



College of Engineering  
UF Training Reactor Facility

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March 25, 2015

U.S. Nuclear Regulatory Commission  
ATTN: Document Control Desk  
Washington, D.C. 20555-0001

10 CFR 50.4, Written Communications  
UFTR Operating License R-56, Docket 50-83

Subject: **UFTR Supplemental Response to Request for Additional Information  
(TAC NO. ME1586)**

In July 2002, the UFTR submitted a request for license renewal (ML022130145). In February 2010 and May 2010, the UFTR provided supplemental information intended to update the financial information made previously in the license renewal process (ML100610445 and ML101250177). By letter dated June 9, 2014, the NRC requested updated financial information (ML1321A048). In September 2014, the UFTR provided updated financial information (ML14255A368).

Attached is additional updated financial information, including a new Statement of Intent letter.

This submittal has been reviewed and approved by UFTR management and by the Executive Committee of the Reactor Safety Review Subcommittee.

I declare under penalty of perjury that the foregoing and attached are true and correct to my knowledge.

Executed on March 25, 2015.

Brian Shea  
Reactor Manager

A035  
A020  
NRR



Office of the Vice President  
and Chief Financial Officer

1 Tigert Hall  
P O Box 113240  
Gainesville, FL 32611-3240  
352-392-2402 Telephone  
352-846-3546 Fax

Document Control Desk  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

**Re: DOCKET 50-83, STATEMENT OF INTENT**

As Chief Financial Officer of the University of Florida, I exercise express authority and responsibility to request from the State of Florida funds for decommissioning activities associated with operations authorized by U.S. Nuclear Regulatory Commission License No. R-56. This authority is established by the University of Florida Board of Trustees resolution R01-1. Within this authority, I intend to request that funds be made available when necessary in the amount of \$4.5 million to decommission the University of Florida Training Reactor, located in Gainesville, Florida (the current decommissioning cost estimate is \$4.03 million). I intend to request and obtain these funds sufficiently in advance of decommissioning to prevent delay of required activities.

A copy of Resolution R01-1 is attached as evidence that I am authorized to represent the University of Florida in this transaction.

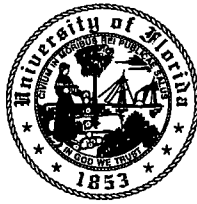
A handwritten signature in black ink, reading "Michael V. McKee". The signature is fluid and cursive, with the first name "Michael" and last name "McKee" clearly legible.

Michael V. McKee  
Interim Vice President and Chief Financial Officer  
University of Florida  
February 17, 2015

Attachment: As stated

cc: Dean – College of Engineering  
UFTR Facility Director  
UFTR Reactor Manager  
UFTR Licensing Engineer





# UNIVERSITY OF FLORIDA

## BOARD OF TRUSTEES RESOLUTION

**Number:** R01-1

**Subject:** Presidential Authority

**Date:** September 7, 2001

The University of Florida Board of Trustees hereby resolves:

(1) That the authority of the President of the University of Florida under current law, including the authority to enter into contracts on behalf of the University Board of Trustees, is hereby affirmed; and

(2) That the President is hereby authorized to approve travel under Section 112.061, F.S., and to take routine administrative actions on behalf of the University of Florida Board of Trustees under the Florida Administrative Procedures Act, Chapter 120, F.S., which shall not include the approval of University rules.

The President is authorized to further delegate to University personnel the authority described as long as such delegation is in writing and a copy is filed in the General Counsel's Office.

This affirmation and authorization is effective as of July 1, 2001.

August 19, 2014

**MEMORANDUM**

**TO:** Decommissioning File  
**FROM:** Brian Shea, Reactor Manager   
**SUBJECT:** Annual Estimate of UFTR Decommissioning Cost per 10 CFR 50.75

The estimated cost for the complete decommissioning of the University of Florida Training Reactor (UFTR) as of August 2014 is \$4.03 million (CPI-U for July 2014). To meet the requirements of 10 CFR 30.3 and 50.75 the decommissioning cost estimate is updated periodically to reflect any changes. The base cost estimate, in 1982 dollars, is adjusted based on changes in the Consumer Price Index (CPI) and Low Level Waste Disposal Adjustment Factor ( $B_x$ ).

**Consumer Price Index Adjustment Factor ( $F_{CPI}$ )**

Consumer Price Index data can be found online at the US Department of Labor, Bureau of Labor Statistics. Using the *CPI for all urban consumers, US city average, all items* (Base 1982), an adjustment factor of  $F_{CPI,x}$  is calculated by finding the ratio of the current CPI-U to the CPI-U for December 1982 as follows:

$$F_{CPI,x} = \frac{CPI_x}{CPI_{Dec1982}} = \frac{238.25}{97.6} = 2.441$$

where,  $x$  corresponds to the current month and year.

**Waste Burial Adjustment Factor ( $F_B$ )**

A Waste Burial Adjustment Factor, normalized to 1986 values, is found in Table 2-1 of the U.S. Nuclear Regulatory Commission: *Report on Waste Burial Charges* (NUREG-1307, Rev.15). First, the base is adjusted from 1986 to 1982 as follows:

$$B_{1982} = B_{1986} / \left( \frac{CPI_{Dec1982}}{CPI_{Dec1986}} \right) = 1 / \left( \frac{110.5}{97.6} \right) = 0.883$$

Then the Waste Burial Adjustment Factor for a given year is calculated as follows:

$$F_{Bx} = \frac{B_x}{B_{1982}} = \frac{14.160}{0.883} = 16.032$$

where,  $x$  corresponds to the year of the most recently published adjustment factor

### Estimated Decommissioning Cost

Decommissioning Cost =  $F_B \cdot (1982 \text{ Cost of Radioactive Waste disposal}) +$   
 $F_{CPI} \cdot (1982 \text{ Total Cost Estimate} - 1982 \text{ Cost of Rad Waste Disposal})$

$$= \frac{14.160}{0.883}(199,000) + \frac{238.25}{97.6}(541,000 - 199,000) = 4.03 \text{ million}$$

Attachments

cc: Facility Director (memo only)  
RSRS Members (memo only)

**Table 2-1. Values of B<sub>x</sub> as a Function of LLW Burial Site, Waste Vendor, and Year<sup>(a)</sup>**

Year	B <sub>x</sub> Values for Washington Site <sup>(b)</sup>				B <sub>x</sub> Values for South Carolina Site								B <sub>x</sub> Values for Generic LLW Disposal Site <sup>(b)</sup>			
	Compact-Affiliated Facility Only <sup>(g)</sup>		Combination of Compact-Affiliated and Non-Compact Facility <sup>(f,g)</sup>		Atlantic Compact <sup>(c)</sup>				Non-Atlantic Compact <sup>(c)</sup>				Compact-Affiliated Facility Only <sup>(g)</sup>		Combination of Compact-Affiliated and Non-Compact Facility <sup>(f,g)</sup>	
					Compact-Affiliated Facility Only <sup>(g)</sup>	Combination of Compact-Affiliated and Non-Compact Facility <sup>(f,g)</sup>	Compact-Affiliated Facility Only <sup>(g)</sup>	Combination of Compact-Affiliated and Non-Compact Facility <sup>(f,g)</sup>	Compact-Affiliated Facility Only <sup>(g)</sup>	Combination of Compact-Affiliated and Non-Compact Facility <sup>(f,g)</sup>	Compact-Affiliated Facility Only <sup>(g)</sup>	Combination of Compact-Affiliated and Non-Compact Facility <sup>(f,g)</sup>				
	PWR	BWR	PWR	BWR	PWR	BWR	PWR	BWR	PWR	BWR	PWR	BWR	PWR	BWR	PWR	BWR
2012	7.335	6.704	7.375	6.076	30.581	27.295	13.885	14.160	NA	NA	NA	NA	30.581	27.295	13.885	14.160
2010	8.035	7.423	6.588	5.458	27.292	24.356	12.280	12.540	NA	NA	NA	NA	27.292	24.356	12.280	12.540
2008	8.283	23.185	5.153	20.889	25.231	22.504	9.872	11.198	NA	NA	NA	NA	25.231	22.504	9.872	11.198
2006	6.829	11.702	3.855	9.008	22.933	20.451	8.600	9.345	23.030	20.813	8.683	10.206	NA	NA	NA	NA
2004	5.374	13.157	3.846	11.755	19.500	17.389	7.790	8.347	21.937	17.970	7.934	8.863	NA	NA	NA	NA
2002	3.634	14.549	5.748	15.571	17.922	15.988	9.273	8.626	18.732	16.705	9.467	8.860	NA	NA	NA	NA

- (a) The values shown in this table are developed in APPENDIX B, with all values normalized to the 1986 Washington PWR and BWR values by dividing the calculated burial costs for each site and year by the Washington site burial costs calculated for the year 1986.
- (b) Effective 1/1/93, the Washington site no longer accepted waste from outside the Northwest and Rocky Mountain Compacts.
- (c) Effective 7/1/2000, rates are based on whether a waste generator is or is not a member of the Atlantic Compact.
- (d) Effective 7/1/2008, the South Carolina site no longer accepted waste from outside the Atlantic Compact.
- (e) B<sub>x</sub> values for the generic site are assumed to be the same as that provided for the Atlantic Compact, for lack of a better alternative at this time.
- (f) Effective with NUREG-1307, Revision 8 (Ref. 3), an alternative disposal option was introduced in which the bulk of the LLW is assumed to be dispositioned by waste vendors and/or disposed of at a non-compact disposal facility.
- (g) Effective with NUREG-1307, Revision 15, the nomenclature for the two disposal options, referred to as "Direct Disposal" and "Direct Disposal with Vendors" in previous revisions of NUREG-1307, is changed to "Compact-Affiliated Disposal Facility Only" and "Combination of Compact-Affiliated and Non-Compact Disposal Facilities" to better describe these options.

**Table 24. Historical Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, all items-Continued**

(1982-84=100, unless otherwise noted)

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
1970	37.8	38.0	38.2	38.5	38.6	38.8	39.0	39.0	39.2	39.4	39.6	39.8
1971	39.8	39.9	40.0	40.1	40.3	40.6	40.7	40.8	40.8	40.9	40.9	41.1
1972	41.1	41.3	41.4	41.5	41.6	41.7	41.9	42.0	42.1	42.3	42.4	42.5
1973	42.6	42.9	43.3	43.6	43.9	44.2	44.3	45.1	45.2	45.6	45.9	46.2
1974	46.6	47.2	47.8	48.0	48.6	49.0	49.4	50.0	50.6	51.1	51.5	51.9
1975	52.1	52.5	52.7	52.9	53.2	53.6	54.2	54.3	54.6	54.9	55.3	55.5
1976	55.6	55.8	55.9	56.1	56.5	56.8	57.1	57.4	57.6	57.9	58.0	58.2
1977	58.5	59.1	59.5	60.0	60.3	60.7	61.0	61.2	61.4	61.6	61.9	62.1
1978	62.5	62.9	63.4	63.9	64.5	65.2	65.7	66.0	66.5	67.1	67.4	67.7
1979	68.3	69.1	69.8	70.6	71.5	72.3	73.1	73.8	74.6	75.2	75.9	76.7
1980	77.8	78.9	80.1	81.0	81.8	82.7	82.7	83.3	84.0	84.8	85.5	86.3
1981	87.0	87.9	88.5	89.1	89.8	90.6	91.6	92.3	93.2	93.4	93.7	94.0
1982	94.3	94.6	94.5	94.9	95.8	97.0	97.5	97.7	97.9	98.2	98.0	97.6
1983	97.8	97.9	97.9	98.6	99.2	99.5	99.9	100.2	100.7	101.0	101.2	101.3
1984	101.9	102.4	102.6	103.1	103.4	103.7	104.1	104.5	105.0	105.3	105.3	105.3
1985	105.5	106.0	106.4	106.9	107.3	107.6	107.8	108.0	108.3	108.7	109.0	109.3
1986	109.6	109.3	108.8	108.6	108.9	109.5	109.5	109.7	110.2	110.3	110.4	110.5
1987	111.2	111.6	112.1	112.7	113.1	113.5	113.8	114.4	115.0	115.3	115.4	115.4
1988	115.7	116.0	116.5	117.1	117.5	118.0	118.5	119.0	119.8	120.2	120.3	120.5
1989	121.1	121.6	122.3	123.1	123.8	124.1	124.4	124.6	125.0	125.6	125.9	126.1
1990	127.4	128.0	128.7	128.9	129.2	129.9	130.4	131.6	132.7	133.5	133.8	133.8
1991	134.6	134.8	135.0	135.2	135.6	136.0	136.2	136.6	137.2	137.4	137.8	137.9
1992	138.1	138.6	139.3	139.5	139.7	140.2	140.5	140.9	141.3	141.8	142.0	141.9
1993	142.6	143.1	143.6	144.0	144.2	144.4	144.4	144.8	145.1	145.7	145.8	145.8
1994	146.2	146.7	147.2	147.4	147.5	148.0	148.4	149.0	149.4	149.5	149.7	149.7
1995	150.3	150.9	151.4	151.9	152.2	152.5	152.5	152.9	153.2	153.7	153.6	153.5
1996	154.4	154.9	155.7	156.3	156.6	156.7	157.0	157.3	157.8	158.3	158.6	158.6
1997	159.1	159.6	160.0	160.2	160.1	160.3	160.5	160.8	161.2	161.6	161.5	161.3
1998	161.6	161.9	162.2	162.5	162.8	163.0	163.2	163.4	163.6	164.0	164.0	163.9
1999	164.3	164.5	165.0	166.2	166.2	166.2	166.7	167.1	167.9	168.2	168.3	168.3
2000	168.8	169.8	171.2	171.3	171.5	172.4	172.8	172.8	173.7	174.0	174.1	174.0
2001	175.1	175.8	176.2	176.9	177.7	178.0	177.5	177.5	178.3	177.7	177.4	176.7
2002	177.1	177.8	178.8	179.8	179.8	179.9	180.1	180.7	181.0	181.3	181.3	180.9
2003	181.7	183.1	184.2	183.8	183.5	183.7	183.9	184.6	185.2	185.0	184.5	184.3
2004	185.2	186.2	187.4	188.0	189.1	189.7	189.4	189.5	189.9	190.9	191.0	190.3
2005	190.7	191.8	193.3	194.6	194.4	194.5	195.4	196.4	198.8	199.2	197.6	196.8
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8
2007	202.416	203.499	205.352	206.686	207.949	208.352	208.299	207.917	208.490	208.936	210.177	210.036
2008	211.080	211.693	213.528	214.823	216.632	218.815	219.964	219.086	218.783	216.573	212.425	210.228
2009	211.143	212.193	212.709	213.240	213.856	215.693	215.351	215.834	215.969	216.177	216.330	215.949
2010	216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179
2011	220.223	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.230	225.672
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049
2014	233.916	234.781	236.293	237.072	237.900	238.343	-	-	-	-	-	-

See footnotes at end of table.

**Table 1. Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, by expenditure category, July 2014**

[1982-84=100, unless otherwise noted]

Expenditure category	Relative importance Jun. 2014	Unadjusted indexes			Unadjusted percent change		Seasonally adjusted percent change		
		Jul. 2013	Jun. 2014	Jul. 2014	Jul. 2013- Jul. 2014	Jun. 2014- Jul. 2014	Apr. 2014- May 2014	May 2014- Jun. 2014	Jun. 2014- Jul. 2014
All items.....	100.000	233.596	238.343	238.250	2.0	0.0	0.4	0.3	0.1
Food.....	13.837	237.001	242.326	243.034	2.5	0.3	0.5	0.1	0.4
Food at home.....	8.188	233.591	239.147	239.820	2.7	0.3	0.7	0.0	0.4
Cereals and bakery products.....	1.122	271.279	270.860	271.993	0.3	0.4	-0.1	-0.2	0.4
Meats, poultry, fish, and eggs.....	1.922	235.859	252.865	253.767	7.6	0.4	1.4	0.2	0.3
Dairy and related products <sup>1</sup> .....	0.865	215.920	224.522	225.140	4.3	0.3	0.6	-0.4	0.3
Fruits and vegetables.....	1.348	287.773	295.139	293.535	2.0	-0.5	1.1	-0.3	0.0
Nonalcoholic beverages and beverage materials.....	0.928	165.412	164.700	165.211	-0.1	0.3	0.4	0.0	0.5
Other food at home.....	2.004	205.872	205.996	207.390	0.7	0.7	0.3	0.1	0.7
Food away from home <sup>1</sup> .....	5.649	243.409	248.445	249.210	2.4	0.3	0.2	0.2	0.3
Energy.....	9.799	251.370	259.858	257.907	2.6	-0.8	0.9	1.6	-0.3
Energy commodities.....	5.825	314.380	322.920	318.294	1.2	-1.4	0.6	3.0	-0.3
Fuel oil <sup>1</sup> .....	0.167	359.780	370.317	367.725	2.2	-0.7	-1.4	-1.7	-0.7
Motor fuel.....	5.566	311.757	319.692	314.901	1.0	-1.5	0.8	3.3	-0.3
Gasoline (all types).....	5.480	310.886	318.334	313.514	0.8	-1.5	0.7	3.3	-0.3
Energy services <sup>2</sup> .....	3.974	202.087	211.038	211.563	4.7	0.2	1.4	-0.4	-0.4
Electricity <sup>2</sup> .....	3.084	209.538	217.529	217.930	4.0	0.2	2.3	0.2	-0.3
Utility (piped) gas service <sup>2</sup> .....	0.890	177.356	188.769	189.659	6.9	0.5	-1.7	-2.6	-0.4
All items less food and energy.....	76.364	233.792	238.157	238.138	1.9	0.0	0.3	0.1	0.1
Commodities less food and energy commodities.....	19.379	146.872	147.087	146.452	-0.3	-0.4	0.1	0.1	0.0
Apparel.....	3.383	124.215	127.302	124.645	0.3	-2.1	0.3	0.5	0.2
New vehicles.....	3.487	145.726	146.067	146.086	0.2	0.0	0.2	-0.3	0.3
Used cars and trucks.....	1.678	152.554	151.978	152.857	0.2	0.6	-0.1	-0.4	-0.3
Medical care commodities.....	1.713	334.673	343.224	344.687	3.0	0.4	0.5	0.7	0.3
Alcoholic beverages.....	0.990	235.022	236.569	236.387	0.6	-0.1	0.0	-0.1	-0.1
Tobacco and smoking products <sup>1</sup> .....	0.700	881.770	907.216	904.614	2.6	-0.3	0.2	1.0	-0.3
Services less energy services.....	56.985	286.617	293.668	294.068	2.6	0.1	0.3	0.1	0.1
Shelter.....	31.840	263.451	270.314	271.115	2.9	0.3	0.3	0.2	0.3
Rent of primary residence <sup>2</sup> .....	6.913	267.482	275.321	276.248	3.3	0.3	0.3	0.3	0.3
Owners' equivalent rent of residences <sup>2, 3</sup> .....	23.635	270.537	277.256	277.886	2.7	0.2	0.2	0.2	0.3
Medical care services.....	5.813	453.773	464.960	465.166	2.5	0.0	0.3	0.0	0.1
Physicians' services <sup>2</sup> .....	1.555	354.775	359.056	358.585	1.1	-0.1	0.4	-0.3	-0.2
Hospital services <sup>2, 4</sup> .....	1.800	263.698	278.695	279.587	6.0	0.3	0.3	0.2	0.4
Transportation services.....	5.589	281.080	289.018	286.239	1.8	-1.0	1.0	0.1	-0.7
Motor vehicle maintenance and repair <sup>1</sup> .....	1.138	262.229	265.656	266.282	1.5	0.2	0.2	0.2	0.2
Motor vehicle insurance.....	2.199	420.073	435.654	436.342	3.9	0.2	0.6	0.2	0.2
Airline fare.....	0.825	315.789	342.697	315.012	-0.2	-8.1	5.8	0.4	-5.9

<sup>1</sup> Not seasonally adjusted.

<sup>2</sup> This index series was calculated using a Laspeyres estimator. All other item stratum index series were calculated using a geometric means estimator.

<sup>3</sup> Indexes on a December 1982=100 base.

<sup>4</sup> Indexes on a December 1996=100 base.

NOTE: Index applies to a month as a whole, not to any specific date.



UF

TOGETHER

FOR THE

# GATOR GOOD

2013-2014 **ANNUAL FINANCIAL REPORT**

UNIVERSITY of  
**FLORIDA**



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# Seven billion people share this planet.

And directly or indirectly, issues like pollution, childhood malnutrition, post-traumatic stress disorder, cancer and poverty – to name a few – affect all 7 billion of us. They are big challenges, to be sure, but they are not insurmountable. Especially when we all work together.



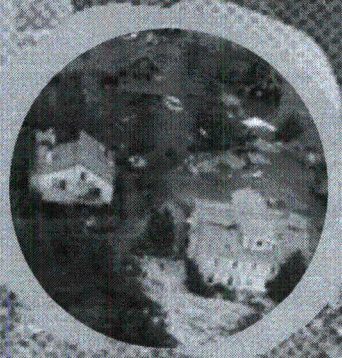
WATER POLLUTION

ECONOMIC STABILITY

NATURAL DISASTERS



**Our purpose is greater  
than our own individual  
achievements.**





We come to UF as individuals with

**BIG DREAMS AND AMBITIOUS GOALS,**

and here, we are afforded the opportunity  
to make them a reality.

But that's only the beginning.

We come together and push each other every day, not  
only to improve our community and our State, but also  
the lives of people in every part of the world.

Even if just the individuals who read these words  
decided to help, we could make a huge impact. UF has  
rededicated its effort to prove that discoveries, solutions  
and changing the world for the better are all possible  
when we work together.

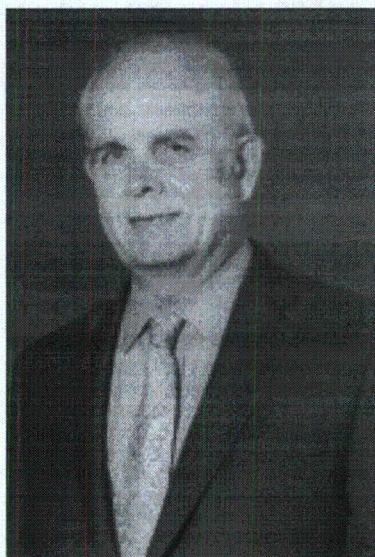
For the **GATOR GOOD.**

*Learn more about the purposes we serve and the people whose  
lives we positively affect at [GatorGood.ufl.edu](http://GatorGood.ufl.edu).*



## PRESIDENT'S

## MESSAGE



***As the year draws to a close, the University of Florida is on sound financial footing – well-prepared to move forward while deepening its positive impact on the community, country and world.***

**W**ith the economic downturn in the rearview mirror, the Florida Legislature this spring provided more than \$100 million in additional funding to UF. This came on the heels of the Legislature's 2013 restoration of \$300 million to State universities' budget cut in the previous year.

What's more, the University broke its annual fundraising record for the second year in a row, netting \$215.3 million for the 2013-14 fiscal year.

In the future, we will need to raise our tuition to generate the revenue enjoyed by our peer universities, most of which have far higher tuitions. Still, these positive financial trends are already having benefits throughout the University.

This may be most visible in the Preeminence Plan, our effort to rise among the nation's top public universities through advancing UF research and scholarship.

At the heart of this plan is our ongoing campaign to hire midcareer and highly accomplished research faculty in areas of particular promise – or who have the potential to elevate current UF strengths to the next level.



By early November 2014, UF had brought on board 60 of these accomplished new faculty, about half of the University's expected total preeminence hires. Hailing from institutions as diverse as the University of Pennsylvania, UNC-Chapel Hill and Utrecht University in the Netherlands, their expertise ranges from food security to early childhood education to creative writing to archaeology to biomedicine.

With the State continuing to back UF as Florida's online university, we also broadened our efforts in online education.

UF Online, among the nation's first fully online programs for undergraduates, began its first full academic year in fall 2014. It has 11 undergraduate degree programs, including biology, geology and sports management.

This effort remains very much a work in progress, with many unknowns, from what types of students will find online education appealing to what programs will prove most popular. But there is no question that online education offers unique opportunities to grow UF's enrollment and extend a college education to those who cannot come to our campus.

A third area of advancement came with the continued development of the core curriculum for undergraduates.

Building on the "What is the Good Life?" class required for all first-year students, UF began piloting two new core classes this fall – the first revolving around climate change; the second, data analysis. The University expects to begin offering these courses to all undergraduates next year, taking another step toward a signature undergraduate program that is both unique to UF and shared among all students.

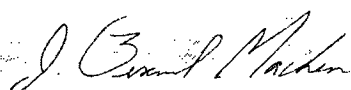
The Preeminence Plan, UF Online and the core curriculum will all help to raise UF's profile among its peer universities – but building a thriving creative community surrounding the University is also central to this goal.

As a result, UF continued to focus on developing Innovation Square, the public-private partnership created in 2009 to nurture Gainesville's technology community and join campus with downtown.

Among other milestones from the past year:

- Signet Enterprises became the first private company to construct a bricks-and-mortar building at Innovation Square. Infinity Hall, to open in September 2015, will house more than 300 entrepreneurially minded undergraduates under joint UF-Signet management.
- Zeeko joined Curtco Media, Azalea Health, BioMonde, Mobiquity and Mindtree among the outside technology companies that have opened facilities in Innovation Square. Together, these companies have created more than 300 jobs. Many are both high-paying and high-skill positions.
- More than two dozen spinoffs filled the Florida Innovation Hub technology incubator, while companies that outgrew the Hub continued to expand in other locations around Gainesville.

I will step down in December after serving as UF's president for 11 years. While we have faced our share of financial challenges, especially during the downturn, I feel optimistic about our current position and our path ahead. With adequate resources, there is no limit to what our faculty can achieve in education, research and scholarship – changing students' lives and helping to bring prosperity, understanding and equity to the world. It's a great time to be a Gator, and I wish the University and the community the very best!



**J. Bernard Machen**  
President, University of Florida

## Knowledge by the Numbers

### Headcount Enrollment by Colleges and Schools — Fall Terms

College/School	2013	2012	2011	2010	2009
Accounting	889	857	865	905	871
Agricultural and Life Sciences	4,828	4,835	4,955	4,940	4,640
Building Construction	345	383	391	499	581
Business Administration	5,396	4,985	4,681	4,728	4,947
Dentistry	402	385	389	378	379
Design, Construction, and Planning	883	855	896	899	899
Division of Continuing Education (A)	113	141	179	215	259
Education	1,577	1,732	1,749	1,886	1,919
Engineering	8,774	8,716	8,454	8,240	7,880
Fine Arts	1,322	1,294	1,256	1,309	1,284
Forest Resources and Conservation	-	-	-	-	222
Health and Human Performance	1,979	1,973	2,047	2,008	1,908
High School	71	57	52	47	44
Interdisciplinary Ecology	101	104	116	127	135
Journalism and Communications	2,710	2,693	2,540	2,516	2,663
Law	1,071	1,105	1,118	1,191	1,263
Liberal Arts and Sciences	12,221	12,514	12,673	12,817	13,368
Medicine	806	823	862	853	967
Multiple-College Program	2	-	1	1	2
Natural Resources and Environment	107	120	155	154	158
Nursing	1,045	1,162	1,170	1,090	1,188
Pharmacy	850	847	823	836	761
Pharmacy Doctor	1,545	1,584	1,686	1,752	1,891
Physician Assistant Program	121	119	119	119	119
Public Health & Health Professions	2,315	2,213	2,122	2,139	1,971
Veterinary Medicine	674	648	542	530	525
<b>SUB-TOTAL</b>	<b>50,147</b>	<b>50,145</b>	<b>49,841</b>	<b>50,179</b>	<b>50,844</b>
<b>Minus Concurrent Degree</b>	<b>52</b>	<b>59</b>	<b>56</b>	<b>63</b>	<b>60</b>
<b>TOTAL</b>	<b>50,095</b>	<b>50,086</b>	<b>49,785</b>	<b>50,116</b>	<b>50,784</b>

(A) Includes Continuing Education and correspondence courses for students not enrolled in a college.

Source: UF Facts - UF Office of Institutional Planning and Research

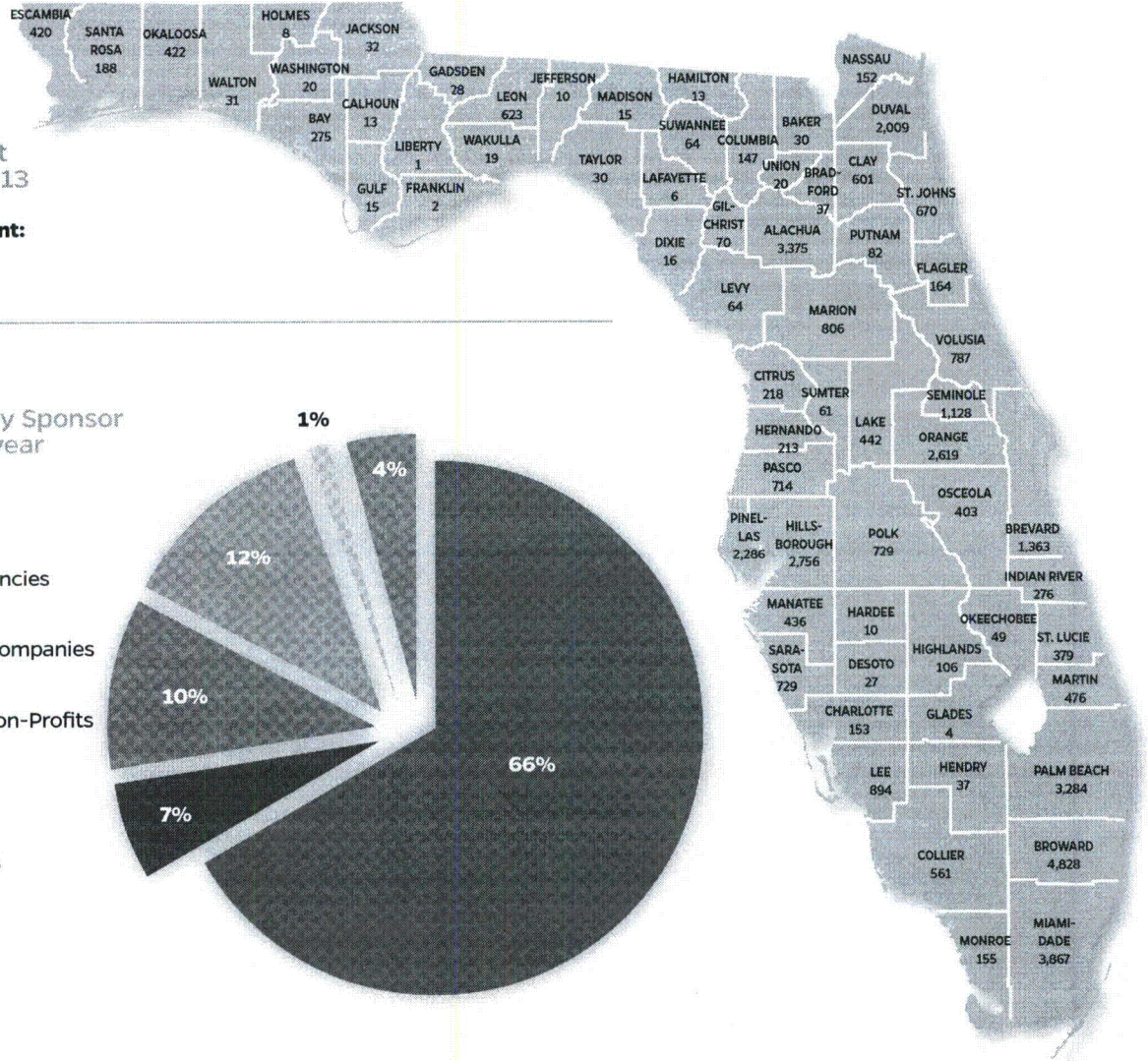
### Degrees Awarded by Type of Degree

Degree	2013-14	2012-13	2011-12	2010-11	2009-10
Bachelor's	8,515	8,245	8,600	8,685	9,302
Master's	4,174	3,929	3,924	3,878	3,751
Doctor of Philosophy	950	880	859	936	957
Doctor of Pharmacy	430	427	461	484	483
Juris Doctor	304	361	334	410	377
Doctor of Medicine	129	131	134	127	130
Doctor of Dental Medicine	83	79	82	83	91
Doctor of Veterinary Medicine	98	86	84	87	89
Specialist in Education	73	88	71	70	111
<b>TOTAL</b>	<b>14,756</b>	<b>14,226</b>	<b>14,549</b>	<b>14,760</b>	<b>15,291</b>

Source: Final degree information from the Degrees Awarded File - UF Office of Institutional Planning and Research

## In-State Enrollment by County – Fall 2013

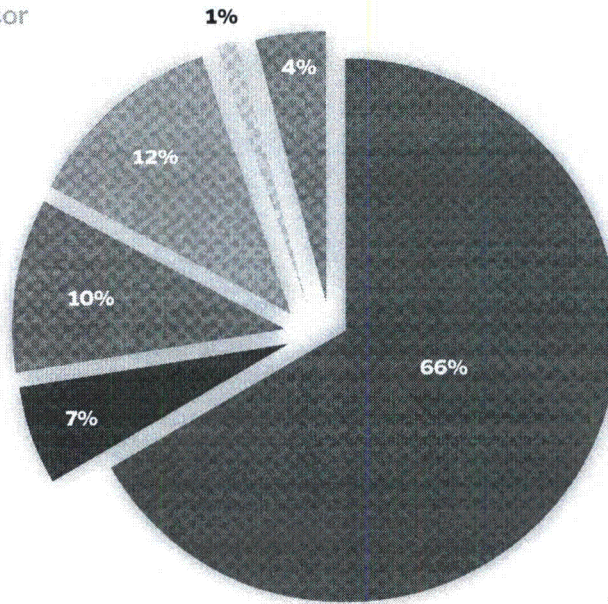
**Total In-State Enrollment: 40,468**



## Research Awards by Sponsor for 2013-14 fiscal year

- Federal Agencies \$465,296,894
- Florida State Agencies \$44,842,935
- Corporations & Companies \$72,150,763
- Foundations & Non-Profits \$86,071,558
- Local & Regional \$7,232,063
- All Other Sources \$26,102,832

**Total \$701,697,045**



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AUTISM

ECONOMIC STABILITY

DIABETES

PARKINSON'S

SOCIAL SERVICES

NATURAL DISASTERS

POLITICAL UNREST

CANCER

PHYSICAL INACTIVITY



## **Introduction from the Vice President and Chief Financial Officer**

I am pleased to present the University of Florida Annual Financial Report for the fiscal year ended June 30, 2014. This report provides useful information concerning the University's financial position and activities for the year. The University had a strong financial year as evidenced by a net position of more than \$2.49 billion, a 5.1% increase when compared to the 2012-13 fiscal year. Management's Discussion and Analysis, financial statements, and notes to the financial statements document the University's financial success and health for this fiscal year.

During the 2013-14 fiscal year, Noncapital State Appropriations increased by 24.8%, or \$120.4 million with \$30 million received to advance the goal of reaching national preeminence and to implement the State's online university program. Tuition revenue increased a modest \$6.3 million, or 1.8% for the fiscal year. The University continues to have one of the lowest costs of attendance of all public research universities nationwide and continues to be an excellent value for the investment.

Capital State Appropriations totaled \$43.6 million, a \$34.1 million increase over the prior fiscal year of \$9.5 million. The increase in Capital State Appropriations provided needed funds to address a number of deferred maintenance projects and enable the University to continue to maintain its beautiful and historic campus.

Heavener Hall, completed in November 2014, houses, for the first time, the undergraduate program of the Warrington College of Business under one roof and provides 24/7 access for its students. This 57,000 square foot building features state-of-the-art technology, study rooms and professional development centers. The Heavener Hall project also allowed for the creation of a new, more prominent and pedestrian-friendly gateway into the University.

Of special note, April 5, 2014, marked the dedication and celebration of the newly built

Austin Cary Learning Center, replacing the Austin Cary Conference Center that burned down in 2011. Other construction projects completed during the 2013-14 fiscal year included the Government House Renovation and Museum Exhibit projects located in historic St. Augustine.

Designed for undergraduate students and students with disabilities, Cypress Hall, a new single student residence building, is expected to be substantially complete in April 2015. The University's 25th residence hall, will add 255 bed spaces with rooms on the first floor to accommodate students with significant mobility impairments.

On June 2, 2014, Governor Scott signed the State University System budget for the 2014-15 fiscal year. This budget includes a significant increase in funding for higher education – including \$200 million for performance funding, of which the University of Florida will receive \$39.8 million. The investment in performance funding marks the first time such a significant portion of funding has been directed toward rewarding excellence and improvement. The budget also includes nearly \$16 million for the UF Health Cancer Center to support an effort to obtain the National Cancer Institute (NCI) designation. We are encouraged by this additional funding to obtain the NCI designation and to help our State become a national leader in cancer care.

The Office of the Vice President and Chief Financial Officer is committed to effectively manage the University's assets and facilitate the comprehensive business needs as the University rises to being a top ten public research university.



**Michael V. McKee**  
**Interim Vice President and**  
**Chief Financial Officer**

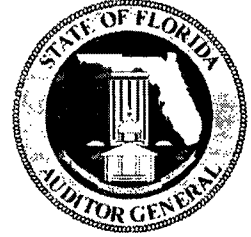




DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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111 West Madison Street  
Tallahassee, Florida 32399-1450



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

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of the University of Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

#### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the blended and the aggregate discretely presented component units. The financial statements of the University of Florida Self-Insurance Program and the University of Florida Healthcare Education Insurance Company, blended component units, represent 5.7 percent, 5.6 percent, and 1.1 percent, respectively, of the assets, net position, and revenues reported for the University of Florida. The financial statements of the aggregate discretely presented component units represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. The financial statements of the blended and the aggregate discretely presented component units 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. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the University of Florida and of its aggregate discretely presented component units as of June 30, 2014, 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.

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

We have previously audited the University of Florida's 2012-13 fiscal year financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 20, 2013. In our opinion, the partial comparative information presented herein as of and for the fiscal year ended June 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** and **SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN**, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

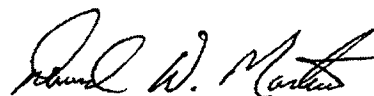
#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University of Florida's basic financial statements. The University of Florida Overview, President's Message, Knowledge by the Numbers, Introduction from the Vice President and Chief Financial Officer, and Supplemental Information for Financial Aid Administered, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The University of Florida Overview, President's Message, Knowledge by the Numbers, Introduction from the Vice President and Chief Financial Officer, and Supplemental Information for Financial Aid Administered have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

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

Respectfully submitted,



David W. Martin, CPA  
Tallahassee, Florida  
December 16, 2014  
Audit Report No. 2015-074





## MANAGEMENT'S DISCUSSION AND ANALYSIS

*From the Vice President and Chief Financial Officer*

### Introduction And Background

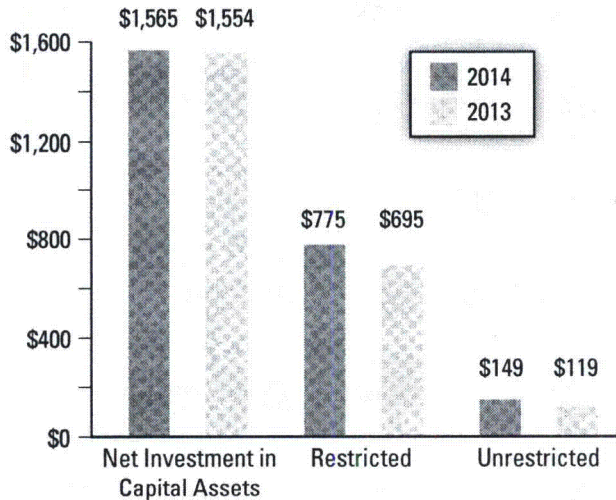
The Management's Discussion and Analysis (MD&A) provides an overview of the financial position and activities of the University of Florida (the University) for the fiscal year ended June 30, 2014, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of University management.

### Financial Highlights

The University's assets totaled \$3.2 billion at June 30, 2014. This balance reflects a \$201.5 million, or 6.6%, increase from the 2012-13 fiscal year. The increase in assets resulted primarily from a significant increase in construction projects as well as temporary investments of proceeds from new bonds. While total assets increased, liabilities also increased by \$81.7 million or 12.2%, totaling \$754.0 million at June 30, 2014, primarily as a result of a \$62.2 million increase in Capital Improvement Debt Payable and a \$40.9 million increase in Other Postemployment Benefits Payable. The University's net position increased by \$119.8 million, or 5.1%, resulting in

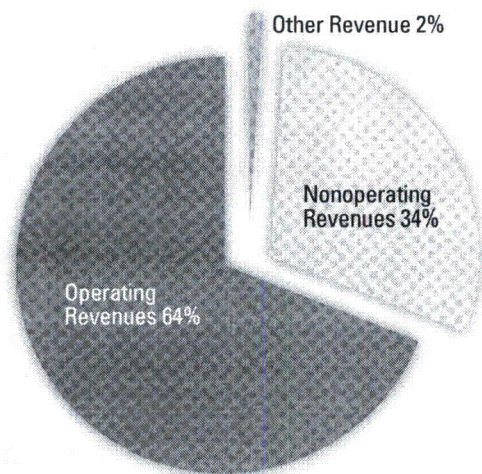


a year-end balance of \$2.49 billion. Net position represents the residual interest in the University's assets after deducting liabilities. The University's comparative total net position by category for the fiscal years ended June 30, 2014, and 2013, are shown in the following chart:



The University's operating revenues totaled \$1.7 billion for the 2013-14 fiscal year, representing a 2.5% increase over the 2012-13 fiscal year. Major components of operating revenues are Student Tuition and Fees and Grants and Contracts. While Student Tuition and Fees, Net of Scholarship Allowances, increased \$6.3 million or 1.8%, Nongovernmental Grants and Contracts revenue increased by \$61.1 million, or 9.5%, because of increased transfers from the component units.

The following chart provides a graphical presentation of the University's total revenues by category for the 2013-14 fiscal year:



Operating expenses totaled \$2.5 billion for the 2013-14 fiscal year, representing a \$109.3 million or 4.7% increase compared to the 2012-13 fiscal year. The two largest categories contributing to this increase were Employee Compensation and Benefits, reflecting the increase in Other Postemployment Benefits Payable, and Services and Supplies.

Net nonoperating revenues and expenses in the 2013-14 fiscal year increased \$167.4 million. Noncapital State Appropriations; Investment Income, Net of Expenses; and Fair Value of Investments increased by \$163.3 million due to increased appropriations and an improving investment market.

The University had significant construction activity during the year. Construction began or continues on several major projects, including four that, when completed, will be capitalized at over \$203.4 million: (1) Reitz Union Expansion and Renovation; (2) Chemical Biology Building - Chemistry; (3) Harrell Medical Education Building; and (4) Heavener Hall - School of Business Building.

## Overview Of Financial Statements

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

Based upon the application of criteria for determining component units, the University of Florida Self-Insurance Program (the Program), and the University of Florida Healthcare Education Insurance Company (HEIC), are included within the University reporting entity as blended component units. Additional information regarding the blended component units is presented in Notes 1 and 19 to the financial statements.

In addition, the University's basic financial statements include discretely presented component units categorized as follows:

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

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

**Shands Hospital and Others** - This includes Shands Teaching Hospital and Clinics, Inc., a not-for-profit corporation that is contractually obligated to manage, operate, maintain, and insure the hospital facilities in support of the programs of the Health Science Center at the University of Florida.

Information regarding the discretely presented component units, including summaries of their separately issued financial statements, is presented in Notes 1, 2, 3, 6, 9, 12, and 19 to the financial statements. This MD&A focuses on the University,

excluding the discretely presented component units. MD&A information regarding the component units is included in their separately issued audit reports, if reporting under GASB standards. Component units reporting under Financial Accounting Standards Board (FASB) standards do not include an MD&A in their audit reports.

The financial statements characterize revenues and expenses as either operating or nonoperating. The principal component of operating revenues is Grants and Contracts (\$1.1 billion). The principal component of operating expenses is Employee Compensation and Benefits (\$1.7 billion). A significant portion of the University's anticipated, recurring resources is considered nonoperating as defined by GASB Statement No. 35. The principal component of nonoperating revenues for the fiscal year ended June 30, 2014, is Noncapital State Appropriations (\$605.9 million). Recurring nonoperating expenses consist primarily of Interest on Capital Asset-Related Debt.

## Statement Of Net Position

The Statement of Net Position reflects the assets and liabilities of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. Net position, the difference between total assets and total liabilities, 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 table summarizes the University's assets, liabilities, and net position at June 30:

Condensed Statement of Net Position (in millions)		
	2014	2013
<b>Assets:</b>		
Current Assets	\$ 1,338.5	\$ 1,213.4
Capital Assets, Net	1,714.7	1,686.3
Other Noncurrent Assets	189.6	141.6
<b>Total Assets</b>	<b>3,242.8</b>	<b>3,041.3</b>
<b>Liabilities:</b>		
Current Liabilities	214.9	244.1
Noncurrent Liabilities	539.1	428.2
<b>Total Liabilities</b>	<b>754.0</b>	<b>672.3</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	1,565.3	1,554.4
Restricted	774.9	695.3
Unrestricted	148.6	119.3
<b>Total Net Position</b>	<b>\$ 2,488.8</b>	<b>\$ 2,369.0</b>

## 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 table summarizes the University's activity for the 2013-14 and 2012-13 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position (in millions)		
	2013-14	2012-13
Operating Revenues	\$ 1,659.9	\$ 1,618.8
Operating Expenses	(2,455.9)	(2,346.6)
Operating Loss	(796.0)	(727.8)
Net Nonoperating Revenues	854.5	687.1
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	58.5	(40.7)
Other Revenues, Expenses, Gains, or Losses	61.3	23.4
<b>Increase (Decrease) in Net Position</b>	<b>119.8</b>	<b>(17.3)</b>
<b>Net Position, Beginning of Year</b>	<b>2,369.0</b>	<b>2,386.3</b>
<b>Net Position, End of Year</b>	<b>\$ 2,488.8</b>	<b>\$ 2,369.0</b>

## Operating Revenues

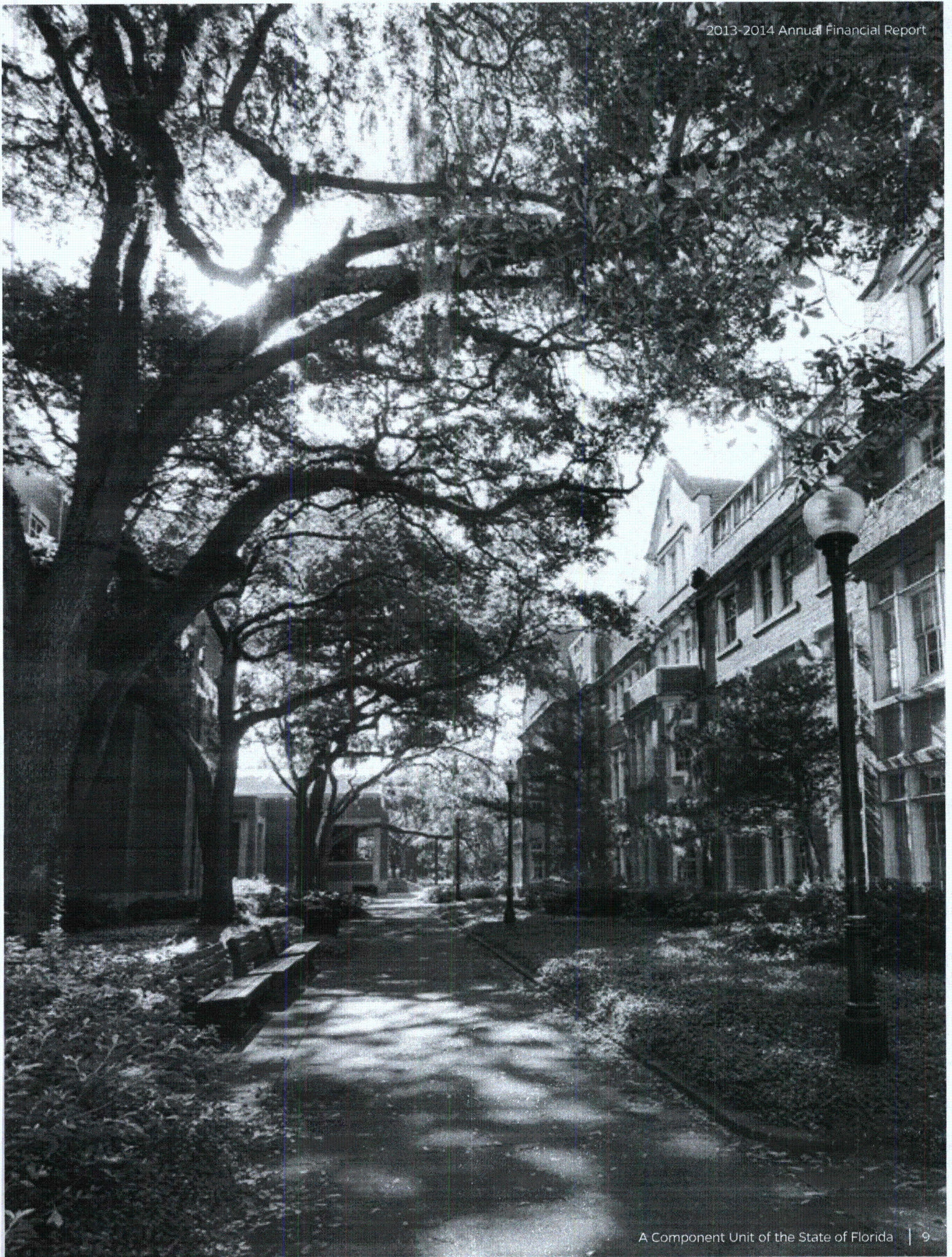
GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value. The following table summarizes the operating revenues by source that were used to fund operating activities during the 2013-14 and 2012-13 fiscal years:

Operating Revenues (in millions)		
	2013-14	2012-13
Grants and Contracts	\$ 1,115.7	\$ 1,079.9
Student Tuition and Fees, Net of Scholarship Allowances	358.7	352.4
Sales and Services of Auxiliary Enterprises	129.9	131.4
Sales and Services of Educational Departments	52.0	51.6
Other	3.6	3.5
<b>Total Operating Revenues</b>	<b>\$ 1,659.9</b>	<b>\$ 1,618.8</b>

## 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 the natural classifications. The University has chosen to report the expenses in their natural classifications







on the Statement of Revenues, Expenses, and Changes in Net Position and has displayed the functional classifications below and in the notes to the financial statements. The following table summarizes the operating expenses for each method of classification for the 2013-14 and 2012-13 fiscal years:

#### Operating Expenses (in millions)

Natural Classifications	2013-14	2012-13
Employee Compensation and Benefits	\$ 1,724.9	\$ 1,619.9
Services and Supplies	472.5	460.8
Depreciation	123.1	121.4
Scholarships, Fellowships and Waivers *	78.4	82.0
Utilities and Communications	62.8	64.7
Self-Insured Claims and Expenses	(5.8)	(2.2)
<b>Total Operating Expenses</b>	<b>\$ 2,455.9</b>	<b>\$ 2,346.6</b>

Functional Classifications	2013-14	2012-13
Instruction	\$ 686.8	\$ 650.9
Research	584.7	562.4
Public Service	432.1	429.1
Academic Support	167.2	154.3
Institutional Support	162.3	130.6
Depreciation	123.1	121.4
Auxiliary Operations	112.3	108.6
Operation and Maintenance of Plant	94.9	96.5
Scholarships, Fellowships and Waivers *	56.7	57.1
Student Services	35.8	35.7
<b>Total Operating Expenses</b>	<b>\$ 2,455.9</b>	<b>\$ 2,346.6</b>

\* Net of Scholarship Allowances of \$149.8 million in the 2013-14 fiscal year and \$148.1 million in the 2012-13 fiscal year.

## Nonoperating Revenues And Expenses

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

The University experienced an increase in State Appropriations revenue and investment income, while interest on capital asset-related debt increased. Noncapital Grants, Contracts, and Gifts decreased slightly and the net effect of these changes increased net nonoperating revenues by \$167.4 million. The following summarizes the University's nonoperating revenues and expenses for the 2013-14 and 2012-13 fiscal years:

#### Nonoperating Revenues (Expenses) (in millions)

	2013-14	2012-13
Noncapital State Appropriations	\$ 605.9	\$ 485.5
Federal and State Student Financial Aid	117.0	114.1
Noncapital Grants, Contracts, and Gifts	82.0	84.1
Investment Income, Net of Expenses	33.9	19.2
Increase in Fair Market Value of Investments	32.5	4.3
Loss on Disposal of Capital Assets	(2.7)	(3.9)
Interest on Capital Asset-Related Debt	(8.0)	(6.1)
Other Net Nonoperating Expenses	(6.1)	(10.1)
<b>Net Nonoperating Revenues</b>	<b>\$ 854.5</b>	<b>\$ 687.1</b>





## Other Revenues, Expenses, Gains, Or Losses

This category is composed of Capital State Appropriations and Capital Grants, Contracts, Donations, and Student Fees. The University received more in both of these categories due to increases in State construction budgets and other capital gifts. The following summarizes the University's other revenues, expenses, gains, or losses for the 2013-14 and 2012-13 fiscal years:

Other Revenues, Expenses, Gains, or Losses (in millions)			
	2013-14	2012-13	
Capital State Appropriations	\$ 43.6	\$ 9.5	
Capital Grants, Contracts, Donations, and Student Fees	17.7	13.9	
<b>Total Other Revenues, Expenses, Gains, or Losses</b>	<b>\$ 61.3</b>	<b>\$ 23.4</b>	

## 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 reflect the net cash used by the operating

activities of the University. Cash flows from capital and related financing activities include activities of the capital funds and related long-term debt. Cash flows from investing activities reflect the net source and use of cash related to the purchases and sales of investments and income earned on those investments. Cash flows from noncapital financing activities include those activities not covered in the other sections.

Major sources of funds came from Noncapital State Appropriations (\$605.9 million), Student Tuition and Fees, Net (\$361.7 million), Grants and Contracts (\$1,113.8 million), and Sales and Services of Auxiliary Enterprises (\$130.7 million). Major uses of funds were for Payments to Employees (\$1,666.5 million), Payments to Suppliers for Goods and Services (\$543.9 million), and the Purchase or Construction of Capital Assets (\$145.1 million). The following table summarizes cash flows for the 2013-14 and 2012-13 fiscal years:

Condensed Statement of Cash Flows (in millions)			
	2013-14	2012-13	
Cash Provided (Used) by:			
Operating Activities	\$ (633.0)	\$ (557.0)	
Noncapital Financing Activities	770.0	734.3	
Capital and Related Financing Activities	(58.3)	(112.6)	
Investing Activities	(78.8)	(64.9)	
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(0.1)</b>	<b>(0.2)</b>	
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>0.3</b>	<b>0.5</b>	
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 0.2</b>	<b>\$ 0.3</b>	





## Capital Assets, Capital Expenses And Commitments, And Debt Administration

### CAPITAL ASSETS

At June 30, 2014, the University had approximately \$3.4 billion in capital assets, less accumulated depreciation of \$1.7 billion, for net capital assets of \$1.7 billion. Depreciation charges for the current fiscal year totaled \$123.1 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Total Capital Assets, Net (in millions)		
	2014	2013
Land	\$ 11.3	\$ 10.8
Buildings	1,277.0	1,339.5
Infrastructure and Other Improvements	47.0	46.1
Furniture and Equipment	182.9	185.1
Library Resources	53.9	56.4
Property Under Capital Lease and Leasehold Improvements	7.9	6.0
Other Capital Assets	4.3	4.2
Construction in Progress	130.4	38.2
<b>Total Capital Assets (Nondepreciable and Depreciable, Net)</b>	<b>\$ 1,714.7</b>	<b>\$ 1,686.3</b>

Additional information about the University's capital assets is presented in Note 8 to the financial statements.

### CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses were incurred on the following ongoing projects for the fiscal year ending June 30, 2014: Reitz Union Expansion and Renovation (\$18.7 million); Heavener Hall – School of Business (\$13.2 million); and Harrell Medical Education Building (\$8.3 million).

The University's construction commitments at June 30, 2014, are as follows:

Construction Commitments (in millions)	
	Amount
Total Commitments	\$ 402.5
Completed to Date	130.4
<b>Balance Committed</b>	<b>\$ 272.1</b>

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

### DEBT ADMINISTRATION

At June 30, 2014, the University had \$199.4 million in outstanding Capital Improvement Debt Payable, Loans and Notes Payable, Capital Leases Payable, and Installment Purchase Agreements Payable, representing an increase of \$70.3 million, or 54.5%, from the prior fiscal year. The following table summarizes the outstanding capital asset-related debt by type of debt at June 30:

Capital Asset-Related Debt (in millions)		
	2014	2013
Capital Improvement Debt	\$ 181.6	\$ 119.4
Loans and Notes	11.5	5.0
Installment Purchase Agreements	3.4	1.6
Capital Leases	2.9	3.1
<b>Total Capital Asset-Related Debt</b>	<b>\$ 199.4</b>	<b>\$ 129.1</b>

Additional information about the University's capital asset-related debt is presented in Note 12 to the financial statements.

## Economic Factors That Will Affect The Future

The recovery in the national economy is well underway and the State's growth rates are returning to more typical levels and continue to show progress. By the close of the 2013-14 fiscal year, several key measures of the Florida economy had returned to or surpassed their prior peaks. These favorable economic outlooks are echoed in the State budget for the coming fiscal year which includes more than \$100 million in new funding for the University of Florida. This reflects an extraordinary level of support from the Legislature and the Governor for the University of Florida and the goal to become one of the nation's top ten public research universities.

The budget for the 2014-15 fiscal year includes an additional \$25.9 million in recurring dollars for meeting the performance metrics developed by the Board of Governors. An additional \$5 million was added to the preeminence initiative, bringing the total to \$20 million per year. In addition, the budget includes approximately \$16 million for the UF Health Cancer Center to support an effort to obtain the National Cancer Institute (NCI) designation. The NCI designation will provide additional State and Federal funding and access to more clinical trials. Major Capital State Appropriations include \$20 million to complete a new chemistry building; \$13.5 million for facilities maintenance and repairs, with another \$3 million for critical deferred maintenance; and \$10 million to renovate the historic Newell Hall into a student study center.

The 2014-15 fiscal year budget provides the University with the resources necessary to continue the advance to the top ten public research universities, serve the State of Florida, and address critical facility needs on campus.

## Requests For Information

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





## STATEMENT OF NET POSITION as of June 30, 2014 (amounts expressed in thousands)

	University of Florida		Component Units		
	2014	2013	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
<b>ASSETS</b>					
<b>Current Assets:</b>					
Cash and Cash Equivalents (Note 1)	\$ 152	\$ 285	\$ 26,604	\$ 55,716	\$ 60,944
Investments (Note 3)	1,161,021	1,071,694	192,289	6,218	176,322
Accounts Receivable, Net (Note 4)	96,630	90,802	112,858	83,406	263,318
Loans and Notes Receivable, Net (Note 4)	2,787	2,821	-	-	-
Due From State (Note 5)	45,977	14,795	-	-	15,781
Due From Component Units/University (Note 6)	25,138	26,503	46,538	16,170	60,318
Inventories (Note 7)	4,690	4,570	42	-	24,446
Other Current Assets	2,130	1,964	6,197	2,495	40,558
<b>Total Current Assets</b>	<b>1,338,525</b>	<b>1,213,434</b>	<b>384,528</b>	<b>164,005</b>	<b>641,687</b>
<b>Noncurrent Assets:</b>					
Restricted Cash and Cash Equivalents (Note 1)	14	21	9,681	-	19,500
Restricted Investments (Note 3)	152,510	104,053	1,829,863	19,513	343,685
Loans and Notes Receivable, Net (Note 4)	36,975	36,375	-	-	-
Depreciable Capital Assets, Net (Note 8)	1,568,905	1,633,266	178,725	59,745	768,822
Nondepreciable Capital Assets (Note 8)	145,860	53,072	77,624	8,744	130,554
Other Noncurrent Assets	63	1,040	108	4,745	218,550
<b>Total Noncurrent Assets</b>	<b>1,904,327</b>	<b>1,827,827</b>	<b>2,096,001</b>	<b>92,747</b>	<b>1,481,111</b>
<b>TOTAL ASSETS</b>	<b>3,242,852</b>	<b>3,041,261</b>	<b>2,480,529</b>	<b>256,752</b>	<b>2,122,798</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Accumulated Decrease in Fair Value of Interest Rate Swap Agreements	-	-	-	-	42,052
Losses on Debt Refunding	-	-	-	-	631
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,683</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 3,242,852</b>	<b>\$ 3,041,261</b>	<b>\$ 2,480,529</b>	<b>\$ 256,752</b>	<b>\$ 2,165,481</b>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Accounts Payable	\$ 64,133	\$ 66,992	\$ 14,429	\$ 20,386	\$ 152,584
Salaries and Wages Payable	24,304	19,252	3,850	7,090	71,141
Due To Component Units/University (Note 6)	46,547	80,174	66,598	12,827	47,471
Unearned Revenue (Note 10)	29,536	25,430	62,014	1,704	-
Deposits Held in Custody	19,055	16,086	-	81	-
Other Current Liabilities (Note 11)	201	7,133	2,885	-	-
Long-Term Liabilities - Current Portion: (Note 12)	-	-	-	-	-
Capital Improvement Debt Payable	8,605	7,307	-	-	-
Bonds Payable	-	-	10,580	2,011	23,687
Loans and Notes Payable	281	-	14,430	-	-
Installment Purchase Agreements Payable	1,263	846	-	-	-
Capital Leases Payable	137	129	-	193	2,339
Compensated Absences Payable	11,658	9,143	244	-	-
Liability for Self-Insured Claims	9,196	11,596	26,240	-	-
<b>Total Current Liabilities</b>	<b>214,916</b>	<b>244,088</b>	<b>201,270</b>	<b>44,292</b>	<b>297,222</b>



## STATEMENT OF NET POSITION (continued)

	University of Florida		Component Units		
	2014	2013	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
<b>Noncurrent Liabilities:</b> (Note 12)					
Capital Improvement Debt Payable	\$ 172,974	\$ 112,094	\$ -	\$ -	\$ -
Bonds Payable	-	-	80,630	33,036	672,205
Loans and Notes Payable	11,192	5,000	1,472	8,000	-
Installment Purchase Agreements Payable	2,097	772	-	-	-
Capital Leases Payable	2,810	2,947	-	349	5,260
Compensated Absences Payable	114,293	104,305	3,119	-	-
Other Postemployment Benefits Payable	180,690	139,775	-	-	2,386
Liability for Self-Insured Claims	36,606	44,551	-	-	-
Other Noncurrent Liabilities	18,482	18,768	22,392	-	71,028
<b>Total Noncurrent Liabilities</b>	<b>539,144</b>	<b>428,212</b>	<b>107,613</b>	<b>41,385</b>	<b>750,879</b>
<b>TOTAL LIABILITIES</b>	<b>754,060</b>	<b>672,300</b>	<b>308,883</b>	<b>85,677</b>	<b>1,048,101</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Gains on Debt Refunding	-	-	-	-	11,668
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>754,060</b>	<b>672,300</b>	<b>308,883</b>	<b>85,677</b>	<b>1,059,769</b>
<b>NET POSITION</b>					
Net Investment in Capital Assets	1,565,313	1,554,445	117,560	24,901	195,225
Restricted:					
Nonexpendable:					
Endowment	-	-	1,196,686	-	97
Expendable:					
Endowment	-	-	380,075	-	11,931
Loans	36,317	35,853	-	-	-
Capital Projects	79,294	64,217	-	-	-
Debt Service	4,433	5,453	-	-	-
Other	654,866	589,690	326,610	-	-
Unrestricted	148,569	119,303	150,715	146,174	898,459
<b>TOTAL NET POSITION</b>	<b>2,488,792</b>	<b>2,368,961</b>	<b>2,171,646</b>	<b>171,075</b>	<b>1,105,712</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 3,242,852</b>	<b>\$ 3,041,261</b>	<b>\$ 2,480,529</b>	<b>\$ 256,752</b>	<b>\$ 2,165,481</b>

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



**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION** For the Fiscal Year Ended June 30, 2014  
(amounts expressed in thousands)

	University of Florida		Component Units		
	2013-14	2012-13	Direct-Support Organizations	Health Science Center Affiliates	Shands Hospital and Others
<b>OPERATING REVENUES</b>					
Student Tuition and Fees	\$ 508,448	\$ 500,508	\$ -	\$ -	\$ -
Scholarship Allowances	(149,793)	(148,064)	-	-	-
Student Tuition and Fees, Net of Scholarship Allowances	358,655	352,444	-	-	-
Federal Grants and Contracts	366,315	391,536	-	-	-
State and Local Grants and Contracts	44,638	44,783	-	-	-
Nongovernmental Grants and Contracts	704,749	643,612	-	-	-
Sales and Services of Auxiliary Enterprises (Note 13)	129,942	131,350	-	-	-
Sales and Services of Educational Departments	52,012	51,555	-	-	-
Sales and Services of Component Units	-	-	108,566	-	-
Hospital Revenues	-	-	-	663,083	1,695,988
Gifts and Donations - Component Units	-	-	102,598	-	-
Royalties and Licensing Fees - Component Units	-	-	29,958	-	-
Interest on Loans and Notes Receivable	1,178	976	-	-	-
Other Operating Revenues	2,381	2,524	8,651	76,003	44,868
<b>Total Operating Revenues</b>	<b>1,659,870</b>	<b>1,618,780</b>	<b>249,773</b>	<b>739,086</b>	<b>1,740,856</b>
<b>OPERATING EXPENSES</b>					
Employee Compensation and Benefits	1,724,914	1,619,868	1,512	79,505	793,749
Services and Supplies	472,507	460,776	305,049	178,970	754,548
Utilities and Communications	62,761	64,748	-	-	-
Scholarships, Fellowships and Waivers, Net	78,418	82,024	-	-	-
Depreciation	123,114	121,356	9,944	7,803	77,220
Self-Insured Claims and Expenses (Note 16)	(5,784)	(2,183)	-	-	-
<b>Total Operating Expenses (Note 18)</b>	<b>2,455,930</b>	<b>2,346,589</b>	<b>316,505</b>	<b>266,278</b>	<b>1,625,517</b>
<b>Operating Income (Loss)</b>	<b>(796,060)</b>	<b>(727,809)</b>	<b>(66,732)</b>	<b>472,808</b>	<b>115,339</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Noncapital State Appropriations	605,890	485,479	6,912	-	7,050
Federal and State Student Financial Aid	116,994	114,094	-	-	-
Noncapital Grants, Contracts, and Gifts	82,041	84,091	-	-	-
Investment Income	37,474	21,850	202,792	583	37,587
Net Increase (Decrease) in the Fair Value of Investments	32,524	4,304	12,736	(412)	3,452
Investment Expenses	(3,598)	(2,566)	(793)	(876)	(7,586)
Other Nonoperating Revenues	422	-	48,510	31,655	4,858
Gain (Loss) on Disposal of Capital Assets	(2,699)	(3,898)	1,219	(655)	(2,047)
Interest on Capital Asset-Related Debt	(8,048)	(6,134)	(2,349)	-	(20,372)
Other Nonoperating Expenses	(6,483)	(10,128)	(42,262)	(490,544)	(68,803)
<b>Net Nonoperating Revenues (Expenses)</b>	<b>854,517</b>	<b>687,092</b>	<b>226,765</b>	<b>(460,249)</b>	<b>(45,861)</b>
<b>Income (Loss) Before Other Revenues, Expenses, Gains, or Losses</b>	<b>58,457</b>	<b>(40,717)</b>	<b>160,033</b>	<b>12,559</b>	<b>69,478</b>
Capital State Appropriations	43,667	9,464	-	-	-
Capital Grants, Contracts, Donations, and Student Fees	17,707	13,922	-	-	-
Additions to Permanent Endowments	-	-	31,583	-	-
<b>Total Other Revenues, Expenses, Gains, or Losses</b>	<b>61,374</b>	<b>23,386</b>	<b>31,583</b>	<b>-</b>	<b>-</b>
<b>Increase (Decrease) in Net Position</b>	<b>119,831</b>	<b>(17,331)</b>	<b>191,616</b>	<b>12,559</b>	<b>69,478</b>
<b>Net Position, Beginning of Year</b>	<b>2,368,961</b>	<b>2,386,292</b>	<b>1,980,030</b>	<b>158,873</b>	<b>1,036,234</b>
Adjustment to Beginning Net Position (Note 2)	-	-	-	(357)	-
<b>Adjusted Net Position, Beginning of Year, as Restated</b>	<b>2,368,961</b>	<b>2,386,292</b>	<b>1,980,030</b>	<b>158,516</b>	<b>1,036,234</b>
<b>Net Position, End of Year</b>	<b>\$ 2,488,792</b>	<b>\$ 2,368,961</b>	<b>\$ 2,171,646</b>	<b>\$ 171,075</b>	<b>\$ 1,105,712</b>

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

**STATEMENT OF CASH FLOWS for the Fiscal Year Ended June 30, 2014 (amounts expressed in thousands)**

	<b>University of Florida</b>	
	<b>2013-14</b>	<b>2012-13</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and Fees, Net	\$ 361,659	\$ 355,196
Grants and Contracts	1,113,838	1,082,254
Sales and Services of Auxiliary Enterprises	130,706	138,640
Sales and Services of Educational Departments	51,328	51,538
Repayment of Loans and Notes Receivable from Students	5,667	7,755
Interest on Loans Receivable	1,158	1,209
Other Operating Receipts	2,247	3,073
Payments to Employees	(1,666,456)	(1,567,072)
Payments to Suppliers for Goods and Services	(543,917)	(523,864)
Payments to Students for Scholarships and Fellowships	(78,418)	(82,024)
Loans Issued to Students	(6,234)	(6,305)
Payments on Self-Insured Claims and Expenses	(4,562)	(17,397)
<b>Net Cash Used by Operating Activities</b>	<b>(632,984)</b>	<b>(556,997)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Noncapital State Appropriations	605,890	485,479
Federal and State Financial Aid	116,994	114,094
Noncapital Grants, Contracts, and Gifts	82,041	84,091
Direct Loan Program Receipts	249,032	253,278
Direct Loan Program Disbursements	(249,035)	(253,275)
Net Change in Funds Held for Others	(31,147)	58,500
Other Nonoperating Receipts	422	948
Other Nonoperating Disbursements	(4,242)	(8,834)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>769,955</b>	<b>734,281</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from Capital Debt	76,647	5,000
Capital State Appropriations	12,485	26,204
Capital Grants, Contracts, Donations, and Student Fees	15,711	9,548
Proceeds from Sales of Capital Assets	532	358
Other Receipts for Capital Projects	-	17
Purchase or Construction of Capital Assets	(145,059)	(139,187)
Principal Paid on Capital Debt and Leases	(10,595)	(8,436)
Interest Paid on Capital Debt and Leases	(8,048)	(6,134)
<b>Net Cash Used by Capital and Related Financing Activities</b>	<b>(58,327)</b>	<b>(112,630)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of Investments	1,688,033	1,564,849
Purchase of Investments	(1,799,918)	(1,650,132)
Investment Income	33,101	20,416
<b>Net Cash Used by Investing Activities</b>	<b>(78,784)</b>	<b>(64,867)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(140)</b>	<b>(213)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>306</b>	<b>519</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 166</b>	<b>\$ 306</b>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (796,060)	\$ (727,809)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	123,114	121,356
Change in Assets and Liabilities:		
Receivables, Net	(5,607)	54,879
Due From Component Units	1,365	(13,183)
Inventories	(120)	110
Other Assets	(145)	(68)
Accounts Payable	(8,387)	1,617
Salaries and Wages Payable	5,041	(106)
Unearned Revenue	4,106	(145)
Deposits Held in Custody	636	136
Other Postemployment Benefits Payable	40,915	37,317
Compensated Absences Payable	12,503	15,584
Liability for Self-Insured Claims	(10,345)	(46,685)
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<b>\$ (632,984)</b>	<b>\$ (556,997)</b>

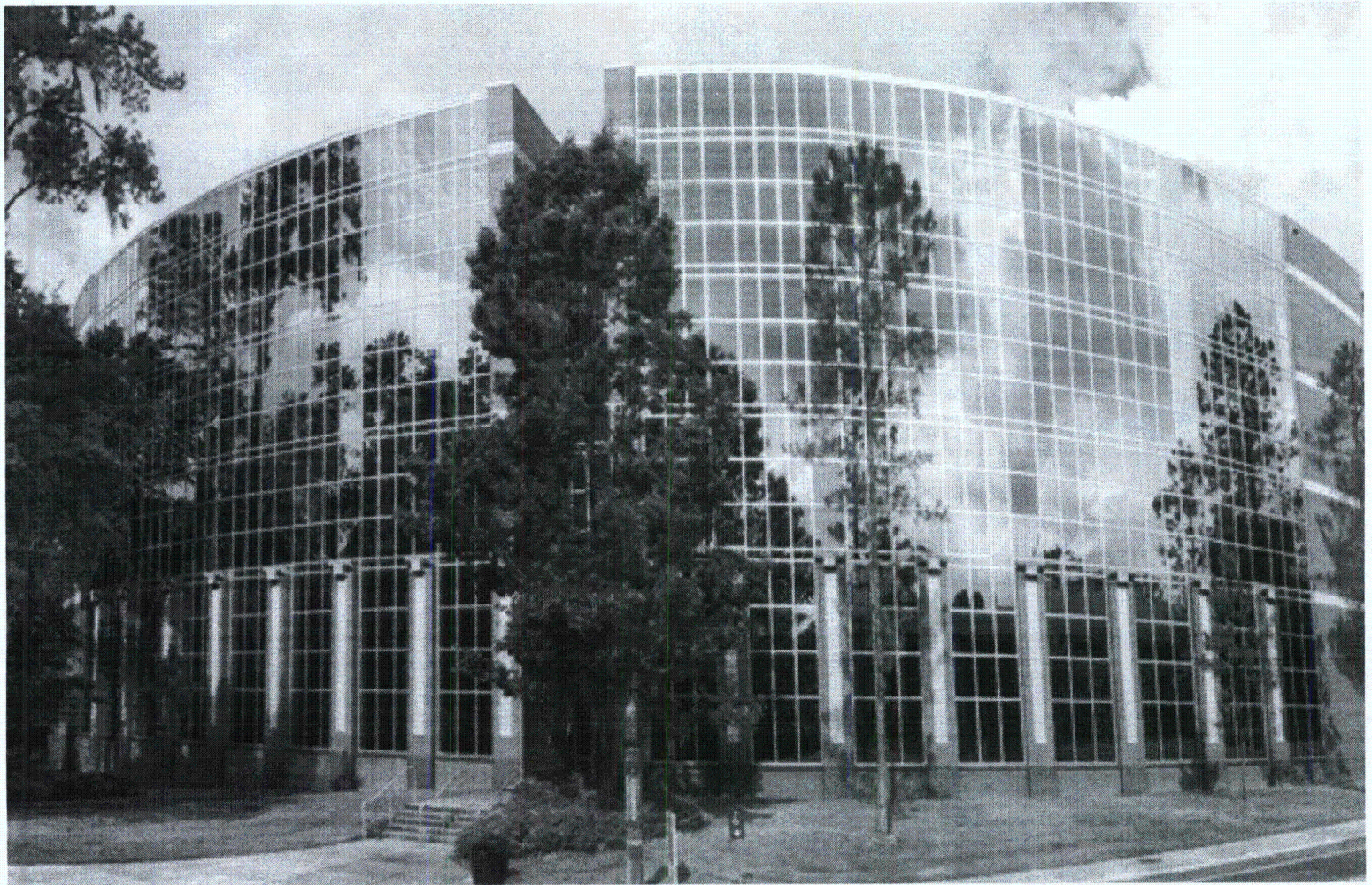
**SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING, INVESTING, AND CAPITAL AND RELATED FINANCING ACTIVITIES**

The following items are recognized on the Statement of Net Position or the Statement of Revenues, Expenses and Changes in Net Position, but are not cash transactions for the Statement of Cash Flows:

Unrealized gains on investments	\$ 32,524
Acquisition of equipment under installment purchase agreements	\$ (2,920)
Loss on disposal of capital assets	\$ (2,699)

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





# NOTES TO THE FINANCIAL STATEMENTS

*For the Fiscal Year Ended June 30, 2014*

**1**

## Summary Of Significant Accounting Policies

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

### A. REPORTING ENTITY

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

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

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



## B. BLENDED COMPONENT UNITS

Based on the application of the criteria for determining component units, the University of Florida Self-Insurance Program (the Program), and the University of Florida Healthcare Education Insurance Company (HEIC), are included within the University reporting entity as blended component units. Although legally separate from the University of Florida, the Program's and the HEIC's sole purpose is to assist in providing liability protection for the University and its affiliated individuals and entities, and are therefore reported as if they are part of the University. The Program was created by the Florida Board of Governors, pursuant to Section 1004.24, Florida Statutes. The HEIC was created on September 1, 1994, as a self-insurance mechanism created pursuant to Section 1004.24, Florida Statutes. Annual audits of the Program's and HEIC's financial statements are conducted by independent certified public accountants. See Notes 16 and 19 for more details.

## C. DISCRETELY PRESENTED COMPONENT UNITS

Based on the application of the criteria for determining component units, certain affiliated organizations are required to be included within the University reporting entity as discretely presented component units because of the significance of their relationship with the University. These organizations are legally separate from the University and are governed by separate boards. The University further categorizes its component units as Direct-Support Organizations, Health Science Center Affiliates, and Shands Hospital and Others. An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual reports are submitted to the Auditor General and the University Board of Trustees. Additional information on the University's discretely presented component units, including copies of audit reports, is available by contacting the Office of University Relations. Condensed financial statements for the University's discretely presented component units are shown in Note 19.

However, financial activities of certain component units are not included in the University's financial statements and are denoted below with an asterisk (\*). The total assets and operating revenues related to these component units are \$43 million and \$23 million, respectively. These amounts represent less than one percent of the total aggregate component units' assets and operating revenues.

## D. DIRECT-SUPPORT ORGANIZATIONS

The University's direct-support organizations, as provided for in Section 1004.28, Florida Statutes, and Board of Governors' Regulation 9.011, are considered component units of the University of Florida and therefore the latest audited financial statements of these organizations are included in the financial

statements of the University by discrete presentation. These legally separate, not-for-profit corporations are organized and operated exclusively to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services. The Statute authorizes these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

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

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

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

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

**Gator Boosters, Inc.**, supports athletic activities at the University.

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

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

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

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

**The University of Florida Law Center Association, Inc.,\*** supports the Levin College of Law.

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

**University of Florida Leadership and Education Foundation, Inc.,\*** was formed to further agriculture and natural resource education and related activities, promote agriculture and natural resources leadership, and make contributions to and confer benefits upon the University.

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

**Citrus Research and Education Foundation, Inc.,\*** expedites citrus production, propagates new plant materials, collects and analyzes environmental impact research data, and provides research and education support to the University of Florida Citrus Research and Education Center at Lake Alfred.

**Treasure Coast Agricultural Research Foundation, Inc.,\*** supports, encourages, and fosters research, education, and extension at the Institute of Food and Agricultural Sciences of the University on issues related to the citrus industry within the Indian River region.

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

**Southwest Florida Research and Education Foundation, Inc.,\*** provides research and educational support to the University of Florida Southwest Florida Research and Education Center.

## E. HEALTH SCIENCE CENTER AFFILIATES

Several corporations closely affiliated with the University of Florida J. Hillis Miller Health Science Center (JHMHC) are considered to be component units of the University of Florida. These corporations are as follows:

- **Florida Clinical Practice Association, Inc.**
- **University of Florida Jacksonville Physicians, Inc.**
- **Florida Veterinary Medicine Faculty Association, Inc.**
- **University of Florida Jacksonville Healthcare, Inc.**
- **Faculty Associates, Inc.**
- **Faculty Clinic, Inc.\***
- **University of Florida College of Nursing Faculty Practice Association, Inc.\***
- **Florida Health Professions Association, Inc.\***
- **University of Florida College of Pharmacy Faculty Practice Association, Inc.\***

The corporations listed above, except University of Florida Jacksonville Healthcare, Inc., and Faculty Clinic, Inc., are Faculty Practice Plans, as provided for in Board of Governors' Regulation 9.017. The Faculty Practice Plans

provide educationally-oriented clinical practice settings and opportunities through which faculty members provide health, medical, and dental care to patients as an integral part of their academic activities and their employment as faculty. Because these faculty practice activities generate income, the colleges are authorized to regulate fees generated from faculty practice and maintain Faculty Practice Plans for the orderly collection and distribution of fees. These organizations provide significant support for the clinical instruction function of the JHMHC.

University of Florida Jacksonville Healthcare, Inc., a Health Services Support Organization, as provided for in Board of Governors' Regulation 9.011, engages in strategic alliances and partnerships with non-academic entities, effecting managed care contracting and provider network development for the JHMHC. Faculty Clinic, Inc., was originally organized to operate a multi-specialty clinic. However, effective January 1, 1995, Faculty Clinic, Inc., was restructured to operate as a facilities management company.

## F. SHANDS HOSPITAL AND OTHERS

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

Shands entered into a contractual agreement, as of July 1, 1980, as subsequently restated and amended, with the Florida Board of Education, to provide for the use of hospital facilities at the JHMHC through December 31, 2030, with renewal provisions. The contractual agreement also provides for the transfer to Shands of all other assets and liabilities arising from the operation of the hospital facilities prior to July 1, 1980. At termination of the contractual agreement, the net position of Shands reverts to the State Board of Education. Legal title to all buildings and improvements transferred to Shands remains with the State of Florida during the term of the contractual agreement. The contractual agreement provides for a 12-month grace period for any event of default, other than the bankruptcy of Shands. In addition, the contractual agreement limits the right of the State Board of Education to terminate the contractual agreement solely to the circumstance in which Shands declares bankruptcy and, in such event, requires net revenues derived from the operation of the hospital facilities to continue to be applied to the payment of Shands' debts.

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



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

**University Village Apartments, Inc.** (the Corporation), was established in 1969, for the purpose of providing housing for low- and moderate-income families, especially those affiliated with the University of Florida. Capital was contributed at inception by the University of Florida Foundation, Inc., but no capital stock was issued because the Corporation does not operate for the benefit of any special interest. The Corporation provided housing under Section 221(d)(3) of the National Housing Act. The facility consists of 28 two-story buildings and was regulated by the United States Department of Housing and Urban Development (HUD) as to rent charges and operating methods. The Corporation is no longer regulated by HUD since it has repaid in full its Section 221 insured loan. The Corporation is in the process of dissolving and merging into the University Department of Housing and Residence Education. All transactions during the 2013-14 fiscal year are included in the University's financial statements.

## G. BASIS OF PRESENTATION

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

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

## H. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues, expenses, and related 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 accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. Twenty-three component units follow GASB standards of accounting and financial reporting. Eight component units (University of Florida Foundation, Inc., Florida Foundation Seed Producers, Inc., Southwest Florida Research and Education Foundation, Inc., Citrus Research and Education Foundation, Inc., Citrus Research and Development Foundation, Inc., Treasure Coast Agricultural Research Foundation, Inc., University of Florida Alumni Association, Inc., and University of Florida Investment Corporation) follow FASB standards of accounting and financial reporting for not-for-profit organizations.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

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

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

The Statement of Revenues, Expenses, and Changes in Net Position is presented by major sources and is reported net of tuition scholarships, discounts, and allowances. Tuition scholarships, discounts, and allowances are the differences

between the stated charge for goods and services provided by the University and the amount that is actually paid by a student or a third party making payment on behalf of the student. The University applied “The Alternate Method” as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarships, discounts, and allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, on a ratio of total aid to the aid not considered to be third-party aid.

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

I. CASH AND CASH EQUIVALENTS

The amount reported by the University as cash and cash equivalents consists of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida’s multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets or other restricted assets, are classified as restricted. The University considers cash balances in overnight sweep accounts to be investments, as permitted by GASB Statement No. 9.

J. CAPITAL ASSETS

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

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

K. NONCURRENT LIABILITIES

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

L. OTHER SIGNIFICANT ACCOUNTING POLICIES

Other significant accounting policies are set forth in the financial statements and subsequent notes hereafter.

2 Adjustments To Beginning Net Position - Component Units

Table 1 summarizes the Adjustments to Beginning Net Position reported in the Statement of Revenues, Expenses, and Changes in Net Position to reflect prior year accounting changes of the University’s discretely presented component units.

Table 1. Adjustments to Beginning Net Position	
Description	Health Science Center Affiliates
Florida Clinical Practice Association, Inc. - Write-off bond issuance costs per GASB 65 implementation	\$ (281,880)
University of Florida Jacksonville Physicians, Inc. - Write-off bond issuance costs per GASB 65 implementation	(75,143)
Total Adjustments to Beginning Net Position	\$ (357,023)



### 3 Investments

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The University's Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees, as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted. Investments of the University and its component units at June 30, 2014, are reported at fair value and shown in Tables 2 and 3.

**Table 2. University Investments**

<b>Types of Investments</b>	<b>Fair Value</b>
External Investments Pool:	
State Treasury Special Purpose Investment Account	\$ 665,870,046
State Board of Administration Debt Service Account	7,750,493
Repurchase Agreements	21,064,206
Stocks	516
Certificates of Deposit	750,000
Investment Agreements	458,646,451
Equity Mutual Funds	61,290,943
Bond Mutual Funds	98,158,648
<b>Total University Investments</b>	<b>\$ 1,313,531,303</b>

**Table 3. Component Unit Investments**

<b>Types of Investments</b>	<b>Fair Value</b>
External Investments Pools:	
State Treasury Special Purpose Investment Account	\$ 215,454,725
State Board of Administration Florida PRIME Investment Pool	76,836
United States Government and Federally-Guaranteed Obligations	2,900,382
Bonds and Notes	18,008,566
Investment Agreements	2,114,594,412
Real Estate Agreements	8,255,259
Stocks	802,402
Money Market Funds	40,137,634
Equity Mutual Funds	61,268,796
Bond Mutual Funds	87,344,975
Commercial Paper	19,046,000
<b>Total Component Unit Investments</b>	<b>\$ 2,567,889,987</b>

#### A. EXTERNAL INVESTMENT POOLS

The University and its discretely presented component units (see Note 1) reported investments at fair value totaling \$665,870,046 and \$215,454,725, respectively, at June 30, 2014, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard & Poor's, an effective duration of 2.57 years, and a fair value factor of 1.0074 at June 30, 2014. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

At June 30, 2014, the University's component units reported investments totaling \$76,836 in the Florida PRIME investment pool, administered by the SBA pursuant to Section 218.405, Florida Statutes. The investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, at June 30, 2014, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAm by Standard & Poor's and had a weighted-average days to maturity (WAM) of 40 days as of June 30, 2014. A portfolio's WAM reflects the average maturity in days, based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at fair value, which is amortized cost.

## B. STATE BOARD OF ADMINISTRATION DEBT SERVICE ACCOUNTS

The University reported investments at fair value totaling \$7,750,493 at June 30, 2014, 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 six months or less. 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 the financial statements of the State's Comprehensive Annual Financial Report.

## C. OTHER INVESTMENTS

In addition to external investment pools, the University and its discretely presented component units invested in various debt and equity securities, money market funds, mutual funds, and certificates of deposit. For the University, the majority of the other investments are those reported by the University of Florida Self-Insurance Program, and the University of Florida Healthcare Education Insurance Company, blended component units (see Note 1), plus amounts managed by the

University of Florida Investment Corporation for the University of Florida. For the University's discretely presented component units, other investments are those reported primarily by the University of Florida Foundation, Inc., The University Athletic Association, Inc., University of Florida Research Foundation, Inc., Florida Clinical Practice Association, Inc., Shands Teaching Hospital and Clinics, Inc., and Shands Jacksonville HealthCare, Inc. 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. Per the Statement of Investment Guidelines and Objectives of the University of Florida Healthcare Education Insurance Company, the weighted-average duration of the fixed income portfolio shall at all times be less than five years. Investments of the University and its discretely presented component units (excluding those reporting under FASB standards) in debt securities and bond mutual funds, and their future maturities at June 30, 2014, are shown in Tables 4 and 5, respectively.

**Table 4: University Debt Investment Maturities**

Types of Investments	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Bond Mutual Funds	\$ 98,158,648	\$ -	\$ 98,158,648	\$ -	\$ -

**Table 5: Component Unit Debt Investment Maturities**

Types of Investments	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
United States Government and Federally-Guaranteed Obligations	\$ 2,640,000	\$ -	\$ 2,640,000	\$ -	\$ -
Bonds and Notes	17,874,113	1,000,836	15,874,464	998,813	-
Bond Mutual Funds	74,900,532	10,607,839	6,171,693	58,121,000	-
<b>Total Component Units</b>	<b>\$ 95,414,645</b>	<b>\$ 11,608,675</b>	<b>\$ 24,686,157</b>	<b>\$ 59,119,813</b>	<b>\$ -</b>

**Table 6: University Debt Investment Quality Ratings**

Types of Investments	Fair Value	Investment Quality Ratings			
		AAA/Aaa	AA/Aa	A/Ba	Less than A/Ba or Not Rated
Bond Mutual Funds	\$ 98,158,648	\$ 11,760,512	\$ 50,047,115	\$ 30,340,093	\$ 6,010,928



Table 7 Component Unit Debt Investment Quality Ratings

Types of Investments	Fair Value	AAA/Aaa	AA/Aa	A/Ba	Less than A/Ba or Not Rated
Bonds and Notes	\$ 17,874,113	\$ 3,859,082	\$ 6,981,872	\$ 4,039,967	\$ 2,993,192
Bond Mutual Funds	74,900,532	-	2,570,839	-	72,329,693
<b>Total Component Units</b>	<b>\$ 92,774,645</b>	<b>\$ 3,859,082</b>	<b>\$ 9,552,711</b>	<b>\$ 4,039,967</b>	<b>\$ 75,322,885</b>

**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. At June 30, 2014, the University and its discretely presented component units (excluding those reporting under FASB standards) had bonds and notes, and bond mutual funds, with quality ratings by nationally recognized rating agencies (e.g., Moody's Investors Service), as shown in Tables 6 and 7, respectively.

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

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

## 4 Receivables

### A. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts for grant and contract reimbursements due from third parties, various sales and services provided to students and third parties, student tuition and fees, and interest accrued on investments and loans receivable. Accounts receivable, net of an allowance for uncollectible accounts, reported as of June 30, 2014, are summarized in Table 8.

Table 8 Accounts Receivable

Description	Amount
Grants and Contracts	\$ 77,098,911
Sales and Services of Auxiliary Enterprises	7,785,585
Student Tuition and Fees	7,401,356
Sales and Services of Educational Departments	2,693,690
Interest	1,650,434
<b>Total Accounts Receivable, Net</b>	<b>\$ 96,629,976</b>

### B. LOANS AND NOTES RECEIVABLE

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

### C. ALLOWANCES FOR UNCOLLECTIBLE RECEIVABLES

Allowances for uncollectible accounts, and loans and notes receivable, are reported based upon management's best estimate as of fiscal year-end, considering type, age, collection history, and other factors considered appropriate. Accounts receivable for student tuition and fees, various sales and services provided to students and third parties, and interest are reported net of an allowance of \$6,474,327, which is 24.9% of total related accounts receivable. Loans and notes receivable are reported net of an allowance of \$4,273,148 which is 9.7% of total related loans and notes receivable. No allowance has been accrued for grants and contracts receivable. University management considers these to be fully collectible.

## 5 Due From State

This amount consists of \$45,976,604 of Public Education Capital Outlay due from the State to the University for construction of University facilities.





## Due From And To Component Units/University

The University's financial statements are reported for the fiscal year ended June 30, 2014. The University's discretely presented component units' financial statements are reported for the most recent fiscal year for which an audit report is available. Some component units are not presented (see Note 1). Additionally, component units' due from and due to amounts include receivables and payables between the various component unit columns. Accordingly, amounts reported by the University as due from and to component units on the Statement of Net Position may not agree with amounts reported by the component units as due from and to the University.



## Inventories

Inventories have been categorized into the following two types:

**Departmental Inventories** - Those inventories maintained by departments and not available for resale. Departmental inventories are comprised of such items as classroom and laboratory supplies, teaching materials, and office supply items, which are consumed in the teaching and work process. These inventories are normally expensed when purchased and therefore are not reported on the Statement of Net Position.

**Merchandise Inventories** - Those inventories maintained which are available for resale to individuals and other University departments, and are not expensed at the time of purchase. These inventories are reported on the Statement of Net Position and are valued at cost using either the moving average method or the first-in, first-out method.



## Capital Assets

Capital assets activity for the fiscal year ended June 30, 2014, is presented in Table 9.

Table 9: Capital Assets

Description	Beginning Balance	Additions	Reductions	Ending Balance
<b>Nondepreciable Capital Assets:</b>				
Land	\$ 10,841,236	\$ 1,400,000	\$ 962,637	\$ 11,278,599
Construction in Progress	38,219,651	108,923,437	16,701,755	130,441,333
Works of Art and Historical Treasures	4,011,284	129,060	-	4,140,344
<b>Total Nondepreciable Capital Assets</b>	<b>53,072,171</b>	<b>110,452,497</b>	<b>17,664,392</b>	<b>145,860,276</b>
<b>Depreciable Capital Assets:</b>				
Buildings	2,284,054,228	9,630,734	1,597,861	2,292,087,101
Infrastructure and Other Improvements	108,260,867	4,893,655	235,476	112,919,046
Furniture and Equipment	534,362,432	37,515,040	21,177,965	550,699,507
Library Resources	314,817,433	8,875,867	1,935,770	321,757,530
Property Under Capital Lease and Leasehold Improvements	9,815,002	2,325,636	-	12,140,638
Works of Art and Historical Treasures	419,695	13,200	-	432,895
Computer Software	24,533,000	-	-	24,533,000
Other Capital Assets	9,500	45,610	-	55,110
<b>Total Depreciable Capital Assets</b>	<b>3,276,272,157</b>	<b>63,299,742</b>	<b>24,947,072</b>	<b>3,314,624,827</b>
<b>Less Accumulated Depreciation:</b>				
Buildings	944,552,425	71,721,401	1,155,462	1,015,118,364
Infrastructure and Other Improvements	62,177,410	3,941,225	235,476	65,883,159
Furniture and Equipment	349,233,846	35,620,523	17,060,078	367,794,291
Library Resources	258,372,911	11,414,070	1,935,770	267,851,211
Property Under Capital Lease and Leasehold Improvements	3,863,574	385,126	-	4,248,700
Works of Art and Historical Treasures	268,736	24,991	13,400	280,327
Computer Software	24,533,000	-	-	24,533,000
Other Capital Assets	4,117	6,961	-	11,078
<b>Total Accumulated Depreciation</b>	<b>1,643,006,019</b>	<b>123,114,297</b>	<b>20,400,186</b>	<b>1,745,720,130</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>1,633,266,138</b>	<b>(59,814,555)</b>	<b>4,546,886</b>	<b>1,568,904,697</b>
<b>Total Capital Assets, Net</b>	<b>\$ 1,686,338,309</b>	<b>\$ 50,637,942</b>	<b>\$ 22,211,278</b>	<b>\$ 1,714,764,973</b>



## 9 Museum And Art Collections

The Florida Museum of Natural History, which is part of the University, maintains a depository of biological, geological, archaeological, and ethnographic materials. The Museum's collections contain approximately 32 million specimens, more than half of which are catalogued, either individually or in lots. While many of the collections are undoubtedly quite valuable and irreplaceable, the University has not placed a dollar value on these items and, accordingly, the financial statements do not include these assets.

The Samuel P. Harn Museum of Art, which is also part of the University, maintains a collection of over 9,500 works of art. Donations of artwork to the Museum are recorded by the University of Florida Foundation, Inc. (Foundation), and are included with reported "Permanent Collections" as further explained in Note 9 of the Foundation's audited financial statements for the fiscal year ended June 30, 2014. Purchases of artwork by the Museum are included with the University's reported Nondepreciable Capital Assets as presented in Table 9.

Table 10: Unearned Revenue

Description	Amount
Grants and Contracts	\$ 18,841,720
Sales and Services of Auxiliary Enterprises	6,963,312
Student Tuition and Fees	3,730,503
<b>Total Unearned Revenue</b>	<b>\$ 29,535,535</b>



## Other Current Liabilities

The University maintained accounts with a local bank to process general operating expenses and payroll transactions. Funds in excess of current need, including float, were invested. As a result, the University's records showed a temporary cash overdraft for the amount of outstanding checks not presented as of June 30, 2014. This did not, however, represent an overdraft in the University's depository accounts.

## 10 Unearned Revenue

Unearned Revenue includes amounts received prior to the end of the fiscal year but related to subsequent accounting periods. Unearned Revenue, as of June 30, 2014, is summarized in Table 10.



## 12 Long-Term Liabilities

Long-term liabilities of the University at June 30, 2014, include capital improvement debt payable, loans and notes payable, installment purchase agreements payable, capital leases payable, compensated absences payable, other postemployment benefits payable, liability for self-insured claims, and other noncurrent liabilities. Long-term liability activity for the fiscal year ended June 30, 2014, is presented in Table 11.

Table 11: Long-Term Liabilities

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
<b>Capital Asset-Related Debt:</b>					
Capital Improvement Debt Payable	\$ 119,401,170	\$ 71,005,090	\$ 8,827,548	\$ 181,578,712	\$ 8,605,000
Loans and Notes Payable	5,000,000	6,472,538	-	11,472,538	280,476
Installment Purchase Agreements Payable	1,618,078	2,919,715	1,177,907	3,359,886	1,262,710
Capital Leases Payable	3,075,763	-	128,780	2,946,983	137,086
<b>Total Capital Asset-Related Debt</b>	<b>129,095,011</b>	<b>80,397,343</b>	<b>10,134,235</b>	<b>199,358,119</b>	<b>10,285,272</b>
<b>Other Long-Term Liabilities:</b>					
Compensated Absences Payable	113,448,325	24,145,957	11,643,673	125,950,609	11,657,892
Other Postemployment Benefits Payable	139,775,000	48,595,000	7,680,000	180,690,000	-
Liability for Self-Insured Claims (Note 16)	56,147,461	(5,784,153)	4,561,774	45,801,534	9,195,899
Other Noncurrent Liabilities	18,768,201	-	286,310	18,481,891	-
<b>Total Long-Term Liabilities</b>	<b>\$ 457,233,998</b>	<b>\$ 147,354,147</b>	<b>\$ 34,305,992</b>	<b>\$ 570,282,153</b>	<b>\$ 31,139,063</b>



## A. CAPITAL IMPROVEMENT DEBT PAYABLE

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

On September 10, 2013, the Florida Board of Governors, on behalf of the University, issued \$41,540,000 of University of Florida Student Activity Revenue Bonds, Series 2013. The bonds are repaid from student activity and service fees and the proceeds are used to renovate and expand the J. Wayne Reitz Union, the community center of the University. The bonds will mature in annual increments starting on July 1, 2014, and ending on July 1, 2033. Interest payments are due semiannually on January 1 and July 1 beginning January 1, 2014.

On November 20, 2013, the Florida Board of Governors, on behalf of the University, issued \$24,805,000 of University of Florida Housing Dormitory Revenue Bonds, Series 2013A. The bonds are repaid from dormitory fees charged to students. \$19,600,000 of the proceeds are used to construct a 255-bed dormitory with state-of-the-art features complying with the Americans with Disabilities Act. The remaining \$5,205,000 will refund portions of the Student Housing Auxiliary Debt Bonds, Series 2005A, maturing in years 2016 through 2023. The new bonds will mature in annual increments starting on July 1, 2014, and ending on July 1, 2033. Interest payments are due semiannually on January 1 and July 1 beginning July 1, 2014.

A summary of the University's capital improvement debt payable at June 30, 2014, appears in Table 12.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2014, appear in Table 13.

Table 12. Capital Improvement Debt Payable					
Amount Outstanding					
Type and Series	Amount of Original Issue	Principal	Interest	Interest Rates	Maturity Date
<b>Student Housing Auxiliary Debt:</b>					
2005A Housing	\$ 37,610,000	\$ 28,870,000	\$ 12,312,948	4.000 to 5.125%	2030
2011A Housing	16,350,000	12,795,000	3,035,800	3.000 to 4.000%	2028
2012A Housing	26,500,000	24,590,000	8,309,088	3.000 to 4.000%	2031
2013A Housing	24,805,000	24,445,000	10,129,506	3.000 to 5.000%	2033
<b>Total Student Housing Debt</b>	<b>105,265,000</b>	<b>90,700,000</b>	<b>33,787,342</b>		
<b>Parking Garage Auxiliary Debt:</b>					
1998 Parking Garage	10,000,000	3,475,000	428,174	4.500 to 4.750%	2019
2007A Parking Garage	20,770,000	16,110,000	5,166,179	3.600 to 4.375%	2028
<b>Total Parking Garage Debt</b>	<b>30,770,000</b>	<b>19,585,000</b>	<b>5,594,353</b>		
<b>Other University of Florida Revenue Bonds:</b>					
2011 Clinical Translational Research Building	29,838,000	26,615,000	10,822,815	4.433%	2030
2013 Student Activity	41,540,000	40,495,000	20,932,272	4.000 to 5.000%	2033
<b>Total Other University of Florida Revenue Bonds</b>	<b>71,378,000</b>	<b>67,110,000</b>	<b>31,755,087</b>		
Plus: Unamortized Premiums	-	5,725,879	-		
Less: Unamortized Discounts	-	(295,280)	-		
Less: Unamortized Refunding Losses	-	(1,246,887)	-		
<b>Total Capital Improvement Debt</b>	<b>\$ 207,413,000</b>	<b>\$ 181,578,712</b>	<b>\$ 71,136,782</b>		



**Table 13. Capital Improvement Debt Payable - Principal & Interest**

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$ 8,605,000	\$ 7,630,348	\$ 16,235,348
2016	9,484,000	7,284,541	16,768,541
2017	9,873,000	6,881,433	16,754,433
2018	10,357,000	6,443,331	16,800,331
2019	10,797,000	5,968,288	16,765,288
2020-2024	50,770,000	22,943,633	73,713,633
2025-2029	52,657,000	11,730,449	64,387,449
2030-2034	24,852,000	2,254,759	27,106,759
<b>Total Principal &amp; Interest</b>	<b>177,395,000</b>	<b>71,136,782</b>	<b>248,531,782</b>
Plus: Unamortized Premiums	5,725,879	-	5,725,879
Less: Unamortized Discounts	(295,280)	-	(295,280)
Less: Unamortized Refunding Losses	(1,246,887)	-	(1,246,887)
<b>Total</b>	<b>\$181,578,712</b>	<b>\$71,136,782</b>	<b>\$252,715,494</b>

**B. LOANS AND NOTES PAYABLE**

On August 30, 2013, the University borrowed \$6,472,538 at an interest rate of 2.33%, to finance the cost of heating, ventilation, and air conditioning (HVAC) update and renovation of J. Wayne Reitz Student Union. The principal and interest cost is expected to be met by cost savings of the newer system. The note matures on August 31, 2029, and principal and interest payments are made annually. On June 17, 2013, the University borrowed \$5,000,000 at an interest rate of 3.58% for a similar renovation at Willard M. Fifield Hall. The note matures on November 1, 2033, and principal and interest payments are made annually. Annual requirements to amortize the two outstanding notes as of June 30, 2014, appear in Table 14.

**Table 14. Loans and Notes Payable - Principal & Interest**

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$ 280,476	\$ 523,747	\$ 804,223
2016	527,465	317,576	845,041
2017	551,318	303,364	854,682
2018	572,130	288,408	860,538
2019	597,825	272,820	870,645
2020-2024	3,099,954	1,121,935	4,221,889
2025-2029	3,818,784	658,504	4,477,288
2030-2034	2,024,586	217,699	2,242,285
<b>Total</b>	<b>\$11,472,538</b>	<b>\$ 3,704,053</b>	<b>\$ 15,176,591</b>

**C. INSTALLMENT PURCHASE AGREEMENTS PAYABLE**

The University has entered into several installment purchase agreements for the purchase of equipment reported at \$5,973,451. The stated interest rates ranged from 0.00% to 5.38%. Future minimum payments remaining under installment purchase agreements as of June 30, 2014, appear in Table 15.

**Table 15. Installment Purchase Agreements Payable - Principal & Interest**

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$ 1,262,710	\$ 66,415	\$ 1,329,125
2016	784,928	41,222	826,150
2017	677,952	23,510	701,462
2018	419,419	9,375	428,794
2019	214,877	2,511	217,388
<b>Total Minimum Payments</b>	<b>\$ 3,359,886</b>	<b>\$ 143,033</b>	<b>\$ 3,502,919</b>

**D. CAPITAL LEASES PAYABLE**

On June 8, 1994, the former Board of Regents, on behalf of the University of Florida, entered into a lease agreement with the University of Florida Foundation, Inc. (the Foundation), a direct support organization (component unit) of the University. Under the terms of the agreement, the University agreed to lease from the Foundation a 607-space parking garage (the garage) located near the Health Science Center Administrative Offices for a period of thirty years beginning July 1, 1994. Lease payments of \$100,000 annually are due each July 1. The garage was simultaneously acquired by the Foundation from Shands Teaching Hospital and Clinics, Inc. (Shands), also a component unit, and financed by the Foundation through the issuance of a promissory note secured by a non-recourse mortgage containing payment terms similar to those in the lease agreement between the Foundation and the University. Lease payments from the University to the Foundation and from the Foundation to Shands were based on an original construction cost of \$3,000,000 and no interest. For reporting purposes, the lease is considered a capital lease under GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The initial obligation was discounted at an imputed interest rate of 6.45% and was recorded at \$1,382,470. The asset, which is included in the Property Under Capital Lease and Leasehold Improvements, was recorded at cost to Shands of \$3,000,000.

On March 1, 2000, the University, acting for and on behalf of the former Board of Regents, entered into a lease agreement with Shands. Under the terms of the agreement, the University agreed to lease from Shands an 800-space parking garage located near the Health Science Center Administrative Offices for a period of thirty years beginning March 1, 2000. Annual lease payments of \$227,167 are due each May 1, beginning May 1, 2001. Lease payment amounts were based on an original construction cost of \$6,815,002 and no interest. For reporting purposes, the lease is considered a capital lease under GASB Statement No. 62. The initial obligation was discounted at an imputed interest rate of 6.45% and was recorded at \$2,981,939. The asset, which is included in the Property Under Capital Lease and Leasehold Improvements, was recorded at cost to Shands of \$6,815,002. A summary



of pertinent information related to the two capital leases appears in Table 16.

**Table 16: Capital Leases Payable**

Capital Leases	Interest Rate	Original Balances	Outstanding Balance
Shands Garage (607 spaces)	6.45%	\$ 1,382,470	\$ 720,568
Shands Garage (800 spaces)	6.45%	2,981,939	2,226,415
<b>Total</b>		<b>\$ 4,364,409</b>	<b>\$ 2,946,983</b>

Future minimum payments under the capital lease agreements and the present value of the minimum payments as of June 30, 2014, are presented in Table 17.

**Table 17: Capital Leases Payable - Principal & Interest**

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$ 137,086	\$ 190,080	\$ 327,166
2016	145,928	181,238	327,166
2017	155,341	171,826	327,167
2018	165,360	161,806	327,166
2019	176,026	151,141	327,167
2020-2024	1,065,809	570,025	1,635,834
2025-2029	888,030	247,804	1,135,834
2030	213,403	13,765	227,168
<b>Total</b>	<b>\$ 2,946,983</b>	<b>\$ 1,687,685</b>	<b>\$ 4,634,668</b>

## E. COMPENSATED ABSENCES PAYABLE

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors Regulations, University Regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave in accordance with its policy regarding leave payment upon separation from employment. However, Noncapital State 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, 2014, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$125,950,609. The current portion of the compensated absences liability is the amount expected to be paid in the coming fiscal year, and is based on actual payouts over the last three years, calculated as a percentage of those years' total compensated absences liability.

## F. OTHER POSTEMPLOYMENT BENEFITS PAYABLE

The University follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

**Plan Description.** 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, an agent multiple-employer, defined-benefit plan (Plan). The University subsidizes the premium rates paid by retirees by allowing them to participate in the 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan, on average, than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the Plan information is not included in the report of a public employee retirement system or another entity.

**Funding Policy.** Plan benefits are pursuant to provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The University has not advance-funded or established a funding methodology for the annual Other Postemployment Benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2013-14 fiscal year, 2,412 retirees received postemployment healthcare benefits. The University provided required contributions of \$7,680,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$14,385,000, which represents 1.3% of covered payroll.

**Annual OPEB Cost and Net OPEB Obligation.** The University's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. Table 18 shows the University's annual OPEB cost for the fiscal year, the amount actually contributed to the Plan, and the changes in the University's net OPEB obligation.



**Table 18. Annual OPEB Cost and Net OPEB Obligation**

Description	Amount
Normal Cost (service cost for one year)	\$ 23,897,000
Amortization of Unfunded Actuarial Accrued Liability	22,113,000
Interest on Normal Cost and Amortization	1,840,000
<b>Annual Required Contribution</b>	<b>47,850,000</b>
Interest on Net OPEB Obligation	5,591,000
Adjustment to Annual Required Contribution	(4,846,000)
<b>Annual OPEB Cost (Expense)</b>	<b>48,595,000</b>
Contribution Toward the OPEB Cost	(7,680,000)
<b>Increase in Net OPEB Obligation</b>	<b>40,915,000</b>
Net OPEB Obligation, Beginning of Year	139,775,000
<b>Net OPEB Obligation, End of Year</b>	<b>\$ 180,690,000</b>

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2014, and for the two preceding fiscal years, are presented in Table 19.

**Table 19. Annual OPEB Cost, Percentage Contributed, and Net Obligation**

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011-12	\$ 47,652,000	19.7%	\$ 102,458,000
2012-13	47,382,000	21.2%	139,775,000
2013-14	48,595,000	15.8%	180,690,000

**Funded Status and Funding Progress.** As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$663,395,000 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$663,395,000 and a funded ratio of 0%. The covered payroll (annual payroll of active participating employees) was \$1,072,983,725 for the 2013-14 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 61.8%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the Notes to the Financial Statements, presents multiyear trend information

that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions.** Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The University's OPEB actuarial valuation as of July 1, 2013, used the entry-age cost actuarial method to estimate the actuarial accrued liability as of June 30, 2014, and the University's estimated 2013-14 fiscal year annual required contribution. This method was selected because it is the same method used for the valuation of the Florida Retirement System. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4% rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 4% per year and an inflation rate of 3%. Healthcare trend rates were 7.4%, 7.0%, and 8.2% for the first three years respectively for all retirees in the PPO (Preferred Provider Organization) Plan and were 3.9%, 7.8%, and 8.3% for the first three years for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates both grade down to an ultimate rate of 5.0% over 70 years. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll on an open basis.



## Interdepartmental Auxiliary Sales

Interdepartmental sales between auxiliary service departments and other institutional departments have been eliminated from expenses and revenues for reporting purposes. The interdepartmental transactions eliminated in the financial statement preparation totaled \$114,768,852 for the fiscal year ended June 30, 2014.



## Retirement Programs

### A. FLORIDA RETIREMENT SYSTEM

Essentially all regular employees of the University are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to the FRS



are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. The FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), with a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the FRS Investment Plan (Investment Plan).

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of 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 service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk, who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans 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, and death benefits, and annual cost-of-living adjustments.

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 employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

The State of Florida establishes contribution rates for participating employers and employees. Effective July 1, 2011, employees were required to contribute 3% of gross salary towards retirement. Contribution rates during the 2013-14 fiscal year are presented in Table 20.

**Table 20. Florida Retirement System Rates**

Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00%	6.95%
Florida Retirement System, Senior Management Service	3.00%	18.31%
Florida Retirement System, Special Risk	3.00%	19.06%
Deferred Retirement Option Program-Applicable to members from all of the above classes	0.00%	12.84%
Florida Retirement System, Reemployed Retiree	(B)	(B)

(A) Employer rates for each membership class include 1.20% for health insurance subsidy. Also, employer rates, other than for DROP participants, include .03% for administrative costs of the Investment Plan.

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

The University's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. There were 8,431 University participants during the 2013-14 fiscal year. The University's contributions for the fiscal years ended June 30, 2012, June 30, 2013, and June 30, 2014, totaled \$16,712,175, \$17,809,204, and \$26,821,475 respectively, which were equal to the required contributions for each fiscal year. For the fiscal year ended June 30, 2014, the employee contributions totaled \$8,939,009.

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 the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service. There were 1,823 University participants during the 2013-14 fiscal year. Required employer contributions made to the Investment Plan totaled \$5,289,277 and employee contributions totaled \$2,225,208.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Division of Retirement's web site ([www.frs.myflorida.com](http://www.frs.myflorida.com)).



## **B. STATE UNIVERSITY SYSTEM OPTIONAL RETIREMENT PROGRAM**

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

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14% of the participant's salary to the participant's account, 2.19% to cover the unfunded actuarial liability and 0.01% to cover the administrative costs, for a total of 7.34%. Effective July 1, 2011, employees are required to contribute 3.0% 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.

There were 5,765 University participants during the 2013-14 fiscal year. Required employer contributions made to the Program totaled \$31,843,739 and employee contributions totaled \$23,799,258.

## **C. INSTITUTE OF FOOD AND AGRICULTURAL SCIENCES SUPPLEMENTAL RETIREMENT**

In 1984, the Florida Legislature enacted the Institute of Food and Agricultural Sciences Supplemental Retirement Act to provide a supplement to the monthly retirement benefit being paid under the Federal Civil Service Retirement System to retirees of the Institute of Food and Agricultural Sciences (IFAS) at the University of Florida. The supplement is designated for IFAS cooperative extension employees employed before July 1, 1983, who are not entitled to benefits from either a State-supported retirement system or social security based on their service with IFAS. It was intended to compensate these IFAS employees for the difference between their Civil Service benefit and the benefits an FRS member receives, which include a social security benefit. No additional persons can become eligible for this supplement.

There were 25 University participants during the 2013-14 fiscal year. Required employer contributions made to the program totaled \$430,243. Employees do not contribute to this program.

## **D. OTHER RETIREMENT PROGRAMS**

Some University employees participate in the U.S. Civil Service Retirement System. Thirty-one employees were covered by the U.S. Civil Service Retirement System during the 2013-14 fiscal year. Employer contributions totaled \$178,938, and employee contributions totaled \$178,938.







## 15 Construction Commitments

The University's construction commitments at June 30, 2014, are presented in Table 21.

**Table 21. Construction Commitments**

Project Title	Total Commitment	Completed to Date	Balance Committed
Reitz Union Expansion and Renovation	\$ 70,172,877	\$ 21,092,791	\$ 49,080,086
Chemical Biology Building - Chemistry	65,166,293	5,007,978	60,158,315
Harrell Medical Education Building	45,419,000	10,042,443	35,376,557
Joint Use Library Storage Facility	26,660,000	1,516,636	25,143,364
Heavener Hall - School of Business Building	22,650,000	14,822,513	7,827,487
Cypress Hall - Single Student Housing 2015	21,900,000	3,957,784	17,942,216
PK Yonge Middle and High School Expansion	18,830,800	285,950	18,544,850
Energy Efficiencies for HVAC, Roof and Building Automation Controls			
Entomology and Nematology	5,879,268	4,289,064	1,590,204
Broward Hall - Bathrooms, Lounges, Apartment Renovation	5,786,445	4,179,908	1,606,537
Corry Village Building 288 Renovation	4,927,625	3,030,344	1,897,281
Chilled Water Plant Boiler Replacement	4,461,317	2,589,435	1,871,882
Marston Science Library Renovation	4,099,339	2,732,843	1,366,496
Dasburg President's House	4,000,000	529,549	3,470,451
Thomas Hall Window Replacement	3,258,400	1,061,361	2,197,039
Buckman Hall Air Conditioning Design & Installation	2,952,800	1,446,451	1,506,349
Corry Village Building 282 Renovation	2,735,640	1,770,353	965,287
Corry Village Building 277 Renovation	2,719,730	348,480	2,371,250
Buckman Hall Bathroom, Kitchen, and Plumbing Renovation	2,659,000	1,454,559	1,204,441
Corry Village Building 286 Renovation	2,533,255	1,956,515	576,740
Corry Village Building 283 Renovation	2,431,865	373,271	2,058,594
Buckman Hall Window Replacement	2,274,757	1,011,745	1,263,012
Corry Village Building 276 Renovation	2,141,334	1,111,203	1,030,131
SCADA (Steam Piping) Infrastructure-Campus	2,046,297	1,779,000	267,297
Austin Cary Conference Center	1,920,840	1,809,780	111,060
Fume Hoods Chemical Lab 28	1,901,609	2,500	1,899,109
Air Handling Units Replacement, Fire Sprinkler Installation and Reroof - Dental Science Building	1,901,500	1,375,373	526,127
Chilled Water Plant 10	1,832,611	69,263	1,763,348
Gator Corner Dining Addition	1,785,818	1,621,928	163,890
Electrical Sub Station 10	1,686,832	306,470	1,380,362
Communicore Basement Sprinkler Installation and Ductwork Replacement	1,459,007	1,023,203	435,804
Marston Science Library Renovation - Smathers Map Room	1,441,506	806,535	634,971
Broward Hall - Fire Sprinkler and Alarm Systems	1,371,510	127,683	1,153,827
Broward Hall - Electrical Upgrades	1,291,117	8,717	1,282,400
Anatomical Pathology and Clinical Pathology Areas Renovation - Necropsy	1,281,006	1,220,160	60,846
Government House Rehabilitation - St. Augustine - Phase II	1,200,000	872,568	327,432
Weil Hall Chiller Plant Replacement	1,152,307	67,849	1,084,458
Lacy C. Rabon Chilled Water Plant	1,120,834	1,025,219	95,615
Stetson Medical Science Building Lab Suite Renovation - Pulmonary	1,106,916	831,726	275,190
Gainesville Communication Services Building	1,096,816	1,061,651	35,165
Campus Security System Enhancement	1,004,900	655,579	349,321
McKnight Brain Institute Lab L1-151 Renovation	1,000,000	928,421	71,579
Subtotal	351,261,171	100,294,801	250,966,370
Projects Under \$1,000,000	51,279,984	30,146,532	21,133,452
<b>Total</b>	<b>\$ 402,541,155</b>	<b>\$ 130,441,333</b>	<b>\$ 272,099,822</b>



## 16 Risk Management Programs

### A. STATE SELF-INSURANCE PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University

participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2013-14 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 of losses 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 \$50 million for named windstorm and flood losses through February 15, 2014, and increased to \$54 million starting February 16, 2014. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; 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. There have been no significant reductions in insurance coverage from the prior year coverage. 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's 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.

## **B. UNIVERSITY SELF-INSURANCE PROGRAMS**

The University of Florida Self-Insurance Program was reestablished by the Florida Board of Governors effective July 1, 2006, by amending Board of Governors' Regulation 10.001, merging the then JHMHC Self-Insurance Program and the prior University of Florida JHMHC/Jacksonville Self-Insurance Program. The Self-Insurance Program provides general and professional liability protection for the University of Florida Board of Trustees (UFBOT) on behalf of the six health colleges of the JHMHC, the College of Veterinary Medicine teaching hospitals, the Student Health Care Center, its direct support organization, and their employees and agents. Hospital professional liability protection, including general liability, is provided to Shands Teaching Hospital and Clinics, Inc. (Shands), Shands Jacksonville Medical Center, Inc. (a subsidiary of Shands Jacksonville HealthCare, Inc. - Shands Jacksonville), other entities statutorily authorized to participate in the Self-Insurance Program, and their employees and agents. The UFBOT and other immune entities are protected for

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

Pursuant to Board of Governors' Regulation 10.001(2), the University of Florida Self-Insurance Program Council has created the University of Florida Healthcare Education Insurance Company (HEIC), a captive insurance company which is wholly owned by the Board of Governors and domiciled in the State of Vermont. HEIC is managed by a Board of Directors created by the Board of Governors. HEIC provides coverage for claims that are in excess of the protections afforded by the University of Florida Self-Insurance Program, at limits of \$4 million per-legislative claims bill coverage for insured participants subject to Section 768.28, Florida Statutes, and \$3 million per claim for voluntary settlements entered into by the Self-Insurance Program Council and insured participants that are not subject to Section 768.28, Florida Statutes. HEIC provides additional limits of liability coverage of \$50 million per claim and in the aggregate, which is in excess of the coverages described above. The excess insurance is paid to claimants on a first-come, first-serve basis.

Claims settlement and adjustment expenses are accrued as expenses and liabilities of the University of Florida Self-Insurance Program and University of Florida Healthcare Education Insurance Company, for the estimated settlement value of claims that is reported as a Liability for Self-Insured Claims. The estimated settlement value of claims was determined based on the judgment and experience of management and the Self-Insurance Program Council through a case-by-case review. Estimated losses from incurred but unreported incidents are accrued based upon the findings of casualty actuaries.

The amount of Liability for Self-Insured Claims accrued for the Self-Insurance Programs at June 30, 2014, was \$45,801,534 for compensatory losses and for allocated expenses. The Liability for Self-Insured Claims was accrued at an undiscounted present value. The liability declined because the actuary recommended a decrease in funding that can be attributed to: the sovereign immunity granted to Shands and Shands Jacksonville as of July 1, 2011; lower case reserves required for more mature years; and the decrease in the possibility of claims reaching the HEIC layer. As a result, the Self-Insurance Claims and Expenses on the Statement of Revenues, Expenses and Changes in Net Position are negative for the 2013-14 fiscal year.

The aggregate amount of claims liabilities for which annuity contracts have been purchased in the claimants' names,



resulting in the removal of the related liabilities from the Statement of Net Position, totals \$117,162 for the Self-Insurance Program at June 30, 2014. These annuities have been assigned to third parties, and all claimants have fully and completely released the Self-Insurance Program participants from all actual and contingent liability.

Changes in the balances of claims liabilities for the Self-Insurance Program and HEIC during the 2012-13 and 2013-14 fiscal years are presented in Table 22.

**TABLE 22: Liability for Self-Insured Claims**

Fiscal Year	Claims Liabilities Beginning of Year	Current Claims/ Changes in Estimates (A)	Claims Payments	Claims Liabilities End of Year
2012-13	\$ 102,831,592	\$ (29,286,713)	\$ (17,397,418)	\$ 56,147,461
2013-14	56,147,461	(5,784,153)	(4,561,774)	45,801,534

(A) The change in estimates of claim costs for the 2012-13 and 2013-14 fiscal years, as determined by actuary, resulted in negative Current Claims/Changes in Estimates. See Note 16B for more details.



## Litigation And Contingencies

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.

The United States Department of Health and Human Services' and National Science Foundation's Offices of Inspector General, with the United States Department of Justice (civil division), are investigating the University's practices relating to Federal awards finances and accounting. University management is unable to make a determination of the outcome or estimate costs that the University may incur as a result of this audit.



## Functional Distribution Of Operating Expenses

The functional classification of operating expenses (instruction, research, etc.) is assigned to each individual transaction based on the nature of the activity. The operating expenses on the Statement of Revenues, Expenses, and Changes in Net Position are presented by natural classifications. Table 23 presents those same expenses in functional classifications as recommended by NACUBO.

**TABLE 23: Functional Expenses**

Functional Classifications	Amount
Instruction	\$ 686,759,685
Research	584,733,991
Public Service	432,100,137
Academic Support	167,247,282
Institutional Support	162,252,432
Depreciation	123,114,297
Auxiliary Operations	112,306,719
Operation and Maintenance of Plant	94,904,616
Scholarships, Fellowships and Waivers, Net	56,659,181
Student Services	35,851,320
<b>Total Operating Expenses</b>	<b>\$ 2,455,929,660</b>



## Component Units

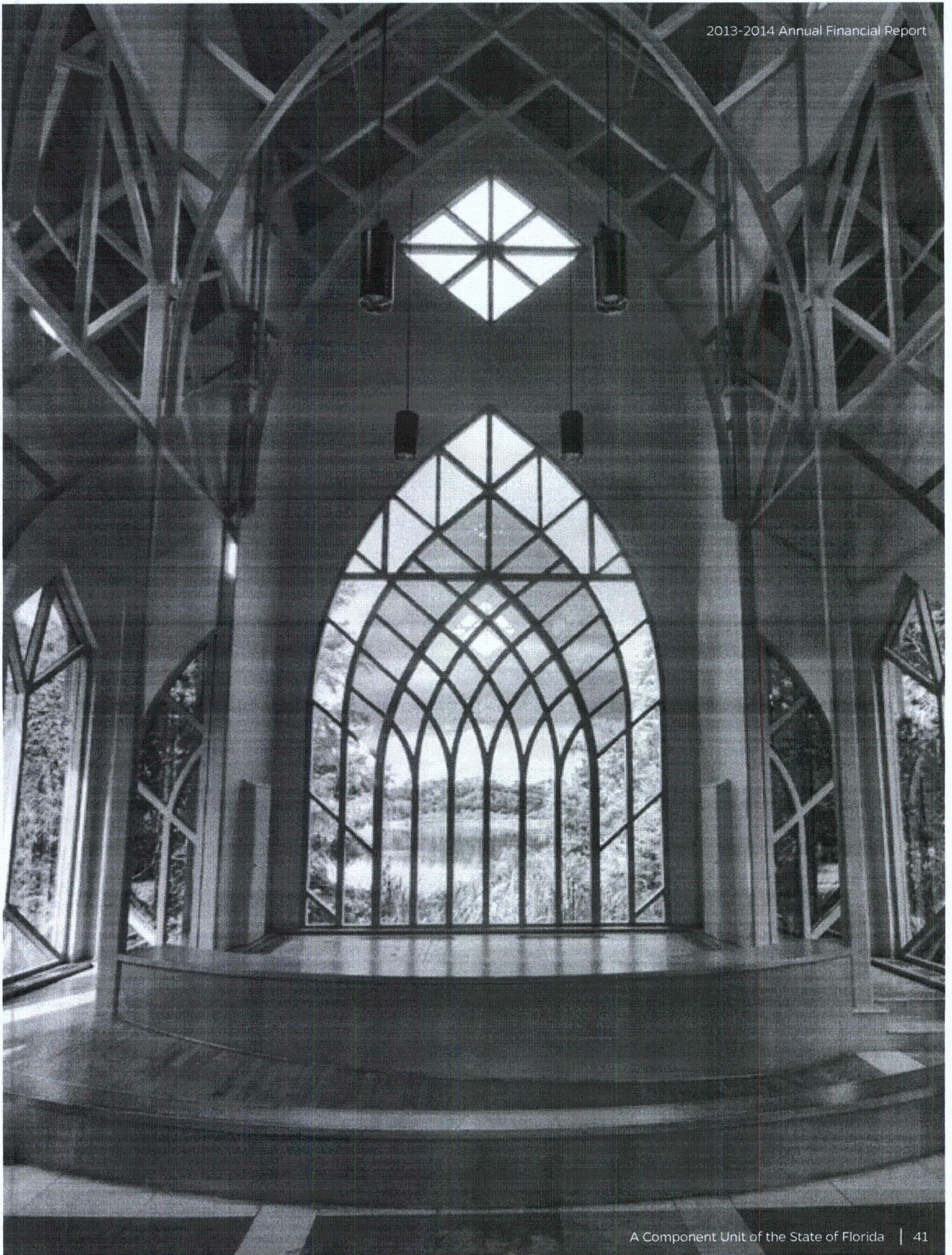
### A. BLENDED COMPONENT UNITS

The University has two blended component units as discussed in Note 1. Financial information for the University's blended component units is presented in Table 24.

### B. DISCRETELY PRESENTED COMPONENT UNITS

The University's financial statements include 14 discretely presented component units as discussed in Note 1. These component units comprise 100% of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. Summary financial information from the most recently available audited financial statements for these component units is presented on the following pages in Tables 25, 26, and 27.







## 20 Segment Information

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding, with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, and liabilities are required to be accounted for separately. Transportation

and Parking Services provides the University with safe and adequate parking facilities. Several parking garages have been constructed from the proceeds of revenue-backed debt instruments. The Department of Housing and Residence Education provides safe and affordable living space for students of the University of Florida. Capital improvement debt has been issued over the years to provide funding for the construction of facilities to house students of the University. A summary of the financial activity for these segments is presented in Table 28.





Table 24. Blended Component Units (amounts expressed in thousands)

	Self-Insurance Program	Healthcare Education Insurance Company	Total Blended Component Units	University	Eliminations	Total Primary Government
<b>CONDENSED STATEMENT OF NET POSITION</b>						
<b>Assets</b>						
Due from University/Blended Component Units	\$ -	\$ 32,882	\$ 32,882	\$ -	\$ (32,882)	\$ -
Current Assets	165,875	19,339	185,214	1,155,171	(1,860)	1,338,525
Capital Assets, Net	-	-	-	1,714,765	-	1,714,765
Other Noncurrent Assets	-	-	-	189,562	-	189,562
<b>Total Assets</b>	<b>165,875</b>	<b>52,221</b>	<b>218,096</b>	<b>3,059,498</b>	<b>(34,742)</b>	<b>3,242,852</b>
<b>Liabilities</b>						
Due to University/Blended Component Units	32,882	-	32,882	-	(32,882)	-
Current Liabilities	1,128	4	1,132	215,644	(1,860)	214,916
Noncurrent Liabilities	34,952	10,850	45,802	493,342	-	539,144
<b>Total Liabilities</b>	<b>68,962</b>	<b>10,854</b>	<b>79,816</b>	<b>708,986</b>	<b>(34,742)</b>	<b>754,060</b>
<b>Net Position</b>						
Net Investment in Capital Assets	-	-	-	1,565,313	-	1,565,313
Restricted - Expendable Other	96,913	41,367	138,280	636,630	-	774,910
Unrestricted	-	-	-	148,569	-	148,569
<b>Total Net Position</b>	<b>\$ 96,913</b>	<b>\$ 41,367</b>	<b>\$ 138,280</b>	<b>\$ 2,350,512</b>	<b>\$ -</b>	<b>\$ 2,488,792</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>						
Operating Revenues	\$ 10,976	\$ 684	\$ 11,660	\$ 1,655,962	\$ (7,752)	\$ 1,659,870
Depreciation Expense	-	-	-	(123,114)	-	(123,114)
Other Operating Expenses	(6,348)	6,444	96	(2,340,664)	7,752	(2,332,816)
<b>Operating Income (Loss)</b>	<b>4,628</b>	<b>7,128</b>	<b>11,756</b>	<b>(807,816)</b>	<b>-</b>	<b>(796,060)</b>
<b>Nonoperating Revenues (Expenses)</b>						
Investment Income, Net of Expenses	1,972	564	2,536	31,340	-	33,876
Net Increase in the Fair Value of Investments	9,944	2,363	12,307	20,217	-	32,524
Other Nonoperating Revenues	-	-	-	788,117	-	788,117
<b>Net Nonoperating Revenues</b>	<b>11,916</b>	<b>2,927</b>	<b>14,843</b>	<b>839,674</b>	<b>-</b>	<b>854,517</b>
<b>Other Revenues, Expenses, Gains, or Losses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>61,374</b>	<b>-</b>	<b>61,374</b>
<b>Increase (Decrease) in Net Position</b>	<b>16,544</b>	<b>10,055</b>	<b>26,599</b>	<b>93,232</b>	<b>-</b>	<b>119,831</b>
<b>Net Position, Beginning of Year</b>	<b>80,369</b>	<b>31,312</b>	<b>111,681</b>	<b>2,257,280</b>	<b>-</b>	<b>2,368,961</b>
<b>Net Position, End of Year</b>	<b>\$ 96,913</b>	<b>\$ 41,367</b>	<b>\$ 138,280</b>	<b>\$ 2,350,512</b>	<b>\$ -</b>	<b>\$ 2,488,792</b>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>						
<b>Net Cash Provided (Used) by</b>						
Operating Activities	\$ 1,010	\$ 509	\$ 1,519	\$ (630,364)	\$ (4,139)	\$ (632,984)
Noncapital Financing Activities	-	-	-	763,957	5,998	769,955
Capital and Related Financing Activities	-	-	-	(58,327)	-	(58,327)
Investing Activities	640	(509)	131	(78,915)	-	(78,784)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,650</b>	<b>-</b>	<b>1,650</b>	<b>(3,649)</b>	<b>1,859</b>	<b>(140)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>152</b>	<b>-</b>	<b>152</b>	<b>200</b>	<b>(46)</b>	<b>306</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,802</b>	<b>\$ -</b>	<b>\$ 1,802</b>	<b>\$ (3,449)</b>	<b>\$ 1,813</b>	<b>\$ 166</b>



Table 25 Direct Support Organizations (amounts expressed in thousands)

	University of Florida Foundation, Inc.	The University Athletic Association, Inc.	University of Florida Research Foundation, Inc.
<b>CONDENSED STATEMENT OF NET POSITION</b>			
<b>Assets</b>			
Due from Component Units/University	\$ 24,582	\$ 17,557	\$ -
Other Current Assets	101,223	59,424	139,732
Capital Assets, Net	73,524	171,919	-
Other Noncurrent Assets	1,772,521	57,008	-
<b>Total Assets</b>	<b>1,971,850</b>	<b>305,908</b>	<b>139,732</b>
<b>Liabilities</b>			
Due to Component Units/University	22,405	1,339	25,388
Other Current Liabilities	21,634	69,011	10,965
Noncurrent Liabilities	24,737	82,747	-
<b>Total Liabilities</b>	<b>68,776</b>	<b>153,097</b>	<b>36,353</b>
<b>Net Position</b>			
Net Investment in Capital Assets	19,445	87,209	-
Restricted-Nonexpendable Endowment	1,196,244	-	-
Restricted-Expendable Endowment	380,075	-	-
Restricted-Expendable Other	311,209	15,122	-
Unrestricted	(3,899)	50,480	103,379
<b>Total Net Position</b>	<b>\$ 1,903,074</b>	<b>\$ 152,811</b>	<b>\$ 103,379</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>			
Operating Revenues	\$ 101,807	\$ 67,846	\$ 30,031
Operating Expenses	(154,695)	(107,117)	(31,310)
<b>Operating Income (Loss)</b>	<b>(52,888)</b>	<b>(39,271)</b>	<b>(1,279)</b>
<b>Nonoperating Revenues (Expenses) and Other Revenues, Expenses, Gains, or Losses</b>			
Investment Income, Net of Expenses	188,348	1,712	10,184
Net Increase in the Fair Value of Investments	3,259	8,343	1,134
Other Nonoperating Revenues	-	46,211	2,300
Other Nonoperating Expenses	487	(6,380)	(540)
Addition to Permanent Endowments	31,577	-	-
<b>Change in Net Position</b>	<b>170,783</b>	<b>10,615</b>	<b>11,799</b>
<b>Net Position, Beginning of Year</b>	<b>1,732,291</b>	<b>142,196</b>	<b>91,580</b>
<b>Adjustments to Beginning Net Position</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Position, Beginning of Year, as Restated</b>	<b>1,732,291</b>	<b>142,196</b>	<b>91,580</b>
<b>Net Position, End of Year</b>	<b>\$ 1,903,074</b>	<b>\$ 152,811</b>	<b>\$ 103,379</b>



<b>GatorCare Health Management Corporation</b>	<b>Gator Boosters, Inc.</b>	<b>University of Florida Development Corporation</b>	<b>Citrus Research and Development Foundation, Inc.</b>	<b>Total Direct- Support Organizations</b>
\$ -	\$ 4,399	\$ -	\$ -	\$ 46,538
17,081	13,381	826	6,323	337,990
-	46	10,860	-	256,349
9,681	442	-	-	1,839,652
<u>26,762</u>	<u>18,268</u>	<u>11,686</u>	<u>6,323</u>	<u>2,480,529</u>
-	17,013	453	-	66,598
26,374	131	379	6,178	134,672
-	129	-	-	107,613
<u>26,374</u>	<u>17,273</u>	<u>832</u>	<u>6,178</u>	<u>308,883</u>
-	46	10,860	-	117,560
-	442	-	-	1,196,686
-	-	-	-	380,075
-	-	-	279	326,610
388	507	(6)	(134)	150,715
<u>\$ 388</u>	<u>\$ 995</u>	<u>\$ 10,854</u>	<u>\$ 145</u>	<u>\$ 2,171,646</u>
\$ 406	\$ 39,230	\$ 1,085	\$ 9,368	\$ 249,773
(103)	(2,748)	(2,098)	(18,434)	(316,505)
303	36,482	(1,013)	(9,066)	(66,732)
-	1,702	-	53	201,999
-	-	-	-	12,736
-	-	1,219	6,911	56,641
-	(38,178)	-	-	(44,611)
-	6	-	-	31,583
<u>303</u>	<u>12</u>	<u>206</u>	<u>(2,102)</u>	<u>191,616</u>
85	983	10,648	2,247	1,980,030
-	-	-	-	-
85	983	10,648	2,247	1,980,030
<u>\$ 388</u>	<u>\$ 995</u>	<u>\$ 10,854</u>	<u>\$ 145</u>	<u>\$ 2,171,646</u>



Table 26: Health Science Center Affiliates (amounts expressed in thousands)

	Florida Clinical Practice Association, Inc.	University of Florida Jacksonville Physicians, Inc.	Florida Veterinary Medicine Faculty Association, Inc.	University of Florida Jacksonville Healthcare, Inc.	Faculty Associates, Inc.	Total Health Science Center Affiliates
<b>CONDENSED STATEMENT OF NET POSITION</b>						
<b>Assets</b>						
Due from Component Units/University	\$ 3,598	\$ 10,703	\$ 1,004	\$ 865	\$ -	\$ 16,170
Other Current Assets	93,224	37,615	7,797	3,033	6,166	147,835
Capital Assets, Net	47,737	17,169	-	3,583	-	68,489
Other Noncurrent Assets	24,258	-	-	-	-	24,258
<b>Total Assets</b>	<b>168,817</b>	<b>65,487</b>	<b>8,801</b>	<b>7,481</b>	<b>6,166</b>	<b>256,752</b>
<b>Liabilities</b>						
Due to Component Units/University	7,384	456	-	4,987	-	12,827
Other Current Liabilities	16,368	11,937	923	2,125	112	31,465
Noncurrent Liabilities	35,354	6,031	-	-	-	41,385
<b>Total Liabilities</b>	<b>59,106</b>	<b>18,424</b>	<b>923</b>	<b>7,112</b>	<b>112</b>	<b>85,677</b>
<b>Net Position</b>						
Net Investment in Capital Assets	10,925	10,393	-	3,583	-	24,901
Unrestricted	98,786	36,670	7,878	(3,214)	6,054	146,174
<b>Total Net Position</b>	<b>\$ 109,711</b>	<b>\$ 47,063</b>	<b>\$ 7,878</b>	<b>\$ 369</b>	<b>\$ 6,054</b>	<b>\$ 171,075</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>						
Operating Revenues	\$ 483,336	\$ 229,534	\$ 7,984	\$ 224	\$ 18,008	\$ 739,086
Operating Expenses	(115,015)	(118,723)	(411)	(31,879)	(250)	(266,278)
<b>Operating Income (Loss)</b>	<b>368,321</b>	<b>110,811</b>	<b>7,573</b>	<b>(31,655)</b>	<b>17,758</b>	<b>472,808</b>
<b>Nonoperating Revenues (Expenses)</b>						
Investment Income, Net of Expenses	(352)	40	15	-	4	(293)
Net Decrease in the Fair Value of Investments	(412)	-	-	-	-	(412)
Other Nonoperating Revenue	-	-	-	31,655	-	31,655
Other Nonoperating Expense	(357,864)	(110,657)	(7,448)	-	(15,230)	(491,199)
<b>Change in Net Position</b>	<b>9,693</b>	<b>194</b>	<b>140</b>	<b>-</b>	<b>2,532</b>	<b>12,559</b>
<b>Net Position, Beginning of Year</b>	<b>100,300</b>	<b>46,944</b>	<b>7,738</b>	<b>369</b>	<b>3,522</b>	<b>158,873</b>
<b>Adjustments to Beginning Net Position (Note 2)</b>	<b>(282)</b>	<b>(75)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(357)</b>
<b>Net Position, Beginning of Year, as Restated</b>	<b>100,018</b>	<b>46,869</b>	<b>7,738</b>	<b>369</b>	<b>3,522</b>	<b>158,516</b>
<b>Net Position, End of Year</b>	<b>\$ 109,711</b>	<b>\$ 47,063</b>	<b>\$ 7,878</b>	<b>\$ 369</b>	<b>\$ 6,054</b>	<b>\$ 171,075</b>







Table 27 Shands Hospital and Others (amounts expressed in thousands)

	Shands Teaching Hospital & Clinics, Inc.	Shands Jacksonville HealthCare, Inc.	Total Shands Hospital and Others
<b>CONDENSED STATEMENT OF NET POSITION</b>			
<b>Assets</b>			
Due from Component Units/University	\$ 60,318	\$ -	\$ 60,318
Other Current Assets	391,220	190,149	581,369
Capital Assets, Net	728,652	170,724	899,376
Other Noncurrent Assets	512,522	69,213	581,735
<b>Total Assets</b>	<b>1,692,712</b>	<b>430,086</b>	<b>2,122,798</b>
<b>Deferred Outflows of Resources</b>			
Accumulated Decrease in Fair Value of Interest Rate Swap Agreements	42,052	-	42,052
Losses on Debt Refunding	631	-	631
<b>Total Assets and Deferred Outflows of Resources</b>	<b>1,735,395</b>	<b>430,086</b>	<b>2,165,481</b>
<b>Liabilities</b>			
Due to Component Units/University	10,129	37,342	47,471
Other Current Liabilities	161,362	88,389	249,751
Noncurrent Liabilities	614,871	136,008	750,879
<b>Total Liabilities</b>	<b>786,362</b>	<b>261,739</b>	<b>1,048,101</b>
<b>Deferred Inflows of Resources</b>			
Gains on Debt Refunding	11,668	-	11,668
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>798,030</b>	<b>261,739</b>	<b>1,059,769</b>
<b>Net Position</b>			
Net Investment in Capital Assets	154,382	40,843	195,225
Restricted-Nonexpendable Endowment	97	-	97
Restricted-Expendable Endowment	7,848	4,083	11,931
Unrestricted	775,038	123,421	898,459
<b>Total Net Position</b>	<b>\$ 937,365</b>	<b>\$ 168,347</b>	<b>\$ 1,105,712</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>			
Operating Revenues	\$ 1,199,789	\$ 541,067	\$ 1,740,856
Operating Expenses	(1,114,905)	(510,612)	(1,625,517)
<b>Operating Income</b>	<b>84,884</b>	<b>30,455</b>	<b>115,339</b>
<b>Nonoperating Revenues (Expenses)</b>			
Investment Income (Loss), Net of Expenses	33,377	(3,376)	30,001
Net Increase in the Fair Value of Investments	3,452	-	3,452
Other Nonoperating Revenue	11,377	531	11,908
Other Nonoperating Expense	(66,399)	(24,823)	(91,222)
<b>Change in Net Position</b>	<b>66,691</b>	<b>2,787</b>	<b>69,478</b>
<b>Net Position, Beginning of Year</b>	<b>870,674</b>	<b>165,560</b>	<b>1,036,234</b>
<b>Adjustments to Beginning Net Position</b>			
Net Position, Beginning of Year, as Restated	870,674	165,560	1,036,234
<b>Net Position, End of Year</b>	<b>\$ 937,365</b>	<b>\$ 168,347</b>	<b>\$ 1,105,712</b>



Table 28. Segment Information

	Transportation and Parking Services	Department of Housing and Residence Education
<b>CONDENSED STATEMENT OF NET POSITION</b>		
Assets		
Current Assets	\$ 8,006,720	\$ 2,423,077
Capital Assets, Net	37,284,943	123,451,973
Other Noncurrent Assets	8,444,173	34,317,019
Total Assets	53,735,836	160,192,069
Liabilities		
Current Liabilities	3,280,285	12,877,118
Noncurrent Liabilities	20,854,410	87,212,297
Total Liabilities	24,134,695	100,089,415
Net Position		
Net Investment in Capital Assets	16,293,447	66,027,004
Restricted	8,413,774	150,235
Unrestricted	4,893,920	(6,074,585)
<b>Total Net Position</b>	<b>\$ 29,601,141</b>	<b>\$ 60,102,654</b>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION</b>		
Operating Revenues (Expenses):		
Operating Revenues	\$ 22,713,921	\$ 52,304,777
Depreciation Expense	(2,329,606)	(4,244,004)
Other Operating Expenses	(16,120,771)	(39,921,633)
Operating Income	4,263,544	8,139,140
Nonoperating Revenues (Expenses):		
Investment Income	181,295	594,516
Interest on Capital Asset-Related Debt	(1,068,428)	(4,882,718)
Other	(781,151)	(2,299,104)
Transfers	(3,550,742)	4,070,573
Net Nonoperating Revenues (Expenses)	(5,219,026)	(2,516,733)
Change in Net Position	(955,482)	5,622,407
Net Position, Beginning of Year	30,556,623	54,480,247
<b>Net Position, End of Year</b>	<b>\$ 29,601,141</b>	<b>\$ 60,102,654</b>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net Cash Provided (Used) by:		
Operating Activities	\$ 7,140,487	\$ 13,963,577
Noncapital Financing Activities	(2,429,555)	(8,036,469)
Capital and Related Financing Activities	(4,261,119)	4,361,215
Investing Activities	(453,039)	(11,967,134)
Net Decrease in Cash and Cash Equivalents	(3,226)	(1,678,811)
Cash and Cash Equivalents, Beginning of Year	3,226	3,006,107
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ -</b>	<b>\$ 1,327,296</b>



**Other Required Supplementary Information**  
**Schedule of Funding Progress - Other Postemployment Benefits Plan** (amounts expressed in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2009	\$ -	\$ 455,677	\$ 455,677	0%	\$ 948,375	48%
7/1/2011	-	643,742	643,742	0%	996,686	65%
7/1/2013	-	663,395	663,395	0%	1,072,984	62%

(1) The entry-age cost actuarial method is used by the University.

**Notes to Required Supplementary Information:**  
**Schedule of Funding Progress - Other Postemployment Benefits Plan**

The July 1, 2013, unfunded actuarial liability of \$663.4 million was higher than the July 1, 2011, liability of \$643.7 million due to several factors. While there were fewer retirees and the healthcare trend rates are lower, the rising age of retirees and the impact of the potential excise tax from the Affordable Care Act increased the implicit rate subsidy and offset the decreasing factors.





# Financial Aid Administered for the Year Ended June 30, 2014 (unaudited)

	Number of Recipients	Aid Disbursed
<b>Federal Programs</b>		
Pell Grants	12,133	\$ 47,492,404
Supplemental Educational Opportunity Grants	2,188	2,088,801
Noyce-Scholarship Loans	5	50,000
TEACH Grant	10	35,431
Perkins Student Loans	1,599	4,773,863
Health Professions Student Loans (PCL, LDS, HPSL)	87	716,603
Direct Loans	19,870	249,035,362
<b>TOTAL FEDERAL FINANCIAL AID ADMINISTERED</b>	<b>35,892</b>	<b>\$ 304,192,464</b>
<b>State Programs</b>		
Loans:		
University of Florida Short-Term Loans	519	\$ 647,503
Student Aid For Education (SAFE) Loans	94	222,545
University of Florida Long-Term Loans	164	648,779
Total Loans Administered	777	1,518,827
Scholarships and Grants:		
State of Florida Financial Aid Program	28,915	66,039,123
Lottery Trust Grant Funded Waivers	403	1,548,751
Total State Scholarships and Grants Administered	29,318	67,587,874
<b>TOTAL STATE FINANCIAL AID ADMINISTERED</b>	<b>30,095</b>	<b>\$ 69,106,701</b>
<b>Other Scholarships and Grants</b>		
Institutional Grants:		
College Awarded Scholarships	11,639	\$ 38,894,000
Graduate Tuition Remission Waivers	2,775	20,119,607
General Scholarships	7,924	20,026,210
Total Institutional Scholarships and Grants	22,338	79,039,817
Custodial Scholarships:		
Tuition, Trusts, Clubs, Service Organizations, etc.	4,386	9,805,459
<b>TOTAL OTHER SCHOLARSHIPS AND GRANTS</b>	<b>26,724</b>	<b>\$ 88,845,276</b>
<b>Fee Waivers</b>		
Non-Resident Tuition Waivers	453	\$ 5,560,207
Other Waivers	5,303	34,411,802
<b>TOTAL FEE WAIVERS ADMINISTERED</b>	<b>5,756</b>	<b>\$ 39,972,009</b>
<b>TOTAL FINANCIAL AID ADMINISTERED</b>		<b>\$ 502,116,450</b>

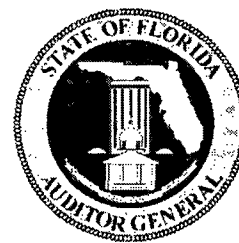




DAVID W. MARTIN, CPA  
AUDITOR GENERAL

# AUDITOR GENERAL STATE OF FLORIDA

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

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

### Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of Florida, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated December 16, 2014, 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.

### 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) to determine 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 may exist that have not been identified.



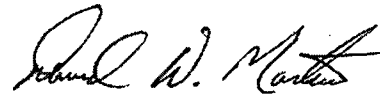
### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of 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 determination of financial statement amounts. 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 the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** is solely to describe the scope of our testing of internal control and compliance and the result 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 report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA  
Tallahassee, Florida  
December 16, 2014  
Audit Report No. 2015-074



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Senior Associate Controller for University Bursar and Treasury Management

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Sheela Moudgil, CPA

Associate Controller

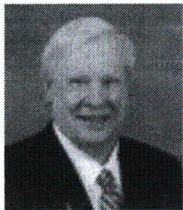
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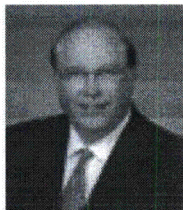
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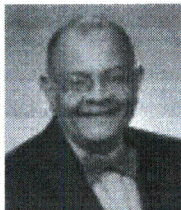
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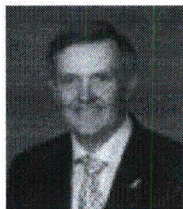
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University Relations Creative Services

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