non-interest-bearing demand deposits, money market accounts, and cash deposits. At June 30, 2025, approximately \$20,707,000 in cash deposits were not insured by the FDIC and were not collateralized.
- **UCF Athletics Association, Inc.** – The Association does not have a deposit policy for custodial credit risk, although all demand deposits with banks are insured up to the FDIC limits. As of June 30, 2025, no part of the Association's bank balance was exposed to custodial credit risk as uninsured and uncollateralized.

- **UCF Convocation Corporation** – At June 30, 2025, the Convocation Corporation held \$19,798,683 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name. Additionally, at June 30, 2025, the Convocation Corporation held \$7,689,370 in cash deposits at a financial banking institution. These funds are collateralized with securities held by the pledging financial institution, but not in the depositor's name.
- **UCF Stadium Corporation** – At June 30, 2025, the Stadium Corporation held \$89,401,346 in a government money market fund. Money market funds are uninsured and collateralized by securities held by the institution, not in the Corporation's name.
- **Central Florida Clinical Practice Organization, Inc.** – At June 30, 2025, The Central Florida Clinical Practice Organization, Inc. had deposits in banking institutions. A portion of the deposits, totaling \$5,166,117, were in excess of the FDIC limit as of June 30, 2025.
- **UCF Academic Health, Inc.** – At June 30, 2025, UCF Academic Health, Inc. had deposits in a banking institution. A portion of the deposits, totaling \$748,000, was in excess of the FDIC limit as of June 30, 2025.

Capital Assets. University capital assets consist of land, works of art and historical treasures, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, right-to-use lease assets, right-to-use subscription-based information technology arrangements, and computer software and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$4 million for intangible assets, which include computer software and subscription-based information technology arrangements, \$5,000 for tangible personal property, and \$250 for library resources. New buildings and building improvements have a \$100,000 capitalization threshold. Leased assets have a materiality threshold of \$5,000 for equipment and \$100,000 for space based on the initial calculated net present value. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 12 to 50 years
- Furniture and Equipment – 5 to 10 years
- Library Resources – 10 years
- Leasehold Improvements – the lesser of the remaining lease term, or the estimated useful life of the improvements
- Right-To-Use Lease Assets – the lesser of the lease term or the useful life of the underlying asset
- Right-To-Use Subscription-Based Information Technology Arrangements – the lesser of the subscription term or the useful life of the underlying asset
- Works of Art and Historical Treasures – 5 to 15 years
- Computer Software – 5 to 10 years

Leases. The University determines if an arrangement is a lease at inception. Lessee arrangements are included in lease assets and liabilities in the statement of net position. Lease assets represent the University's control of the right to use an underlying asset for the lease term, as specified in the contract.

In exchange or exchange-like transactions, lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized systematically and rationally over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities represent the University's obligation to make lease payments from the lessee arrangement. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less applicable lease incentives. Interest expense is recognized over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the University will exercise that option.

Lessor arrangements are included in lease receivables and deferred inflows of resources in the statement of net position. Lease receivables represent the University's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at the commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized over the contract term. Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue systematically and rationally over the lease term.

Leases with a lease term of 12 months or less, or under the materiality threshold are not included as lease liabilities, right-to-use leased assets, lease receivable, or deferred inflows of resources on the statement of net position. Instead, the University recognizes these lease payments as outflows or inflows of resources, respectively.

Subscription Based Information Technology Arrangements (SBITA). The University determines if an arrangement is a subscription-based information technology arrangements (SBITA) at inception. SBITA arrangements are included in right-to-use subscription assets and liabilities in the statement of net position. Subscription assets represent the University's control of the right to use an underlying IT asset for the subscription term, as specified in the subscription agreement. In exchange or exchange-like transactions, subscription assets are recognized at the commencement date based on the initial measurement of the subscription liability, plus any payments made to the subscription vendor at or before the commencement of the subscription term and capitalizable implementation costs. Subscription assets are amortized systematically and rationally over the shorter of the subscription term or the useful life of the underlying IT assets. Subscription liabilities represent the University's obligation to make subscription payments from the subscription arrangement. Subscription liabilities are recognized at the commencement date based on the present value of expected subscription payments over the subscription term, less applicable vendor incentives. Variable payments that are fixed-in-substance, such as scheduled pricing escalation tied to an index or fixed percentage increase, are included in the subscription liability. Variable payments that are contingent upon future conditions or performance, such as usage of underlying IT assets or number of user seats, are not included in the measurement of the subscription liability and are recognized as outflows of resources in the period in which the obligation for

those payments is incurred. Interest expense is recognized over the subscription term. The subscription term may include options to extend or terminate the subscription when it is reasonably certain that the University will exercise that option.

SBITAs with a subscription term of 12 months or less, or under the materiality threshold are not included as subscription liabilities or right-to-use subscription assets on the statement of net position. Instead, the University recognizes these subscription payments as outflows of resources.

Noncurrent Liabilities. Noncurrent liabilities include capital improvement debt payable, loan payable, right-to-use leases payable, right-to-use SBITA, 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 is reported net of unamortized premium or discount. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method.

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

2. Accounting Change: Implementation of GASB Statement No. 101, *Compensated Absences*

Effective for the fiscal year ended June 30, 2025, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This Statement establishes a unified model for recognizing and measuring liabilities associated with compensated absences, including vacation, sick leave, parental leave, and other qualifying leave types.

The statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used (MLTN) for time off or otherwise paid in cash or settled through noncash means.

As part of the implementation process, the University reviewed its leave policies and analyzed historical sick leave usage trends over a five-year period to assess the impact of GASB Statement No. 101. The methodology for estimating the liability for compensated absences was revised to accrue 100 percent of annual leave. A five-year analysis of sick leave was conducted to determine if accrued sick leave met the "more likely than not to be used" criterion. However, accrued sick leave hours increased each year during this period, indicating that the MLTN criterion was not met. Therefore, no adjustment was made for sick leave.

This change in estimate has been applied prospectively and resulted in an increase of \$5.2 million, or 7.8 percent, in the liability for compensated absences. The impact of this change is reflected in the current year's financial statements.

3. Deficit Net Position

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

<u>Fund</u>	<u>Net Position</u>
Current Funds - Unrestricted	\$ (297,849,261)
Auxiliary Funds	<u>190,149,125</u>
Total	<u>\$ (107,700,136)</u>

This deficit can be attributed to the full recognition of long-term liabilities (i.e., compensated absences payable, other postemployment benefits payable, and net pension liabilities) in the current unrestricted funds that are expected to be paid over time.

	<u>Amount</u>
Total Unrestricted Net Position Before Recognition of Long-Term Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources	<u>\$ 627,351,392</u>
Amount Expected to be Financed in Future Years:	
Compensated Absences Payable	(72,583,479)
Other Postemployment Benefits Payable and Related Deferred Outflows of Resources and Deferred Inflows of Resources	(417,811,845)
Net Pension Liability and Related Deferred Outflows of Resources and Deferred Inflows of Resources	<u>(244,656,204)</u>
Total Amount Expected to be Financed in Future Years	<u>(735,051,528)</u>
Total Unrestricted Net Position	<u>\$ (107,700,136)</u>

4. Investments

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

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

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

All of the University's recurring fair value measurements as of June 30, 2025, are valued using quoted market prices (Level 1 inputs), with the exception of corporate bonds and certain Federal agency obligations which are valued using a matrix pricing model (Level 2 inputs) and investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).

The University's investments at June 30, 2025, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 1,006,820	\$ -	\$ -	\$ 1,006,820
SBA Debt Service Accounts	18,591	18,591	-	-
United States Government and Federally-Guaranteed Obligations	24,210,119	24,210,119	-	-
Federal Agency Obligations	1,049,769	-	1,049,769	-
Bonds and Notes	225,319,302	-	225,319,302	-
Mutual Funds				
Equities	144,522,079	144,522,079	-	-
Bonds	11,840,002	11,840,002	-	-
Total investments by fair value level	\$ 407,966,682	\$ 180,590,791	\$ 226,369,071	\$ 1,006,820

Investments held by the University's component units at June 30, 2025, are reported as follows:

	University of Central Florida Foundation Inc.	University of Central Florida Research Foundation Inc.	University of Central Florida Academic Health, Inc.	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)
Investments by fair value level							
Equity - Domestic	\$ 15,992,689	\$ 18,826	\$ -	\$ 16,011,515	\$ 15,992,689	\$ 18,826	\$ -
Domestic Fixed Income	3,192,763	-	-	3,192,763	3,192,763	-	-
Equity - International	359,527	-	-	359,527	359,527	-	-
Total investments by fair value level	19,544,979	18,826	-	19,563,805	19,544,979	18,826	-
Investments measured at the net asset value (NAV)							
Domestic Equity	83,735,456	-	-	83,735,456			
Domestic Fixed Income	94,662,165	-	-	94,662,165			
International Equity	72,952,348	-	-	72,952,348			
International Fixed Income	5,042,063	-	-	5,042,063			
Private Equity	14,549,151	-	-	14,549,151			
Private Debt	26,581,837	-	-	26,581,837			
Hedge Funds- Event Driven	11,168,382	-	-	11,168,382			
Hedge Funds - Global Macro	7,996,122	-	-	7,996,122			
Hedge Funds - Equity Linked	3,763,354	-	-	3,763,354			
Real Assets	1,230,222	-	-	1,230,222			
Real Estate	12,205,613	-	-	12,205,613			
	12,809,031	-	-	12,809,031			
Total investments measured at the NAV	346,695,744	-	-	346,695,744			
Investments measured using the cost method	-	158,992	-	158,992			
Investments measured using the equity method	-	-	18,510,894	18,510,894			
Total investments	\$ 366,240,723	\$ 177,818	\$ 18,510,894	\$384,929,435			

All of the University's component units' recurring fair value measurements as of June 30, 2025, are valued using quoted market prices (Level 1 inputs), with the exception of equity investments valued quarterly by respective fund managers (Level 2 inputs).

For the University's component units, the valuation method for investments measured at the net asset value (NAV) per share (or its equivalent) is presented in the following table:

Investments measured at the NAV	University of Central Florida Foundation, Inc.	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Domestic Equity	\$ 83,735,456	\$ -	Immediate	Immediate
Domestic Fixed Income	94,662,165	-	Immediate	Immediate
International Equity	72,952,348	-	Immediate	Immediate
International Equity	5,042,063	-	Monthly	30 Days
International Fixed Income	14,549,151	-	Immediate	Immediate
Private Equity	26,581,837	21,235,608		
Private Debt	11,168,382	2,320,793		
Hedge Funds	4,993,576	-	Monthly	30 Days
Hedge Funds	7,996,122	-	Quarterly	60-90 Days
Real Assets	12,205,613	1,164,865		
Real Estate	12,809,031	995,613		
Total investments measured at the NAV	\$ 346,695,744	\$ 25,716,879		

Net Asset Value

GASB Statement No. 72, *Fair Value Measurement and Application*, permits the fair value of certain equity and debt investments that do not have readily determinable fair values to be based on their NAV per share. The June 30, 2025 investments held at NAV by the University of Central Florida Foundation, Inc. reflect:

Domestic Equity: Domestic equity includes one manager representing a total of 23 percent of total investment assets. These funds are operated by a money manager that is passively managed to the Russell 1000 index. The funds are privately placed, and their fair value cannot be observed through observable inputs through an exchange for the overall funds. The fair value of these funds are provided by the money manager which uses a quoted price in the active markets for the underlying assets.

Domestic Fixed Income: Domestic fixed income includes one manager representing a total of 26 percent of total investment assets. This fund is operated by a money manager that is actively managed to the Bloomberg Barclay's aggregate. This fund is privately placed, and its fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of this fund is provided by the money manager, which uses a quoted price in the active markets for the underlying assets.

Hedge Funds: Hedge funds include four hedge fund managers representing a total of 4 percent of total investment assets. This asset class consists of managers investing in various hedge fund strategies. The event driven hedge funds strategy includes investments across the capital structure in equity and debt securities. These managers invest in situations with the expectation that a near-term event will function as a catalyst, changing the market's perception of a company, thereby increasing or decreasing the value of its equity or debt. The global macro hedge fund strategy includes managers that trade highly liquid instruments, long and short, including currencies, commodities, fixed income instruments, and equity indices. These managers utilize discretionary strategies that employ broad analysis of economic, financial, and political data to identify themes and systematic strategies that use algorithmic models to analyze historical data, both technical and fundamental. The equity linked strategy of hedge funds includes investments in debt instruments and options on equities. The equities options provide investors with principal protection while providing exposure to equities; returns are dependent on performance of the equity's options. The fair values of the investments in this class have been estimated using the NAV per share of the investments.

International Equity: International equity includes four managers and represents 21 percent of total investment assets. This class consists of active managers investing in established and emerging international markets. The global managers utilize a strategy that includes domestic, international, and global companies. These funds are privately placed, and the fair value cannot be observed through observable inputs through an exchange for the overall fund. The fair value of this fund is provided by the money managers which use a quoted price in active markets for the underlying assets.

International Fixed Income: International fixed income includes one manager and represents 4 percent of total investment assets that are actively managed. The fund utilizes a focus on credit driven strategies for the underlying investments and can contain both domestic and international investments in the portfolio. The fund is privately placed, and the fair value cannot be observed through observable inputs

through an exchange for the overall fund. The fair value of the fund is provided by the money manager which uses a quoted price in active markets for the underlying assets.

Private Equity: Private equity includes twenty-five investment vehicles consisting of distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. The total remaining capital committed in the portfolio is \$21.2 million; the current value of this portfolio is \$26.6 million or 7 percent of assets. Private equity is capital not traded on a public, primary exchange. Investments can include equity rights to private companies, capital lent to companies, or other privately held securities. Commitments are not drawn immediately; therefore, the capital deployed at any one time is likely less than the total contractual commitment. Private equity capital is invested with general partners of a legally formed limited partnership, whereby investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

Private Debt: Private debt includes ten investment vehicles consisting of distinct limited partnerships or limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets or notes of the fund. The total remaining capital committed in the portfolio is \$2.3 million; the current value of this portfolio is \$11.2 million or 3 percent of assets. Private debt consists of private notes and debentures that are not traded on public, primary exchange. The managers aim to take advantage of structural imbalances between demand and supply of credit for consumers, small and medium enterprises, and trade finance consisting of private notes and bonds with equity components. Commitments are not drawn immediately; therefore, the capital deployed at any one time is likely less than the total contractual commitment. Private debt is invested with general partners of legally formed limited partnerships whereby investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments.

Real Assets: Real assets include three investment vehicles consisting of distinct limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets of the fund. The total remaining capital committed in the portfolio is \$1.2 million; the current value of this portfolio is \$12.2 million or 3 percent of assets. Real assets consist of capital not traded on a public, primary exchange. This portfolio includes private holdings in domestic and international infrastructure and energy related investments. Commitments are not drawn immediately; therefore, the capital deployed at any one time is likely less than the total contractual commitment. In this portfolio, real assets capital is invested with general partners of a legally formed limited partnership, whereby investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and asset appraisals.

Real Estate: Real estate includes three investment vehicles consisting of distinct limited liability companies. The investments can never be redeemed with these funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying assets

of the fund and through revenues earned on underlying property holdings. The total remaining capital committed in the portfolio is \$1 million; the current value of this portfolio is \$12.8 million or 4 percent of assets. Private real estate assets consist of capital not traded on a public, primary exchange. This portfolio includes private holdings in domestic and international real estate. Commitments are not drawn immediately; therefore, the capital deployed at any one time is likely less than the total contractual commitment. In this portfolio, real estate capital is invested with general partners of a legally formed limited partnership, whereby investors pool their capital as limited partners. The fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the underlying properties.

External Investment Pool. The University reported investments at fair value totaling \$1,006,820 at June 30, 2025, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 3.33 years, and fair value factor of 1.003 at June 30, 2025. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled, and the fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed, and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

State Board of Administration Debt Service Accounts. The University reported investments totaling \$18,591 at June 30, 2025, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Other Investments. The University and its discretely presented component units invested in various debt and equity securities, mutual funds, and certificates of deposit. 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 and its component units in debt securities, bond mutual funds, and debt related hedge funds, and their future maturities at June 30, 2025, are as follows:

University Debt Investments Maturities

Investment Type	Fair Value	Investments Maturities (In Years)		
		Less Than 1	1 - 5	More Than 5
United States Government and Federally-Guaranteed Obligations	\$ 24,210,119	\$ 19,460,538	\$ 4,749,581	-
Federal Agency Obligations	1,049,769	723,479	326,290	-
Bonds and Notes	225,319,302	12,014,512	153,804,908	59,499,882
Mutual Funds - Bonds	11,840,002	27,922	9,116,109	2,695,971
Total	\$ 262,419,192	\$ 32,226,451	\$ 167,996,888	\$ 62,195,853

Component Units' Debt Investments Maturities

Investment Type	Fair Value	Less Than 1	1 - 5	More Than 5	Investments Not Directly Subject To Interest Rate Risk (1)
Domestic Fixed Income	\$ 97,854,928	\$ -	\$ 2,652,875	\$ 539,887	\$ 94,662,166
International Fixed Income	14,549,151	-	-	-	14,549,151
Private Debt	11,168,382	-	-	-	11,168,382
Total	\$ 123,572,461	\$ -	\$ 2,652,875	\$ 539,887	\$ 120,379,699

(1) Certain UCF Foundation alternative investments are held in funds and are not directly subject to credit risk. Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The investments listed above with quality ratings reflect the credit risk related to debt-type securities that are directly held by the Foundation.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States government or obligations explicitly guaranteed by the United States government are not considered to have credit risk and do not require disclosure of credit quality. The University's investment policy limits fixed income exposure to investment grade assets and provides credit quality guidelines applicable to the investment objective. The University's component units' investment policies provide information on asset classes, target allocations, and ranges of acceptable investment categories. The following schedule represents the ratings at June 30, 2025, of the University's and its component units' debt instruments using Moody's and Standard & Poor's nationally recognized rating agencies:

University Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A
Federal Agency Obligations	\$ 1,049,769	\$ -	\$ 1,049,769	\$ -	\$ -
Bonds and Notes	225,319,302	51,816,367	120,484,789	47,224,248	5,793,898
Mutual Funds - Bonds	11,840,002	-	-	-	11,840,002
Total	\$ 238,209,073	\$ 51,816,367	\$ 121,534,558	\$ 47,224,248	\$ 17,633,900

Component Units' Debt Investments Quality Ratings

Investment Type	Fair Value	AAA	AA	A	Less Than A	Investments Not Directly Subject To Credit Risk (1)
Domestic Fixed Income	\$ 97,854,928	\$ -	\$ 648,864	\$ 2,543,898	\$ -	\$ 94,662,166
International Fixed Income	14,549,151	-	-	-	-	14,549,151
Private Debt	11,168,382	-	-	-	-	11,168,382
Total	\$ 123,572,461	\$ -	\$ 648,864	\$ 2,543,898	\$ -	\$ 120,379,699

(1) Certain UCF Foundation alternative investments are held in funds and are not directly subject to credit risk. Alternative investments consist of funds that may include underlying securities including equities, fixed income, real estate, and other types of investments. The investments listed above with quality ratings reflect the credit risk related to debt-type securities that are directly held by the Foundation.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's or its component units' investments in a single issuer. The University's and its component units' investment policies require diversification sufficient to reduce the potential of a single security, single sector of securities, or single style of management having a disproportionate or significant impact on the portfolio. The University's investment policy states that not more than five percent of the investment portfolio's assets shall be invested in securities in any one issuing company, and no single corporate bond issuer shall exceed five percent of the portfolio. Guidelines for individual sectors of the portfolio further indicate percentage limitations.

5. Receivables

Accounts Receivable. Accounts receivable represents amounts for student tuition and fees, contract, and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2025, the University reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	\$ 40,230,627
Contracts and Grants	30,423,837
Other	6,916,845
Total Accounts Receivable	\$ 77,571,309

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.

Leases Receivable. The university leases space to external parties and the University's discretely presented component units for various terms under long-term non-cancelable lease agreements. The leases expire at various dates and provide renewal options ranging from 3 to 20 years. During the year ended June 30, 2025, lease revenue totaling \$2,185,619 and interest revenue of \$290,499 were recognized in accordance with GASB Statement No. 87, *Leases*. Total future minimum lease payments to be received under lessor agreements are as follows:

Fiscal Year Ending June 30	Total	Non-Component Units		Component Units	
		Principal	Interest	Principal	Interest
2026	\$ 2,231,650	\$ 449,727	\$ 281,923	\$ 1,500,000	\$ -
2027	2,600,122	326,732	273,390	2,000,000	-
2028	2,505,995	239,070	266,925	2,000,000	-
2029	2,437,383	176,922	260,461	2,000,000	-
2030	2,371,977	115,886	256,091	2,000,000	-
2031-2035	11,885,390	661,419	1,223,971	10,000,000	-
2036-2040	11,932,818	818,499	1,114,319	10,000,000	-
Thereafter	22,084,645	6,485,008	3,599,637	12,000,000	-
Total payment to be received	\$ 58,049,980	\$ 9,273,263	\$ 7,276,717	\$ 41,500,000	-

Allowance for Doubtful Receivables. Allowances for doubtful accounts and loans and notes receivable are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable and loans and notes receivable are reported net of allowances of \$4,447,113 and \$6,213, respectively, at June 30, 2025.

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

6. Due From State

The amount due from State consists of \$73,757,629 of Public Education Capital Outlay, Capital Improvement Fee Trust Fund, or other allocations due from the State to the University for construction of University facilities.

7. Due From and To Component Units/University

The amounts due from and due to component units are as follows:

Due From and To Component Units/University

Due From Component Units - Current

UCF Stadium Corporation	\$ 2,835,789
UCF Athletics Association, Inc.	1,020,842
University of Central Florida Foundation, Inc.	2,106,728
Central Florida Clinical Practice Organization, Inc.	1,151,252
UCF Convocation Corporation	247,484
Total Due From Component Units	\$ 7,362,095

Due From Component Unit - Noncurrent

UCF Athletic Association, Inc.	\$ 1,541,174
--------------------------------	--------------

Due To Component Units

Central Florida Clinical Practice Organization, Inc.	\$ 45,601,125
University of Central Florida Research Foundation, Inc.	35,943,600
UCF Convocation Corporation	10,291,271
UCF Stadium Corporation	6,764,737
University of Central Florida Foundation, Inc.	5,816,960
UCF Athletics Association, Inc.	135,753
Total Due To Component Units	\$ 104,553,446

The amount due from the University of Central Florida Foundation, Inc. (Foundation) consists of amounts owed to the University for salary and program support and rent reimbursements. The amount due to the Foundation of \$5.8 million primarily consists of a \$4.2 million loan balance to the University to acquire a student housing complex and land to support the Rosen College of Hospitality Management and \$1.3 million for reimbursement of expenses paid on behalf of the University. See Note 10. below for details of the Rosen College of Hospitality Management note.

The amount due from the UCF Athletics Association, Inc. is from a note payable (current and noncurrent) due to the University. Please see Note 12. below for details.

The amounts due to the University of Central Florida Research Foundation, Inc., Central Florida Clinical Practice Organization, Inc., UCF Convocation Corporation, and UCF Stadium Corporation, are primarily due to cash balances and investments held on behalf of these discretely presented component units by the University.

8. Capital Assets

Capital assets activity for the fiscal year ending June 30, 2025, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 52,406,160	\$ 886,746	\$ -	\$ 53,292,906
Works of Art and Historical Treasures	218,000	-	-	218,000
Construction in Progress	84,951,959	147,096,291	53,800,219	178,248,031
Total Nondepreciable Capital Assets	\$ 137,576,119	\$ 147,983,037	\$ 53,800,219	\$ 231,758,937
Depreciable Capital Assets:				
Buildings	\$ 1,785,683,847	\$ 52,521,713	\$ 7,359	\$ 1,838,198,201
Infrastructure and Other Improvements	83,731,988	-	-	83,731,988
Furniture and Equipment	293,400,731	22,804,863	9,191,006	307,014,588
Library Resources	177,408,777	7,265,367	-	184,674,144
Leasehold Improvements	20,177,264	-	-	20,177,264
Right-To-Use Lease Assets	181,999,441	6,770,759	452,705	188,317,495
Right-To-Use SBITA	47,341,616	5,048,303	-	52,389,919
Works of Art and Historical Treasures	1,677,354	-	-	1,677,354
Computer Software and Other Capital Assets	7,940,435	-	-	7,940,435
Total Depreciable Capital Assets	2,599,361,453	94,411,005	9,651,070	2,684,121,388
Less, Accumulated Depreciation:				
Buildings	785,283,416	56,346,749	-	841,630,165
Infrastructure and Other Improvements	47,900,050	2,352,759	-	50,252,809
Furniture and Equipment	244,660,425	19,339,780	8,480,192	255,520,013
Library Resources	145,249,505	6,288,568	-	151,538,073
Leasehold Improvements	14,302,955	1,285,024	-	15,587,979
Right-To-Use Lease Assets	45,682,058	13,778,931	452,705	59,008,284
Right-To-Use SBITA	8,606,739	5,986,137	-	14,592,876
Works of Art and Historical Treasures	1,605,555	27,229	-	1,632,784
Computer Software and Other Capital Assets	7,909,538	18,000	-	7,927,538
Total Accumulated Depreciation	1,301,200,241	105,423,177	8,932,897	1,397,690,521
Total Depreciable Capital Assets, Net	\$ 1,298,161,212	\$ (11,012,172)	\$ 718,173	\$ 1,286,430,867

9. Unearned Revenue

Unearned revenue at June 30, 2025, includes grant and contract prepayments, auxiliary prepayments, and student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2025, the University reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Auxiliary Prepayments	\$ 7,753,682
Grants and Contracts	1,405,730
Student Tuition and Fees	<u>1,359,902</u>
Total Unearned Revenue	<u>\$ 10,519,314</u>

10. Due to Component Unit – University of Central Florida Foundation, Inc.

During the 2024-25 fiscal year, a student housing facility and corresponding land was contributed to the University from the University of Central Florida Foundation, Inc. (Foundation) in support of the Rosen School of Hospitality Management. In connection with this transaction, the University also entered into a Termination and Release Agreement and an Amended and Restated Lease Agreement with the Foundation and UCF Hospitality School Student Housing Foundation, Inc. Pursuant to the terms of the agreements, the Foundation paid, on UCF's behalf, approximately \$4,750,000 to satisfy the remaining obligation on the student housing facility held by UCF Hospitality School Student Housing Foundation, Inc., at which point both the student housing facility and the 20-acre tract of land transferred to UCF. The University recorded a long-term liability due to UCF Foundation in the amount of \$4,750,000 to be paid over 7 years and bear interest at a rate of 5 percent per annum. Payments are due on or before the first day of the fiscal year, with the first payment beginning on July 1, 2025, and the last payment on July 1, 2031. Prepayments shall consist of principal and accrued interest to date only and there is no penalty for prepayment.

Annual requirements to amortize the outstanding amount as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 611,625	\$ 208,375	\$ 820,000
2027	642,206	177,794	820,000
2028	674,317	145,683	820,000
2029	708,032	111,968	820,000
2030	743,434	76,566	820,000
2031	<u>787,886</u>	<u>39,394</u>	<u>827,280</u>
Total	<u>\$ 4,167,500</u>	<u>\$ 759,780</u>	<u>\$ 4,927,280</u>

11. Deferred Outflow / Inflow of Resources

The deferred outflows and inflows related to pensions are an aggregate of items related to pensions as calculated in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Total deferred outflows of resources related to pensions were \$110,233,896 and deferred inflows of resources related to pensions were \$41,996,801 for the year ended June 30, 2025. Note 13. includes a complete discussion of defined benefit pension plans.

The deferred outflows and inflows related to Other Postemployment Benefits (OPEB) are an aggregate of items related to OPEB as calculated in accordance with GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Programs. Total deferred outflows of resources related to OPEB were \$105,225,614 and deferred inflows of resources related to OPEB were \$162,456,537 for the year ended June 30, 2025. Note 12. includes a complete discussion of OPEB.

The deferred inflows related to leases are calculated in accordance with GASB Statement No. 87, *Leases*. Total deferred inflows of resources related to leases were \$50,835,192 for the year ended June 30, 2025. Note 5. includes a complete discussion of leases receivable.

The total deferred outflows of resources related to the deferred loss on debt refunding were \$8,170,694 for the year ended June 30, 2025. The deferred loss was created as a result of the UCF Finance Corporation's debt refinancing and will be amortized as a component of interest expense over the remaining life of the UCF Finance Corporation's Series 2017 refunding term loan. Note 12. includes a complete discussion of the UCF Finance Corporation's debt refinancing.

12. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2025, include capital improvement debt payable, loan payable, right-to-use leases payable, right-to-use SBITA, compensated absences payable, other postemployment benefits payable, net pension liability, and other noncurrent liabilities. Long-term liabilities activity for the fiscal year ending June 30, 2025, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Capital Improvement Debt Payable	\$ 58,865,467	\$ -	\$ 5,072,369	\$ 53,793,098	\$ 4,615,000
Loan Payable	47,431,000	-	2,885,000	44,546,000	2,955,000
Right-To-Use Leases Payable	141,725,629	6,770,759	13,072,021	135,424,367	10,561,294
Right-To-Use SBITA	20,283,590	5,048,302	3,822,717	21,509,175	3,759,515
Compensated Absences Payable	67,335,992	11,843,496	6,596,009	72,583,479	6,532,513
Other Postemployment Benefits Payable	313,007,770	292,565,225	244,992,073	360,580,922	10,022,212
Net Pension Liability	318,040,166	134,585,638	139,732,505	312,893,299	-
Other Noncurrent Liabilities	445,635	303,266	730,390	18,511	-
Total Long-Term Liabilities	\$ 967,135,249	\$ 451,116,686	\$ 416,903,084	\$ 1,001,348,851	\$ 38,445,534

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2025:

<u>Capital Improvement Debt Type and Series</u>	<u>Amount of Original Debt</u>	<u>Amount Outstanding (1)</u>	<u>Interest Rates (Percent)</u>	<u>Maturity Date To</u>
Student Housing Debt:				
2018A- Housing	\$ 23,255,000	\$ 10,171,605	5	2030
2021A- Housing	42,815,000	43,621,493	2 to 5	2042
Total Capital Improvement Debt	\$ 66,070,000	\$ 53,793,098		

(1) Amount outstanding includes unamortized discounts and premiums.

The University has pledged a portion of future housing rental revenues to repay \$66,070,000 in capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student housing facilities. The bonds are payable solely from housing rental income and are payable through 2042. The University has committed to appropriate each year from the housing rental income amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$56,244,858 and principal and interest paid for the current year totaled \$6,401,538. During the 2024-25 fiscal year, operating revenues generated from housing rental revenues totaled \$35,732,611.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 4,615,000	\$ 1,781,288	\$ 6,396,288
2027	4,855,000	1,544,538	6,399,538
2028	3,960,000	1,324,163	5,284,163
2029	4,170,000	1,120,913	5,290,913
2030	4,385,000	907,038	5,292,038
2031-2035	9,700,000	2,676,088	12,376,088
2036-2040	9,850,000	1,016,125	10,866,125
2041-2042	4,245,000	94,705	4,339,705
Subtotal	45,780,000	10,464,858	56,244,858
Net Discounts and Premiums	8,013,098	-	8,013,098
Total	<u>\$ 53,793,098</u>	<u>\$ 10,464,858</u>	<u>\$ 64,257,956</u>

Loan Payable. During the 2017-18 fiscal year, one of the University's blended component units, the UCF Finance Corporation (Corporation), issued a \$63,359,000 Refunding Term Loan, Series 2017, with a bank. The proceeds from the term loan were used to extinguish the Corporation's Series 2007 bonds and terminate an interest rate swap liability. The loan will mature on July 1, 2037, and bear interest at a fixed rate of 2.4 percent per annum with a 15-year interest put option. The loan is secured by the University's indirect cost revenues received by the University from Federal, State, and private grants.

The University agreed to use a ground sublease to lease to its blended component unit, the Corporation, a parcel of property located in Orange County, Florida, where approximately 198,000 square feet of classroom, laboratory, and administrative office space, together with related infrastructure was constructed. The facilities are used solely for education and research purposes and are operated and managed by the University. The University and the Corporation entered into an agreement whereby the Corporation leases the facilities to the University for the occupancy of the facilities. The University has agreed to pay a base rent equal to all amounts due and payable under the term loan.

In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue all available legal remedies in order to protect and enforce its rights. In any event of default, the loan is not subject to any acceleration clauses.

Annual requirements to amortize the outstanding note as of June 30, 2025, are as follows:

<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 2,955,000	\$ 1,033,644	\$ 3,988,644
2027	3,027,000	961,860	3,988,860
2028	3,100,000	888,336	3,988,336
2029	3,176,000	813,024	3,989,024
2030	3,253,000	735,876	3,988,876
2031-2035	17,489,000	2,454,972	19,943,972
2036-2038	11,546,000	420,072	11,966,072
Total	\$ 44,546,000	\$ 7,307,784	\$ 51,853,784

Right-To-Use Leases Payable. The University follows GASB Statement No. 87, *Leases*. Space and equipment are leased from external parties and the University's discretely presented component units for various terms under long-term, non-cancelable agreements. The leases expire at various dates and provide renewal options ranging from 1 to 25 years. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using the treasury rate, factoring in the University's tax status and bond rating. The University does not have any leases subject to a residual value guarantee. Future commitments for remaining leases payable as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Non-Component Units</u>		<u>Component Units</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 11,673,430	\$ 2,563,922	\$ 680,520	\$ 7,997,372	\$ 431,616
2027	10,537,003	1,980,478	630,692	7,601,072	324,761
2028	9,940,808	1,783,501	590,643	7,333,487	233,177
2029	9,779,912	1,753,903	551,076	7,327,398	147,535
2030	8,295,842	1,541,875	513,656	6,180,523	59,788
2031-2035	26,104,293	4,360,973	2,123,073	19,613,341	6,906
2036-2040	23,018,582	2,325,738	1,768,674	18,924,170	-
Thereafter	47,786,389	12,503,440	3,649,775	31,633,174	-
Total Minimum Lease Payments	\$ 147,136,259	\$ 28,813,830	\$ 10,508,109	\$ 106,610,537	\$ 1,203,783

Right-To-Use Subscription Arrangements Liability. The University has an 11-year SBITA liability for the right to use Workday enterprise resource planning system and 3-year SBITA liability for the right to use Cisco Smartnet software totaling \$21,509,175. The University has discounted the future minimum payments using its incremental borrowing rate of 2.76 percent and 4.05 percent, respectively. Future minimum payments under SBITA and present value of the minimum payments as of June 30, 2025, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 4,395,716	\$ 3,759,515	\$ 636,201
2027	4,397,499	3,885,912	511,587
2028	2,655,315	2,272,676	382,639
2029	2,386,971	2,067,057	319,914
2030	2,386,971	2,124,108	262,863
2031-2033	7,815,202	7,399,907	415,295
Total	\$ 24,037,674	\$ 21,509,175	\$ 2,528,499

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. Compensated absences are estimated and accrued as liabilities to the extent that it is more likely than not that the leave will be used for time off or otherwise paid in cash or settled through noncash means. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2025, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$72,583,479. The current portion of the compensated absences liability, \$6,532,513, is the amount expected to be paid in the coming fiscal year and is based on actual payouts over the last 3 years calculated as a percentage of those years' total compensated absences liability.

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

General Information about the OPEB Plan

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

are accumulated in a trust that 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 \$360,580,922 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2024. At June 30, 2024, the University’s proportionate share, determined by its proportion of total benefit payments made, was 3.534077463 percent, which was a decrease of 0.205898008 from its proportionate share reported as of June 30, 2023.

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

Inflation	2.40 percent
Salary increases	Varies by FRS class
Discount rate	4.21 percent
Healthcare cost trend rates	
PPO Plan	7.86 percent for 2025, decreasing to an ultimate rate of 4.00 percent for 2075 and later years
HMO Plan	7.68 percent for 2025, decreasing to an ultimate rate of 4.00 percent for 2075 and later years
Retirees’ share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the Standard and Poor’s (S&P) Municipal 20-year High Grade Rate Index.

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

The demographic actuarial assumptions for retirement, withdrawal, disability, and salary merit scales used in the July 1, 2024 valuation are consistent with the assumptions used in the July 1, 2022, valuation of 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-month period since July 1, 2022.
- DROP Participation Period — In conjunction legislative action, the maximum DROP participation period was extended from 60 months (5 years) to 96 months (8 years) for all groups.

- **DROP Entry Window** — There were previously constraints on when a member could enter DROP after becoming retirement eligible. These constraints were removed. This was also implemented due to legislative action.
- **Special Risk Eligibility** for those hired on and after July 1, 2011 — Also included in legislative action, eligibility was updated for this group. Previously, members became eligible at age 60 with 8 years of credited service or with 30 years of credited service. Eligibility is now age 55 with 8 years of credited service or with 25 years of credited service.
- **Retirement and DROP Participation Rates** – In conjunction with the plan changes above associated with legislative action, retirement rates and DROP entry rates were updated in alignment with the actuarial valuation of the FRS conducted by Milliman as of July 1, 2023.
- **Claims Costs and Premium Rates** – The assumed claims and premiums reflect the actual claims information that was provided as well as the premiums that are being charged to participants. The recent claims experience along with changes in the demographics of the population resulted in pharmacy claims costs higher than projected and lower premium rates than expected. The net result was an increase in liabilities due to claims and premiums as of June 30, 2024.
- **Health Care Cost Aging Factors** – Age-related claims were updated to use aging factors developed in a study completed by Dale Yamamoto for the Society of Actuaries. These rates more accurately account for the way in which claims costs vary with age.
- **Trend Rate** – The medical trend assumption is updated each year based on the Getzen Model. Medical trend rates were used consistent with the August 2024 Report on Financial Outlook of the Plan along with information from the Getzen Model and actuarial judgement. 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 S&P Municipal Bond Rate Index as of the measurement date, as required under GASB 75. The discount rate increased from 4.13 percent to 4.21 percent.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.21 percent) or 1 percentage point higher (5.21 percent) than the current rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
University's proportionate share of the total OPEB liability	\$434,763,665	\$360,580,922	\$302,589,598

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University's proportionate share of the total OPEB liability	\$296,580,544	\$360,580,922	\$445,483,665

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

For the fiscal year ended June 30, 2025, the University recognized OPEB expense of \$22,463,631. At June 30, 2025, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 26,625,297
Change of assumptions or other inputs	53,158,790	100,838,537
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	41,825,533	34,992,703
Transactions subsequent to the measurement date	10,241,291	-
Total	\$ 105,225,614	\$ 162,456,537

Of the total amount reported as deferred outflows of resources related to OPEB, \$10,241,291 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 fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (12,458,666)
2027	(8,159,323)
2028	(16,191,279)
2029	(16,191,279)
2030	(15,978,579)
Thereafter	1,506,912
Total	\$ (67,472,214)

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2025, the University's proportionate share of the net pension liabilities totaled \$312,893,299 Note 13. includes a complete discussion of defined benefit pension plans.

Other Noncurrent Liabilities. Other noncurrent liabilities primarily consist of the liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan Program. Under the Perkins Loan program, the University receives Federal capital contributions that must be returned to the Federal Government if the program has excess cash or the University ceases to participate in the program. Federal capital contributions held by the University totaled \$18,511 as of June 30, 2025.

Certificate of Participation Payable and Bonds Payable – Component Units.

UCF Convocation Corporation

During the 2013-14 and 2014-15 fiscal years, the UCF Convocation Corporation issued two refunding certificates of participation, Series 2014A for \$58,645,000, and Series 2014B for \$58,930,000 related to the construction of four residential housing towers, two adjacent parking facilities, and certain surrounding commercial retail space during the 2004-05 and 2005-06 fiscal years. During the 2018-19 fiscal year, UCF Convocation Corporation issued \$104,636,000 Refunding Revenue Bonds, Series 2018 to prepay the outstanding Series 2014A and Series 2014B certificates of participation. The bonds will mature on October 1, 2035, and bears interest at a fixed rate of 3.52 percent per annum. On June 1, 2022 an interest modification occurred to lower the interest rate to 2.82 percent per annum, commencing October 1, 2022. The extinguishment of the defeased certificates terminated the ground lease between the UCF Convocation Corporation and the University. All related building and building improvement assets on the leased land transferred to the University.

During the 2015-16 fiscal year, the UCF Convocation Corporation issued a \$48,385,000 Refunding Revenue Bond, Series 2015A, and a \$34,775,000 Taxable Refunding Revenue Bond, Series 2015B, related to the acquisition, construction, and installation of a new convocation center, renovation of the existing University Arena, and construction of related infrastructure during the 2005-06 fiscal year. The 2015A bonds will mature on October 1, 2035, and bear interest at fixed rates ranging from 3 to 5 percent per annum and the 2015B bonds will mature on October 1, 2026, and bear interest at fixed rates ranging from 2 to 4.3 percent per annum.

The outstanding balance of UCF Convocation Corporation revenue bonds at June 30, 2025, was \$69,870,000 related to direct borrowings and was \$53,065,000 related to non-direct borrowings before an unamortized premium of \$579,983.

With the Refunding Revenue Bonds debt issuances, in the event either party fails to perform the covenants and obligations provided in the respective debt agreements, and such failure continues for a period of thirty days following written notice from the other party, such failure shall constitute a default under the terms and provisions of the agreements. In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. In any event of default, the Refunding Revenue Bonds are not subject to any acceleration clauses.

The University entered into an operating agreement with the UCF Convocation Corporation whereby the UCF Convocation Corporation will be solely responsible for management and operations of the convocation center and related facilities. The University assigned its rights, title, and interest in revenues generated from use of the facilities to the UCF Convocation Corporation and granted it the right to pledge revenues to secure repayment of the refunding revenue bonds. The University retained the right for

priority use of the facilities for a period of at least 100 days annually. In exchange, the University agreed to pay UCF Convocation Corporation \$2,200,000 per year for the term of the agreement. The term of the agreement ends in 2036 and cannot be terminated prior to the time that all related bonds have been paid in full. Amounts paid to UCF Convocation Corporation for the fiscal year ended June 30, 2025, totaled \$2,200,000.

The University entered into a support agreement with the UCF Convocation Corporation such that it will fund certain deficiencies that may arise in the event the corporation is unable to make the minimum payments on the certificates or bonds. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts. In the event of certain deficiencies for debt service coverage requirements or reserve account shortfalls, the University agrees to defer collecting certain expenditures to cover any such deficiencies. The University is obligated only to the extent that it has legally available revenues to cover the unpaid amounts.

In the 2020-21 fiscal year, the UCF Convocation Corporation met requirements necessary to release certain restricted funds held by the trustee. The Corporation's governing board made the decision to remit a portion of these funds back to the University. Transfers to the University totaled \$6,391,099 for the fiscal year ended June 30, 2025.

UCF Stadium Corporation

During the 2015-16 fiscal year, the UCF Stadium Corporation issued Series 2015A tax-exempt refunding revenue bonds for \$33,995,000 with a net premium of \$2,332,576, Series 2015B taxable refunding revenue bonds for \$10,250,000, and a Series 2015C non-taxable refunding revenue bond for \$3,810,000, to a bank, related to the construction of a football stadium on the campus at the University. The bonds include both term and serial bonds and are secured by a pledge from the UCF Athletics Association, Inc. of gross ticket revenues, rent, away game guarantees, conference distributions, and sponsorship revenues. The bonds bear fixed interest rates that range from 2.49 percent to 5.15 percent, and maturity dates that range from March 2029 to March 2036.

During the 2024-25 fiscal year UCF Stadium Corporation entered into a loan agreement totaling \$63,193,917. The loan has a 5.56 percent fixed rate of interest and maximum maturity date in December 2038. This loan is secured by a multi-year funding agreement entered into with the Orange County Government that secures \$90,000,000 from excess Tourism Development Tax revenues to fund the renovation and expansion of the football stadium. Pursuant to this agreement, Orange County will provide up to \$10,000,000 annually, plus any potential catch-up payments in future years, beginning December 1, 2024, through December 31, 2032. Additionally, the UCF Stadium Corporation issued Series 2024A tax-exempt revenue bonds for \$10,975,000 and Series 2024B taxable revenue bonds for \$15,150,000. These term bonds have maturity dates that range from March 2034 to March 2054 and are secured by pledged revenues from UCF Athletics Association. Principal and interest are due in accordance with the schedule set forth at the time of issuance and bear rates between 4.13 percent and 5.64 percent. The loans are further secured by UCF Stadium Corporation's gross operating revenue, non-operating revenue, the sale of suites, loge and club seats at the Stadium, and the sale of sponsorship, advertising, and naming rights.

The outstanding balance of all UCF Stadium Corporation revenue bonds at June 30, 2025, was \$118,737,917, including \$63,977,917 of direct borrowings, before an unamortized premium of \$1,649,402.

The University entered into a support agreement with the UCF Stadium Corporation such that it will fund certain deficiencies that may arise in the event either corporation is unable to make the minimum payments on the bonds. In addition, if the Corporation has deficiencies for debt service coverage or reserve account shortfalls, the University agrees to transfer funds to cover any such deficiencies. The University is obligated only to the extent it has legally available revenues to cover the unpaid amounts.

With each of the UCF Stadium Corporation's debt issuances, in the event either party fails to perform the covenants and obligations provided in the respective debt agreements, and such failure continues for a period of 30 days following written notice from the other party, such failure shall constitute a default under the terms and provisions of the agreements. In the event of default, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. In any event of default, the UCF Stadium Corporation's debt is not subject to any acceleration clauses.

Loans and Notes Payable – Component Units.

UCF Foundation, Inc.

During the 2004-05 fiscal year, the University of Central Florida Foundation, Inc. entered into a note with a bank for the purchase of land and buildings. The note is secured by the buildings valued at \$6,072,206 and lease revenues. In May 2017, the note was refinanced to a 3.34 percent fixed rate. The principal balance at the time of the refinance was \$7,535,000 with the note still maturing on April 1, 2029. As of June 30, 2025, the remaining outstanding principal was \$2,852,000.

During the 2009-10 fiscal year, the University of Central Florida Foundation, Inc. entered into a note with a bank for \$19,925,000. The note is comprised of a tax-exempt portion with a fixed rate of 4.96 percent and a taxable portion with a fixed rate of 5.83 percent which matures on October 1, 2025. The note is secured by buildings valued at \$12,264,572 and lease revenue. As of June 30, 2025, the taxable note was fully repaid and the remaining outstanding principal for the tax-exempt note was \$1,750,000. The taxable series was paid in full during the 2017-18 fiscal year.

During the 2018-19 fiscal year, the University of Central Florida Foundation, Inc. entered into a \$50,000,000 30-year interest free and tax-exempt note with Orange County, Florida for the purchase of a building and related land. The note is secured by a mortgage on the land, a building valued at \$46,689,000, and the lease revenue generated has been pledged for debt repayment. The maturity date of the loan is the thirtieth anniversary of the first principal payment date. As of June 30, 2025, the remaining outstanding principal was \$41,500,000.

During the 2018-19 fiscal year, the University of Central Florida Foundation, Inc. entered into a 20-year tax-exempt note with a bank for \$6,000,000 for the purchase of a building and related land. The note matures on October 1, 2038, at a fixed rate of 3.93 percent. The purchased property, valued at \$5,919,395, represents security for the loan, and lease revenues generated from this building have been

pledged for debt repayment. As of June 30, 2025, the remaining outstanding principal was \$4,510,000.

In the event of default of the notes, interest rates are subject to change and other fees and penalties may be assessed. Upon any such default, the non-defaulting party shall have the right to pursue any and all available legal remedies in order to protect and enforce its rights. The notes are subject to acceleration if the lender reasonably deems itself insecure for any reason.

UCF Athletics Association, Inc.

During the 2014-15 fiscal year, the UCF Athletics Association, Inc. modified a construction line of credit with a local bank to a line of credit promissory note. The note matures June 2033, and the repayment schedule assumes the agreement is renewed annually. If the agreement is not renewed, the entire balance will be due in full at that time. In July 2023, the UCF Athletics Association, Inc. renewed the agreement until July 2033, which carries interest at 79 percent of the TERM SOFR Rate plus 1.34 percent (4.86 percent at June 30, 2025). The note is secured by an amount not to exceed 5 percent of the prior year's collection of student athletic fees and conference payments from the Big 12 Conference. In the event of default, the Lender may declare the loan and all obligations to be fully due and payable in their aggregate amount, together with accrued interest and all prepayment premiums, fees, and charges. The note is subject to acceleration if the lender reasonably deems itself insecure for any reason. As of June 30, 2025, the amount outstanding on the note was \$3,780,000.

During the 2019-20 fiscal year, the UCF Athletics Association, Inc. entered into a direct borrowing loan from a financial institution in the amount of \$8,550,000 to complete the buildout of phase two of the Roth Athletics Center located on the UCF campus. Principal payments are required by September 1 each year to reduce the loan balance to an agreed-upon amount negotiated annually. The loan matured on September 1, 2024, and there is no outstanding balance on this borrowing as of June 30, 2025.

Due to University – UCF Athletics Association, Inc.

The UCF Athletics Association, Inc. received several loans from the University between 2004 and 2007. In 2009, those loans were consolidated into one loan. In July 2015, the Board of Trustees approved an amendment to the previous payment schedule. The 2020-21 fiscal year loan payment was deferred for two fiscal years and future years' payments range from \$1,000,000 to \$1,528,000, contingent on interest rates. The loan matures in the 2026-27 fiscal year and bears interest at a variable rate equal to the preceding fiscal year's average SPIA rate of return (2.9 percent for the 2024-25 fiscal year interest calculations). In the event of a default, after 30 days the entire principal sum and accrued interest becomes due at the option of the University and the interest rate shall increase to the highest rate allowable under Florida law. As of June 30, 2025, the amount outstanding, including interest, totaled \$2,543,437.

13. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program (DROP) under the defined benefit plan and amended in 2000 to provide a defined contribution

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

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

The University's FRS and HIS pension expense totaled \$36,517,673 for the fiscal year ended June 30, 2025.

FRS Pension Plan

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

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

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

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS-participating employer. An employee may participate in DROP for a period not to exceed 96 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2024-25 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	13.63
FRS, Senior Management Service	3.00	34.52
FRS, Special Risk	3.00	32.79
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	21.13
FRS, Reemployed Retiree	(2)	(2)

(1) Employer rates include 2 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include 0.06 percent for administrative costs of the Investment Plan.

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

The University's contributions to the Plan totaled \$35,033,801 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the University reported a liability of \$228,429,432 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The University's proportionate share of the net pension liability was based on the University's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the University's proportionate share was 0.590490335 percent, which was a decrease of 0.005098697 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the University recognized pension expense of \$31,981,608. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 23,077,505	\$ -
Change of assumptions	31,308,341	-
Net difference between projected and actual earnings on FRS Plan investments	-	15,182,608
Changes in proportion and differences between University contributions and proportionate share of contributions	4,564,898	13,988,453
University FRS contributions subsequent to the measurement date	35,033,801	-
Total	<u><u>\$ 93,984,545</u></u>	<u><u>\$ 29,171,061</u></u>

The deferred outflows of resources totaling \$35,033,801, 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (6,842,355)
2027	35,027,394
2028	606,559
2029	(990,916)
2030	1,979,001
Total	\$ 29,779,683

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Investment rate of return	6.70 percent, net of pension plan investment expense, including inflation

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent in the current valuation.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

The actuarial assumptions used in the July 1, 2024, valuation were based on the results of an actuarial experience study for the period July 1, 2018, through June 30, 2023.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1.0%	3.3%	3.3%	1.1%
Fixed Income	29.0%	5.7%	5.6%	3.9%
Global Equity	45.0%	8.6%	7.0%	18.2%
Real Estate (Property)	12.0%	8.1%	6.8%	16.6%
Private Equity	11.0%	12.4%	8.8%	28.4%
Strategic Investments	2.0%	6.6%	6.2%	8.7%
Total	100.0%			
Assumed inflation – Mean			2.4%	1.5%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.70 percent. The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2024 valuation was unchanged from the previous valuation.

Sensitivity of the University’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University’s proportionate share of the net pension liability calculated using the discount rate of 6.70 percent, as well as what the University’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (5.70 percent) or 1 percentage point higher (7.70 percent) than the current rate:

	<u>1% Decrease (5.70%)</u>	<u>Current Discount Rate (6.70%)</u>	<u>1% Increase (7.70%)</u>
University’s proportionate share of the net pension liability	\$401,799,373	\$228,429,432	\$83,195,335

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.

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2025, eligible retirees and beneficiaries received a monthly HIS payment of \$7.50 for each year of creditable service completed at the time of retirement with a minimum HIS payment of \$45 and a maximum HIS payment of \$225 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, 2025, the contribution rate was 2 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University’s contributions to the HIS Plan totaled \$5,454,756 for the fiscal year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2025, the University reported a liability of \$84,463,867 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2024. The University's proportionate share of the net pension liability was based on the University's 2023-24 fiscal year contributions relative to the total 2023-24 fiscal year contributions of all participating members. At June 30, 2024, the University's proportionate share was 0.563055766 percent, which was an increase of 0.054806348 from its proportionate share measured as of June 30, 2023.

For the fiscal year ended June 30, 2025, the University recognized pension expense of \$4,536,065. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 815,556	\$ 162,183
Change of assumptions	1,494,816	9,999,439
Net difference between projected and actual earnings on HIS Plan investments	-	30,548
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	8,484,223	2,633,570
University HIS contributions subsequent to the measurement date	5,454,756	-
Total	\$ 16,249,351	\$ 12,825,740

The deferred outflows of resources totaling \$5,454,756, 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2026	\$ (295,310)
2027	(675,989)
2028	(1,246,401)
2029	(468,185)
2030	465,067
Thereafter	189,673
Total	\$ (2,031,145)

Actuarial Assumptions. The total pension liability in the July 1, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40 percent
Salary increases	3.50 percent, average, including inflation
Municipal bond rate	3.93 percent

Salary increases were changed from 3.25 percent in the previous valuation to 3.50 percent in the current valuation.

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2021. This is a change from the previous valuation in which the mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018.

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

Discount Rate. The discount rate used to measure the total pension liability was 3.93 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate changed from 3.65 percent to 3.93 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 3.93 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93 percent) or 1 percentage point higher (4.93 percent) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
University's proportionate share of the net pension liability	\$96,151,255	\$84,463,867	\$74,761,442

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

14. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2024-25 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	11.30
FRS, Senior Management Service	12.67
FRS, Special Risk Regular	19.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ending June 30, 2025, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

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

The University's Investment Plan pension expense totaled \$16,406,841 for the fiscal year ended June 30, 2025.

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 4.84 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 9.99 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled \$24,090,745, and employee contributions totaled \$12,265,502 for the 2024-25 fiscal year.

15. Construction Commitments

The University's construction commitments at June 30, 2025, were as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
West Tower Demolition & Renovation	\$ 70,139,103	\$ 11,791,151	\$ 58,347,952
College of Nursing Building	62,543,324	47,386,826	15,156,498
Biology Building Renovation	28,092,365	15,361,674	12,730,691
Chemistry Building Renovation	33,751,406	21,728,893	12,022,513
HVAC	23,663,098	17,262,365	6,400,733
Parking Lot Improvements	8,080,629	3,746,236	4,334,393
Library Renovation	19,305,553	15,762,764	3,542,789
Fire Alarm Replacement	6,517,968	3,983,993	2,533,975
Utility Bldg I Improvements	1,870,623	307,291	1,563,332
Roof Replacements	4,586,646	3,250,982	1,335,664
Elevator Upgrades	3,020,486	1,817,236	1,203,250
Bldg Research 1 Improvements	1,740,920	635,850	1,105,070
Subtotal	263,312,121	143,035,261	120,276,860
Other Projects (1)	45,140,865	35,212,770	9,928,095
Total	\$ 308,452,986	\$ 178,248,031	\$ 130,204,955

(1) Individual projects with a current balance committed of less than \$1 million at June 30, 2025.

16. Risk Management Programs

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

liability, Federal Civil Rights, and employment discrimination liability. During the 2024-25 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$62.5 million for named windstorm and flood through February 14, 2025, and increased to \$75.3 million starting February 15, 2025. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$237.5 million through February 14, 2024, and increased to \$350 million starting February 15, 2025; 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 three 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.

Self-Insured Program

The University of Central Florida, College of Medicine Self-Insurance Program (Program) was established pursuant to Section 1004.24, Florida Statutes, on September 25, 2008. The Program's purpose is to provide comprehensive general liability and professional liability (malpractice) coverage for the University of Central Florida Board of Trustees and students for claims and actions arising from the clinical activities of the College of Medicine, College of Nursing, UCF Health Services, College of Health Professions and Sciences (previously included in the College of Health and Public Affairs), and the Central Florida Clinical Practice Organization, Inc., faculty, staff and resident physicians. The Program provides legislative claims bill protection. The Program is distinct from and entirely independent of the self-insurance programs administered by the State described above.

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Program also provides \$1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; \$250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; \$250,000 per claim protection for participants who engage in approved community service and act as Good Samaritans; and student protections of \$200,000 for a claim arising from an occurrence for any one person, \$300,000 for all claims

arising from an occurrence and professional liability required by a hospital or other healthcare facility for educational purposes not to exceed a per occurrence limit of \$1,000,000.

The Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported. Changes in the balances of claims liability for the Program during the 2023-24 and 2024-25 fiscal years are presented in the following table:

<u>Fiscal Year</u>	<u>Claims Liabilities Beginning of Year</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>Claims Liabilities End of Year</u>
2023-24	\$ 2,489,792	\$ 644,411	\$ (123,832)	\$ 3,010,371
2024-25	3,010,371	748,453	(545,412)	3,213,412

17. Litigation

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

18. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 436,724,233
Research	206,730,404
Public Services	51,652,773
Academic Support	150,998,089
Student Services	62,851,574
Institutional Support	114,140,901
Operation and Maintenance of Plant	81,156,402
Scholarships, Fellowships, and Waivers	199,136,814
Depreciation	105,423,177
Auxiliary Enterprises	119,105,900
Loan Operations	438,012
Total Operating Expenses	\$ 1,528,358,279

19. 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, deferred outflows of resources, liabilities, and deferred inflows of resources are required to be accounted for separately. The following financial information for the University's Housing facilities represent identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Housing Facility
Assets	
Current Assets	\$ 12,033,245
Capital Assets, Net	100,694,033
Other Noncurrent Assets	17,601,924
Total Assets	130,329,202
Liabilities	
Current Liabilities	8,783,562
Noncurrent Liabilities	52,733,973
Total Liabilities	61,517,535
Net Position	
Net Investment in Capital Assets	42,733,435
Restricted - Expendable	17,345,164
Unrestricted	8,733,068
Total Net Position	\$ 68,811,667

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

	Housing Facility
Operating Revenues	\$ 35,732,611
Depreciation Expense	(4,565,616)
Other Operating Expenses	(21,415,941)
Operating Income	9,751,054
Nonoperating Revenues (Expenses):	
Nonoperating Revenue	39,399
Interest Expense	(1,571,356)
Other Nonoperating Revenue	768,701
Net Nonoperating Expenses	(763,256)
Other Expenses	(3,306,058)
Increase in Net Position	5,681,740
Net Position, Beginning of Year	63,129,927
Net Position, End of Year	\$ 68,811,667

Condensed Statement of Cash Flows

	<u>Housing Facility</u>
Net Cash Provided (Used) by:	
Operating Activities	\$ 13,425,337
Noncapital Financing Activities	(301,688)
Capital and Related Financing Activities	(13,732,343)
Investing Activities	<u>2,579,911</u>
Net Increase in Cash and Cash Equivalents	1,971,217
Cash and Cash Equivalents, Beginning of Year	<u>4,880,348</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,851,565</u>

20. Blended Component Units

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

Condensed Statement of Net Position

	<u>Blended Component Units</u>					
	<u>UCF Finance Corporation</u>	<u>University of Central Florida College of Medicine Self- Insurance Program</u>	<u>Total Blended Component Units</u>	<u>University</u>	<u>Eliminations</u>	<u>Total Primary Government</u>
Assets						
Current Assets	\$ 3,493,219	\$ 19,049,817	\$ 22,543,036	\$ 891,583,676	\$ -	\$ 914,126,712
Capital Assets, Net	-	-	-	1,518,189,804	-	1,518,189,804
Due From University / Blended CU	33,558,238	-	33,558,238	-	(33,558,238)	-
Other Noncurrent Assets	-	-	-	118,236,751	-	118,236,751
Total Assets	<u>37,051,457</u>	<u>19,049,817</u>	<u>56,101,274</u>	<u>2,528,010,231</u>	<u>(33,558,238)</u>	<u>2,550,553,267</u>
Deferred Outflows of Resources	<u>8,170,694</u>	<u>-</u>	<u>8,170,694</u>	<u>215,459,510</u>	<u>-</u>	<u>223,630,204</u>
Liabilities						
Current Liabilities	3,489,552	3,250,519	6,740,071	222,964,827	-	229,704,898
Due To University / Blended CU	-	-	-	33,558,238	(33,558,238)	-
Other Noncurrent Liabilities	41,591,000	-	41,591,000	921,312,317	-	962,903,317
Total Liabilities	<u>45,080,552</u>	<u>3,250,519</u>	<u>48,331,071</u>	<u>1,177,835,382</u>	<u>(33,558,238)</u>	<u>1,192,608,215</u>
Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>255,288,530</u>	<u>-</u>	<u>255,288,530</u>
Net Position						
Net Investment in Capital Assets	-	-	-	1,270,328,486	-	1,270,328,486
Restricted - Expendable	141,599	15,799,298	15,940,897	147,717,479	-	163,658,376
Unrestricted	-	-	-	(107,700,136)	-	(107,700,136)
Total Net Position	<u>\$ 141,599</u>	<u>\$ 15,799,298</u>	<u>\$ 15,940,897</u>	<u>\$1,310,345,829</u>	<u>\$ -</u>	<u>\$ 1,326,286,726</u>

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

	<u>Blended Component Units</u>			<u>University</u>	<u>Eliminations</u>	<u>Total Primary Government</u>
	<u>UCF Finance Corporation</u>	<u>Central Florida College of Medicine Self-Insurance Program</u>	<u>Total Blended Component Units</u>			
Operating Revenues	\$ -	\$ 2,903,022	\$ 2,903,022	\$ 601,686,112	\$ (2,903,022)	\$ 601,686,112
Depreciation Expense	-	-	-	(105,423,177)	-	(105,423,177)
Other Operating Expenses	(28,333)	(1,571,644)	(1,599,977)	(1,421,335,125)	-	(1,422,935,102)
Operating Income (Loss)	(28,333)	1,331,378	1,303,045	(925,072,190)	(2,903,022)	(926,672,167)
Nonoperating Revenues (Expenses)						
Nonoperating Revenue	1,778,328	1,366,272	3,144,600	977,108,266	-	980,252,866
Interest Expense	(1,749,995)	-	(1,749,995)	(3,328,542)	-	(5,078,537)
Other Nonoperating Expense	-	-	-	(56,018,091)	2,903,022	(53,115,069)
Net Nonoperating Revenues	28,333	1,366,272	1,394,605	917,761,633	2,903,022	922,059,260
Other Revenues	-	-	-	61,505,237	-	61,505,237
Increase Net Position	-	2,697,650	2,697,650	54,194,680	-	56,892,330
Net Position, Beginning of the Year	141,599	13,101,648	13,243,247	1,256,151,149	-	1,269,394,396
Net Position, End of Year	\$ 141,599	\$ 15,799,298	\$ 15,940,897	\$ 1,310,345,829	\$ -	\$ 1,326,286,726

Condensed Statement of Cash Flows

	<u>Blended Component Units</u>			<u>University</u>	<u>Eliminations</u>	<u>Total Primary Government</u>
	<u>UCF Finance Corporation</u>	<u>University of Central Florida College of Medicine Self-Insurance Program</u>	<u>Total Blended Component Units</u>			
Net Cash Provided (Used) by:						
Operating Activities	\$ (28,333)	\$ 2,051,049	\$ 2,022,716	\$ (801,697,437)	\$ (2,903,022)	\$ (802,577,743)
Noncapital Financing Activities	(42,951)	-	(42,951)	900,551,061	2,903,022	903,411,132
Capital and Related Financing Activities	-	-	-	(86,458,599)	-	(86,458,599)
Investing Activities	106,698	(2,448,313)	(2,341,615)	22,698,767	-	20,357,152
Net Increase (Decrease) in Cash and Cash Equivalents	35,414	(397,264)	(361,850)	35,093,792	-	34,731,942
Cash and Cash Equivalents, Beginning of Year	3,457,805	2,442,849	5,900,654	353,954,806	-	359,855,460
Cash and Cash Equivalents, End of Year	\$ 3,493,219	\$ 2,045,585	\$ 5,538,804	\$ 389,048,598	\$ -	\$ 394,587,402

21. Discretely Presented Component Units

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

THIS PAGE INTENTIONALLY LEFT BLANK

Condensed Statement of Net Position

	Direct-Support Organizations				
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation
Assets:					
Current Assets	\$ 58,965,763	\$ 42,840,476	\$ 32,335,825	\$ 39,042,935	\$ 83,022,488
Capital Assets, Net	124,815,761	-	54,019,216	623,062	-
Other Noncurrent Assets	494,890,490	177,818	-	7,380,253	34,020,243
Total Assets	678,672,014	43,018,294	86,355,041	47,046,250	117,042,731
Deferred Outflows of Resources	-	-	-	2,648,349	408,261
Liabilities:					
Current Liabilities	8,460,258	24,184,848	20,095,670	18,051,948	12,626,419
Noncurrent Liabilities	46,577,155	-	35,482,916	113,769,983	115,981,319
Total Liabilities	55,037,413	24,184,848	55,578,586	131,821,931	128,607,738
Deferred Inflows of Resources	102,665,501	-	-	6,085,350	19,999,208
Net Position:					
Net Investment in Capital Assets	74,203,762	-	32,868,581	623,062	-
Restricted Nonexpendable	164,784,623	-	-	-	-
Restricted Expendable	186,428,296	4,362,634	1,120,996	18,760,015	-
Unrestricted	95,552,419	14,470,812	(3,213,122)	(107,595,759)	(31,155,954)
Total Net Position	\$ 520,969,100	\$ 18,833,446	\$ 30,776,455	\$ (88,212,682)	\$ (31,155,954)

UCF Academic Health, Inc.	Total Direct Support Organizations	Other Central Florida Clinical Practice Organization Inc.		Total
\$ 2,118,020	\$ 258,325,507	\$ 52,856,591	\$ 311,182,098	
43,333,333	222,791,372	202,556	222,993,928	
49,100,084	585,568,888	-	585,568,888	
94,551,437	1,066,685,767	53,059,147	1,119,744,914	
-	3,056,610	-	3,056,610	
2,246,277	85,665,420	31,976,825	117,642,245	
39,500,000	351,311,373	-	351,311,373	
41,746,277	436,976,793	31,976,825	468,953,618	
27,904,103	156,654,162	-	156,654,162	
-	107,695,405	202,556	107,897,961	
-	164,784,623	-	164,784,623	
-	210,671,941	-	210,671,941	
24,901,057	(7,040,547)	20,879,766	13,839,219	
<u>\$ 24,901,057</u>	<u>\$ 476,111,422</u>	<u>\$ 21,082,322</u>	<u>\$ 497,193,744</u>	

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

	Direct-Support Organizations				
	University of Central Florida Foundation, Inc.	University of Central Florida Research Foundation, Inc.	UCF Athletics Association, Inc.	UCF Convocation Corporation	UCF Stadium Corporation
Operating Revenues	\$ 101,623,923	\$ 27,848,381	\$ 77,782,877	\$ 42,537,010	\$ 6,655,067
Depreciation Expense	(3,164,508)	-	(4,512,538)	(189,437)	
Operating Expenses	<u>(84,307,468)</u>	<u>(27,208,475)</u>	<u>(89,946,873)</u>	<u>(24,354,711)</u>	<u>(446,436)</u>
Operating Income (Loss)	<u>14,151,947</u>	<u>639,906</u>	<u>(16,676,534)</u>	<u>17,992,862</u>	<u>6,208,631</u>
Net Nonoperating Revenues (Expenses)					
Nonoperating Revenues	13,483,411	1,512,420	28,165,731	810,396	20,442,597
Interest Expense	-	-	(863,431)	(4,434,093)	(4,101,287)
Other Nonoperating Revenues (Expenses)	<u>-</u>	<u>1,312,632</u>	<u>(8,125,834)</u>	<u>(6,391,099)</u>	<u>(22,831,984)</u>
Net Nonoperating Revenues (Expenses)	<u>13,483,411</u>	<u>2,825,052</u>	<u>19,176,466</u>	<u>(10,014,796)</u>	<u>(6,490,674)</u>
Other Revenues	<u>4,111,141</u>	<u>-</u>	<u>817,460</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>31,746,499</u>	<u>3,464,958</u>	<u>3,317,392</u>	<u>7,978,066</u>	<u>(282,043)</u>
Net Position, Beginning of Year	<u>489,222,601</u>	<u>15,368,488</u>	<u>27,459,063</u>	<u>(96,190,748)</u>	<u>(30,873,911)</u>
Net Position, End of Year	<u><u>\$ 520,969,100</u></u>	<u><u>\$ 18,833,446</u></u>	<u><u>\$ 30,776,455</u></u>	<u><u>\$ (88,212,682)</u></u>	<u><u>\$ (31,155,954)</u></u>

UCF Academic Health, Inc.	Total Direct Support Organizations	Other Central Florida Clinical Practice Organization Inc.	Total
\$ 2,543,596	\$ 258,990,854	\$ 14,477,145	\$ 273,467,999
(1,666,666)	(9,533,149)	(42,060)	(9,575,209)
(795,911)	(227,059,874)	(11,809,144)	(238,869,018)
81,019	22,397,831	2,625,941	25,023,772
4,585,260	68,999,815	42,222,300	111,222,115
-	(9,398,811)	-	(9,398,811)
-	(36,036,285)	(41,400,283)	(77,436,568)
4,585,260	23,564,719	822,017	24,386,736
-	4,928,601	-	4,928,601
4,666,279	50,891,151	3,447,958	54,339,109
20,234,778	425,220,271	17,634,364	442,854,635
<u>\$ 24,901,057</u>	<u>\$ 476,111,422</u>	<u>\$ 21,082,322</u>	<u>\$ 497,193,744</u>

THIS PAGE INTENTIONALLY LEFT BLANK

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2024	2023	2022	2021
University's proportion of the total other postemployment benefits liability	3.534077463%	3.739975471%	3.760109175%	3.894895289%
University's proportionate share of the total other postemployment benefits liability	\$ 360,580,922	\$ 313,007,770	\$ 294,914,983	\$ 410,546,760
University's covered-employee payroll	\$ 487,960,205	\$ 453,274,274	\$ 458,781,389	\$ 445,408,636
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	73.90%	69.05%	64.28%	92.17%
	2020	2019	2018	2017
University's proportion of the total other postemployment benefits liability	3.804765461%	3.159978606%	2.780000000%	2.780000000%
University's proportionate share of the total other postemployment benefits liability	\$ 391,512,085	\$ 399,997,974	\$ 293,333,000	\$ 300,512,000
University's covered-employee payroll	\$ 454,818,440	\$ 439,921,546	\$ 418,056,891	\$ 396,397,337
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	86.08%	90.92%	70.17%	75.81%

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
University's proportion of the FRS net pension liability	0.590490335%	0.595589032%	0.646262333%	0.611058374%
University's proportionate share of the FRS net pension liability	\$ 228,429,432	\$ 237,323,379	\$ 240,461,523	\$ 46,158,515
University's covered payroll (2)	\$ 487,960,205	\$ 453,274,274	\$ 458,781,389	\$ 445,408,636
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	46.81%	52.36%	52.41%	10.36%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	83.70%	82.38%	82.89%	96.40%

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

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

Schedule of University Contributions – Florida Retirement System Pension Plan

	<u>2025 (1)</u>	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>
Contractually required FRS contribution	\$ 35,033,801	\$ 33,437,302	\$ 28,651,666	\$ 27,577,192
FRS contributions in relation to the contractually required contribution	<u>(35,033,801)</u>	<u>(33,437,302)</u>	<u>(28,651,666)</u>	<u>(27,577,192)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 518,444,768	\$ 487,960,205	\$ 453,274,274	\$ 458,781,389
FRS contributions as a percentage of covered payroll	6.76%	6.85%	6.32%	6.01%

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

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

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.648369723%	0.654337567%	0.640568432%	0.596715076%	0.559865856%	0.538161499%
\$ 281,012,993	\$ 225,344,748	\$ 192,942,532	\$ 176,504,316	\$ 141,366,568	\$ 69,510,775
\$ 454,818,440	\$ 439,921,546	\$ 418,056,891	\$ 396,397,337	\$ 364,535,289	\$ 333,695,268
61.79%	51.22%	46.15%	44.54%	38.78%	20.83%
78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
\$ 23,278,684	\$ 21,542,453	\$ 20,289,186	\$ 18,255,686	\$ 15,533,963	\$ 13,653,222
<u>(23,278,684)</u>	<u>(21,542,453)</u>	<u>(20,289,186)</u>	<u>(18,255,686)</u>	<u>(15,533,963)</u>	<u>(13,653,222)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 445,408,636	\$ 454,818,440	\$ 439,921,546	\$ 418,056,891	\$ 396,397,337	\$ 364,535,289
5.23%	4.74%	4.61%	4.37%	3.92%	3.75%

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

	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>	<u>2021 (1)</u>
University's proportion of the HIS net pension liability	0.563055766%	0.508249418%	0.528010944%	0.521414055%
University's proportionate share of the HIS net pension liability	\$ 84,463,867	\$ 80,716,787	\$ 55,924,792	\$ 63,959,273
University's covered payroll (2)	\$ 228,913,436	\$ 191,569,134	\$ 191,812,204	\$ 179,946,356
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	36.90%	42.13%	29.16%	35.54%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	4.80%	4.12%	4.81%	3.56%

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

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

Schedule of University Contributions – Health Insurance Subsidy Pension Plan

	<u>2025 (1)</u>	<u>2024 (1)</u>	<u>2023 (1)</u>	<u>2022 (1)</u>
Contractually required HIS contribution	\$ 5,454,756	\$ 4,766,996	\$ 3,343,354	\$ 3,194,911
HIS contributions in relation to the contractually required HIS contribution	<u>(5,454,756)</u>	<u>(4,766,996)</u>	<u>(3,343,354)</u>	<u>(3,194,911)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 264,689,825	\$ 228,913,436	\$ 191,569,134	\$ 191,812,204
HIS contributions as a percentage of covered payroll	2.06%	2.08%	1.75%	1.67%

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

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

<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>
0.547943658%	0.538876355%	0.532468436%	0.529705387%	0.499690735%	0.469662225%
\$ 66,903,028	\$ 60,294,870	\$ 56,357,057	\$ 56,638,544	\$ 58,236,885	\$ 47,898,159
\$ 187,973,508	\$ 167,822,905	\$ 167,400,707	\$ 166,665,368	\$ 153,090,572	\$ 140,702,712
35.59%	35.93%	33.67%	33.98%	38.04%	34.04%
3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

<u>2021 (1)</u>	<u>2020 (1)</u>	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
\$ 3,064,876	\$ 3,157,543	\$ 2,992,328	\$ 2,887,590	\$ 2,803,354	\$ 2,561,234
<u>(3,064,876)</u>	<u>(3,157,543)</u>	<u>(2,992,328)</u>	<u>(2,887,590)</u>	<u>(2,803,354)</u>	<u>(2,561,234)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 179,946,356	\$ 187,973,508	\$ 167,822,905	\$ 167,400,707	\$ 166,665,368	\$ 153,090,572
1.70%	1.68%	1.78%	1.72%	1.68%	1.67%

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

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

Changes of Benefit Terms. Upon the passing of legislative action, the retirement eligibility for Special Risk employees hired on and after July 1, 2011, decreased from age 60 with 8 years of service, or 30 years of service regardless of age, to age 55 with 8 years of service, or 25 years of service regardless of age. The maximum DROP participation period was extended from 60 months (5 years) to 96 months (8 years). In addition, the maximum DROP participation age and service requirements were removed. The retirement rates and DROP entry rates were updated in conjunction with these changes.

Changes of Assumptions. 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 Statement No. 75. The discount rate increased from 4.13 percent to 4.21 percent.

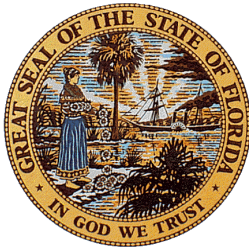
DROP participation periods were updated for certain members based on the actual valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2023. Additional updates were for claims aging rates, health care costs and premiums based on Plan experience, and health care cost trend rates based on projected Plan experience.

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

Changes of Assumptions. In 2024, salary increases including inflation increased from 3.25 percent to 3.5 percent and the mortality assumptions were updated.

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

Changes of Assumptions. In 2024, the municipal rate used to determine total pension liability increased from 3.65 percent to 3.93 percent and the demographic and coverage election assumptions were updated.



Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL STATE OF FLORIDA

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



Phone: (850) 412-2722
Fax: (850) 488-6975

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 Central 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, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 4, 2026, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the blended and aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Sherrill F. Norman, CPA
Tallahassee, Florida
March 4, 2026