Report No. 2022-069
December 2021

Financial Audit

UNIVERSITY OF SOUTH FLORIDA

For the Fiscal Year Ended
June 30, 2021

Sherrill F. Norman, CPA
Auditor General

UNIVERSITY OF SOUTH FLORIDA

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SUMMARY

Summary of Report on Financial Statements

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

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

Our audit objectives were to determine whether the University of South Florida and its officers with administrative and stewardship responsibilities for University operations had:

- Presented the University's basic financial statements in accordance with generally accepted accounting principles;
- Established and implemented internal control over financial reporting and compliance with requirements that could have a direct and material effect on the financial statements; and
- Complied with the various provisions of laws, rules, regulations, contracts, and grant agreements that are material to the financial statements.

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2021. We obtained an understanding of the University's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules,

Sherrill F. Norman, CPA
Auditor General

AUDITOR GENERAL
STATE OF FLORIDA

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the University of South 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, 2021, 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

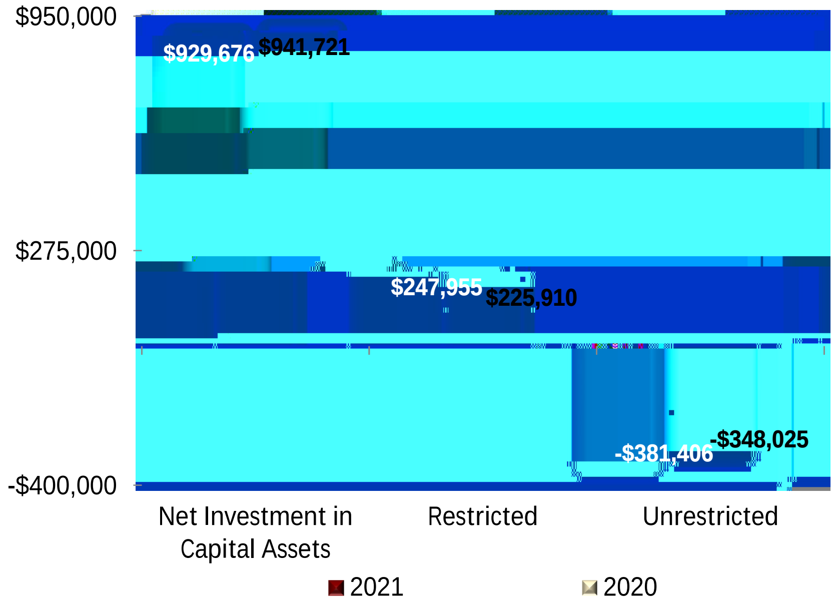
Management is responsible for the preparation and fair

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. The financial statements of the blended component unit were not audited in accordance with *Government Auditing Standards*.

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

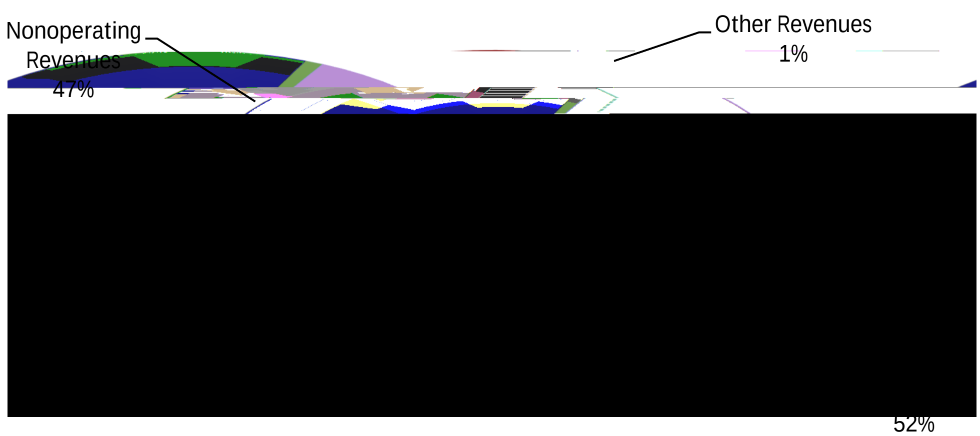
Net Position

(In Thousands)



The following chart provides a graphical presentation of University revenues by category for the 2020-21 fiscal year:

Total Revenues
2020-21 Fiscal Year



Overview of Financial Statements

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

- Blended Component Unit:
    - University of South Florida Health Sciences Center Self-Insurance Program
- Discretely Presented Component Units:
    - University of South Florida Foundation, Inc.
    - University of South Florida Alumni Association, Inc.
    - USF Health Professions Conferencing Corporation
    - University of South Florida Institute of Applied Engineering, Inc.
    - University of South Florida Medical Services Support Corporation
    - Sun Dome, Inc.
    - University of South Florida Research Foundation, Inc.
    - USF Financing Corporation
    - USF Property Corporation
    - University Medical Service Association, Inc.
    - University of South Florida Health Service Support Organization, Inc.

Information regarding these component units, including summaries of the blended and discretely presented component units' separately issued financial statem o&s, is presented in the notes to financial statem o&s. This MD&A focuses on the University, excluding the discretely presented component units. With the exception of the University of South Florida Health Sciences Center Insurance Company (HSCIC) component of the University of South Florida Health Sciences Center Self-Insurance Program, all of the component units report under GASB standards, and MD&A information is included in their separately issued audit reports.

<u>The Statement of Net Position</u>

The statem o& of net position reflects the asse&s, deferred outflows of resources, liabilities, and deferred inflows of resources of the University, using the accrual basis of accounting, and pres o&s the financial position of the University at a specified time. Asse&s, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position, which is one indicator of the University's curreo& financial condition. The changes in net position that occur over time indicate improvem o& or deterioration

Condensed Statement of Net Position at June 30

(In Thousands)

	2021	2020
Assets		
Current Assets	$ 916,757	$ 828,089
Capital Assets, Net	1,286,404	1,285,427
Other Noncurrent Assets	87,995	86,885
Total Assets	2,291,156	2,200,401
Deferred Outflows of Resources	341,078	261,432
Liabilities		
Current Liabilities	147,743	132,404
Noncurrent Liabilities	1,334,705	1,278,799
Total Liabilities	1,482,448	1,411,203
Deferred Inflows of Resources	353,561	231,024
Net Position		
Net Investment in Capital Assets	929,676	941,721
Restricted	247,955	225,910
Unrestricted	(381,406)	(348,025)
Total Net Position	$ 796,225	$ [illegible]

Operating Revenues

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

The following summarizes the operating revenues by source that were used to fund operating activities for the 2020-21 and 2019-20 fiscal years:

Operating Revenues
For the Fiscal Years

(In Thousands)

	2020-21	2019-20

Operating Expenses

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

The following summarizes operating expenses by natural classification for the 2020-21 and 2019-20 fiscal years:

Operating Expenses
For the Fiscal Years

Other Revenues

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2020-21 and 2019-20 fiscal years:

Other Revenues
For the Fiscal Years

(In Thousands)

	2020-21	**2019-20**
State Capital Appropriations	$ 7,330	$ 19,130
Capital Grants, Contracts, Donations, and Fees	10,245	15,551

Major sources of funds came from State noncapital appropriations ($437.2 million), Federal Direct Student Loan receipts ($170.6 million), net student tuition and fees ($260.8 million), grants and contracts ($419.8 million), sales and services of auxiliary enterprises ($100.5 million), and Federal and State financial aid ($182.3 million). Major uses of funds were for payments made to and on behalf of employees totaling $939.5 million, payments to suppliers totaling $267.7 million, disbursements to students for Federal Direct Student Loans totaling $170.6 million, payments to and on behalf of students for scholarships totaling $139 million, and purchases of investments totaling $156.9 million.

Net cash used by operating activities decreased by $2.1 million. Significant changes in major sources and uses of cash within operating activities were a $24.6 million decrease in cash provided by sales and services of auxiliary enterprises, a $41.6 million decrease in payments to suppliers for goods and services, and a $30.2 million increase in payments to students for scholarships and fellowships. The decrease in cash provided by sales and services of auxiliary enterprises was due to the impact of the COVID-19 pandemic, especially on revenues from housing, parking, INTO USF and the English Language Program, and student health services. The major factors in the decrease in payments to suppliers were decreases in travel, consulting services, dining services, grants subcontracts, rental expenses, software maintenance, and athletics game guarantee expenses. Increases in Federal CARES Act aid, need-based scholarships, and FAS awards were primarily responsible for the increase in payments to students for scholarships and fellowships.

Net cash provided by noncapital financing activities increased by $126.5 million. Significant contributors to this increase were a $56 million increase in cash provided by operating subsidies and transfers, a $35 million increase in cash provided by noncapital grants, contracts and donations, a $17.9 million increase in cash provided by Federal and State student financial aid, and a $11.5 million decrease in cash used by other nonoperating disbursements. Cash provided by operating subsidies and transfers increased primarily as a result of UMSA generating convenience fund deficitansfers

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Net cash provided by investing activities decreased by $166.1 million to become a net use of cash due to a $146.3 million decrease in proceeds from sales and maturities of investments and a $57 million increase in purchases of investments, partially offset by a $37.2 million increase in cash provided by investment income. The decrease in proceeds was due to the 2019-20 fiscal year closure of equity mutual fund positions to mitigate losses from market reactions to the COVID-19 pandemic as well as the 2019-20 fiscal year reduction of the money market mutual fund position to meet cash needs in support of USF operations. The increase in purchases of investments was primarily due to the restoration of the money market mutual fund position in the 2020-21 fiscal year following the reduction of that position in the 2019-20 fiscal year. The increase in cash provided by investment income was due to increased equity mutual fund performance.

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

		Amount (In Thousands)
Total Committed	$	130,571
Completed to Date		(25,791)
Balance Committed	$	104,780

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

Debt Administration

As of June 30, 2021, the University had $243.4 million in outstanding capital improvement debt payable, installment purchases payable, and capital leases payable, representing an increase of $16.5 million, or 7.3 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30

(In Thousands)

	2021	2020
Capital Improvement Debt	$ 9,682	$ 12,336
Installment Purchases	521	341
Capital Leases	233,208	214,233
Total	$ 243,411	$ 226,910

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

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REQUESTS FOR INFORMATION

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	University	Component Units
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	-	106,297,643
Certificates of Participation Payable	-	230,882,568
Capital Improvement Debt Payable	6,978,916	-
Loans and Notes Payable	-	6,449,508
Installment Purchases Payable	350,505	-
Capital Leases Payable	221,634,425	58,178,701
Estimated Insurance Claims Payable	30,991,847	-
Compensated Absences Payable	91,649,735	-
Federal Advance Payable	1,477,548	-
Other Noncurrent Liabilities	-	19,487,278
Dining Fee Facility Payable	4,634,875	-
Revenue Received in Advance	18,466,667	-
Other Postemployment Benefits Payable	514,886,947	-
Net Pension Liability	443,633,797	-
Total Noncurrent Liabilities	1,334,705,262	421,295,698
Total Liabilities	1,482,448,238	522,614,091
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	229,257,421	-
Pensions	12,926,933	-
Deferred Service Concession Arrangement Receipts	111,376,974	-
Irrevocable Split-Interest Agreements	-	26,188,744
Grants Received in Advance	-	1,125,932
Deferred Gain on Capital Lease	-	16,743
Deferred Gain on Debt Refunding	-	70,263
Total Deferred Inflows of Resources	353,561,328	27,401,682
NET POSITION		
Net Investment in Capital Assets	929,676,057	45,051,355
Restricted for Nonexpendable:		
Endowment	-	372,543,265
Restricted for Expendable:		
Debt Service	1,810,011	2,513,917
Loans	6,171,337	-
Capital Projects	32,132,826	-
Other	207,841,038	135,763,283
Endowment	-	376,018,566
Unrestricted	(381,406,103)	156,691,727
TOTAL NET POSITION	$ 796,225,166	$ 1,088,582,113

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

For the Fiscal Year Ended June 30, 2021

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $155,687,009 ($3,247,664 Pledged for the Parking System Revenue Bonds)	$ 260,589,793	$ -
Federal Grants and Contracts	193,786,957	-
State and Local Grants and Contracts	28,165,693	-
Nongovernmental Grants and Contracts	201,596,288	100,698,612
Sales and Services of Auxiliary Enterprises ($5,839,719 Pledged for Parking System Revenue Bonds)	102,989,794	-
Sales and Services of Component Units	-	256,335,554
Royalties and Licensing Fees	-	10,451,204
Gifts and Donations	-	52,072,604
Interest on Loans and Notes Receivable	120,691	-
Other Operating Revenues	8,113,778	47,517,022
Total Operating Revenues	795,362,994	467,074,996
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	1,036,469,651	273,960,618
Services and Supplies	243,231,866	129,883,384
Utilities and Communications	23,347,151	2,539,632
Scholarships, Fellowships, and Waivers	139,024,462	10,876,584
Depreciation	78,285,443	8,904,838
Self-Insurance Claims	3,714,349	-
Total Operating Expenses	1,524,072,922	

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

For the Fiscal Year Ended June 30, 2021

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 260,800,907
Grants and Contracts	419,777,820
Sales and Services of Auxiliary Enterprises	100,496,299
Interest on Loans Receivable	192,216
Payments to Employees	(939,473,193)
Payments to Suppliers for Goods and Services	(267,749,947)
Payments to Students for Scholarships and Fellowships	(139,024,463)
Payments on Self-Insurance Claims and Expenses	(2,092,673)
Loans Issued to Students	(365,568)
Collection on Loans to Students	1,053,204
Other Operating Receipts	6,320,854
Net Cash Used by Operating Activities	(560,064,544)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	437,246,365
Federal and State Student Financial Aid	182,340,244
Noncapital Grants, Contracts and Donations	60,366,745
Federal Direct Loan Program Receipts	170,616,497
Federal Direct Loan Program Disbursements	(170,616,497)
Operating Subsidies and Transfers	24,451,548
Net Change in Funds Held for Others	997,008
Other Nonoperating Receipts	11,688
Other Nonoperating Disbursements	(29,055,242)
Net Cash Provided by Noncapital Financing Activities	676,358,356
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	7,631,854
Capital Grants, Contracts, Donations and Fees	2,901,467
Purchase or Construction of Capital Assets	(47,154,118)
Principal Paid on Capital Debt and Leases	(14,020,037)

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

Blended Component Unit. Based on the application of the criteria for determining component units, the University of South Florida Health Sciences Center Self-Insurance Program is included within the University's reporting entity as a blended component unit. The University of South Florida Health Sciences Center Self-Insurance Program was created in 1972 and provides medical professional liability, covering the USF Board of Trustees and faculty, staff, and students engaged in medical programs at the University. Condensed financial statements for the University's blended component unit are shown in a subsequent note.

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following affiliated organizations (direct-support organizations and a health services support organization) are included within the University reporting entity as discretely presented component units. An annual audit of each discretely presented component unit'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 the audit reports, is available by contacting the University Controller's office. Condensed financial statements fo

Direct-Support Organizations. The University's direct-support organizations are provided for in Section 1004.28, Florida Statutes, the Board of Governors Regulation 9.011. 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 and are governed by separate boards. 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 South Florida Foundation, Inc. accepts, invests, administers, and distributes private gifts given for the funding of activities and facilities directly related to the mission, role, and scope of the University of South Florida.
- University of South Florida Alumni Association, Inc. fosters the spirit of loyalty and fraternity

- University of South Florida Medical Services Support Corporation (MSSC) is organized and resources, liabilities, and deferred inflows of resources resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The University's blended and discretely presented component units use the economic resources measurement focus and the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred. The University's discretely presented component units follow GASB standards of accounting and financial reporting. The University of South Florida Health Sciences Center Insurance Company (the HSCIC) component of the University of South Florida Health Sciences Center Self-Insurance Program follows 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 eliminated from revenues and expenses for reporting purposes.

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

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

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

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

Cash and Cash Equivalents. Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by 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 or other restricted assets, are classified as restricted.

Capital Assets. University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements, furniture and equipment, library resources, property under capital

Fund	Net Position
Current Funds - Unrestricted	$ (463,932,573)
Auxiliary Funds	82,526,470
Total	$ (381,406,103)

As shown in the following schedule, this deficit can be attributed to the recognition of long-term liabilities (i.e., OPEB payable and net pension li

Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs.

The University's recurring fair value measurements as of June 30, 2021, are valued using the following valuation techniques and inputs:

United States Treasury Securities and Bonds and Notes: These securities are valued daily by a pricing service that uses evaluated pricing applications which incorporate available market information. Available information is also applied through benchmarking processes, sector groupings, and matrix pricing (Level 2 inputs).

Stocks and Other Equity Securities: This type includes domestic and international equities valued at quoted prices in an active market (Level 1 inputs).

Equity Mutual Funds: This category includes investments on domestic and international equities through commingled fund structures. The investment objective of these funds is to track the performance of their respective benchmarks. Investments in this category are valued at quoted prices in an active market (Level 1 inputs).

Bond Mutual Funds: This category includes investments in fixed income securities through commingled fund structures. The investment objective of these funds is to track the performance of their respective market-weighted indices with a short-term dollar-weighted average maturity. Investments in this category

State Board of Administration Debt Service Accounts.

The University reported investments totaling $825 at June 30, 2021, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of 6 months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk and credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Annual Comprehensive Financial Report.

Component Units' Investments.

The University discretely presented component units' investments at June 30, 2021, are reported at fair value as follows:

Investment Type	University of South Florida Foundation, Inc.	University of South Florida Alumni Association, Inc.	University of South Florida Research Foundation, Inc.	USF Financing Corporation	University Medical Service Association, Inc.	USF Health Services Support Organization, Inc.	Total
Certificates of Deposit	$ -	$ -	$ -	$ 3,773,698	$ -	$ -	$ 3,773,698
Security Pledged to Swap Counterparty	-	-	-	3,960,000	-	-	3,960,000
Bonds and Notes	-	-	1,468,940	-	-	-	1,468,940
Stocks and Other Equity Securities	-	-	22,186,497	-	-	424,481	22,610,978
Partnership Investments	119,343,209	1,681,414	6,821,397	-	-	-	127,846,020
Mutual Funds:							
Equities	470,057,022	6,603,122	29,008,456	-	6,566,536	-	512,235,136
Bonds	207,272,783	2,038,041	9,732,733	-	96,967	-	219,140,524
Money Market	44,127,957	219,193	3,816,112	36,386,525	-	-	84,549,787

Investments by fair value level	Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Certificates of Deposit	$ 3,773,698	$ 3,773,698	$ -	$ -
Bonds and Notes	1,468,940	-	1,468,940	-
	22,186,497	22,186,497	-	-
	449,999	-	-	449,999
Mutual Funds				
Equities	229,648,239	229,648,239	-	-
Bonds	104,804,429	104,804,429	-	-
Money Market	84,549,787	84,549,787	-	-

University Debt Investment Maturity and Quality Ratings

Investment Type	Weighted Average Maturities	Credit Quality Rating: Moody's	Credit Quality Rating: Standard and Poor's	Fair Value
United States Treasury Securities (2)	3.70 Years	(1)	(1)	$ 21,844,355
Bonds and Notes (2)	4.13 Years	Aaa - A3	AAA - A-	27,026,984
Bonds and Notes (2)	0.84 Years	Not Rated	AA+	309,602
Bond Mutual Funds (3)	2.98 Years	Not Rated	Not Rated	477,389,701
Money Market Mutual Funds (2)	25 Days	Aaa-mf	AAAm	1,688,064
Money Market Mutual Funds (3)	33 Days	Aaa-mf	AAAm	100,874,954
Total				$ 629,133,660

(1) Disclosure of credit risk is not required for this investment type.
(2) USF Health Sciences Center Self-Insurance Program.
(3) University.

Discretely Presented Component Units Investment Maturity

Investment Type	Fair Value	Investment Maturites (In Years): Less Than 1	1-5	6-10	More Than 10
Bonds and Notes	$ 1,468,940	$ 48,747	$ 598,489	$ 250,920	$ 570,784
Partnership Fixed Income	23,825,033	774,735	23,050,298	-	-
Mutual Funds:					
Bonds	219,140,524	40,717,943	178,339,981	82,600	-
Money Market	84,549,787	84,549,787	-	-	-
Total	$ 328,984,284	$ 126,091,212	$ 201,988,768	$ 333,520	$ 570,784

Discretely Presented Component Units Quality Ratings (1)

Investment Type	Fair Value	AAA	AA	A	Less Than A or Not Rated
Bonds and Notes	$ 1,468,940	$ 545,086	$ 29,948	$ 313,590	$ 580,316
Partnership Fixed Income	23,825,033	-	-	-	23,825,033

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University, USF Health Sciences Center Self-Insurance Program, and discretely presented component unit investment policies provide that the maximum amount that may be invested in the securities of an individual issuer not backed by the full faith and credit of the United States Government shall not exceed five percent of the market value of the assets of the investment portfolio, and no single corporate bond issuer shall exceed 5 percent of the market value of the investment portfolio. Direct investments in securities of the United States Government, Government agencies and State of Florida Investment Pools, or Pooled Funds comprised solely of United States Government Securities are not subject to these restrictions for the University and its discretely presented component units. The University did not have any investments in securities of an individual issuer or single corporate bond issue that exceeded five percent of the market value of the investment portfolio at June 30, 2021.

4. Receivables

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract . ies of po(deo thf t)5.8(o)llow sint amountas accccounts Rere

6. Due From Component Units

The $26,253,626 reported as due from component units consists of amounts owed to the University from the University of South Florida Research Foundation, Inc. ($14,857,181) for grant and special project-related revenue, administrative overhead rebate, and the value of publicly traded equity shares from intellectual property licensing agreements; from Sun Dome, Inc. ($98,115) for other operating revenue; from the USF Financing Corporation for interest rate swap collateral ($3,255,300); from the University of South Florida Alumni Association ($19,693) for payroll expenses; from the USF Institute of Applied Engineering, Inc. ($1,559,066) for salaries and other operating expenses at USF as well as shared services fees; from the University Medical Service Association, Inc. ($4,477,456) for salaries and other operating expenses at USF and payments from HCA West Florida to support the Graduate Medical Education (GME) program; from the University of South Florida Foundation, Inc. ($1,966,851) primarily for funds supporting the construction of the Judy Genshaft Honors College facility, net of amounts owed by the University for funds supporting the construction of the USF Health Morsani College of Medicine and Heart Institute project; and from the USF Health Professions Conferencing Corporation ($19,964) for program residuals, net of deposits made to support the funding of salaries and other operating expenses at USF and service invoices payable owed by the University.

7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2021, is shown in the following table:

Description		Beginning Balance		Additions		Reductions		Ending Balance
Nondepreciable Capital Assets:								
Land	$	23,648,989	$	-	$	2,238,104	$	21,410,885
Works of Art and Historical Treasures		1,302,757		-		352,613		950,144
Other Capital Assets		1,173,750		-		-		1,173,750
Construction in Progress		13,673,845		38,147,206		26,030,070		25,790,981
Total Nondepreciable Capital Assets	$	39,799,341	$	38,147,206	$	28,620,787	$	49,325,760

University reports housing facilities and infrastructure with a carrying amount of $113,815,229, a dining facility fee liability in the amount of $4,659,726, and deferred inflows of resources in the amount of $111,376,974 at year-end pursuant to the service concession arrangement.

9. Unearned Revenue

Unearned revenue at June 30, 2021, includes Alec P. Courtelis Matching Trust fund appropriations for which the University had not yet received approval from the Florida Department of Education, as of June 30, 2021, to spend the funds, amounts received from contracts and grants, and auxiliary prepayments received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2021, the University reported the following amounts as unearned revenue:

Description	Amount
Contracts and Grants	$ 33,678,590
Capital Appropriations	334,685

Capital Improvement Debt Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rate (Percent)	Maturity Date To
Capital Improvement Debt:				
2016A Parking	$ 21,545,000	$ 9,682,395	2.2	2026
Total Capital Improvement Debt	$ 21,545,000	$ 9,682,395		

(1) Amount outstanding includes unamortized deferred loss on refunding.

Fiscal Year Ending June 30		Amount
2022	$	186,460
2023		147,303
2024		147,303
2025		74,242
Total Minimum Payments		555,308
Less, Amount Representing Interest		33,900
Present Value of Minimum Payments	$	521,408

Capital Leases Payable

Fiscal Year Ending June 30	Amount
2022	$ 22,190,030
2023	22,156,107
2024	21,411,745
2025	21,467,260

Fiscal Year Ending June 30	Amount
2022	$ 300,000
2023	300,000
2024	300,000
2025	300,000
2026	300,000
2027-2031	1,500,000
2032-2036	1,500,000
2037-2041	1,500,000
2042-2046	1,500,000
2047-2051	1,500,000
2052-2056	1,500,000
2057-2061	1,500,000
2062-2064	900,000
Total Minimum Payments	12,900,000
Less, Amount Representing Interest	8,240,274
Present Value of Minimum Payments	$ 4,659,726

Revenue Received in Advance. Revenue received in advance is rent received in advance from Tampa General Hospital for the lease of space in the USF Health Morsani College of Medicine and Heart Institute. The initial lease term is 25 years with a commencement date of August 1, 2020. Total revenue received in advance at June 30, 2021, was $19,266,667, with $800,000 expected to be earned during the 2021-22 fiscal year.

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

General Information about the OPEB Plan

Plan Description. The Division of State Group Insurance's Other Postemployment Benefits Plan (OPEB Plan) is a multiple-employer defined benefit plan administered by the State of Florida. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program. Retirees and their eligible dependents shall be offered the same health and hospitalization insurance coverage as is offered to active employees at a premium cost of no more than the premium cost applicable to active employees. A retiree means any officer or employee who retires under a State retirement system or State optional

OPEB Plan contribution requirements and benefit terms necessary for funding the OPEB Plan each year is on a pay-as-you-go basis as established by the Governor's recommended budget and the General Appropriations Act. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible.

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

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of $523,378,900 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2020. At June 30, 2020, the University's proportionate share, determined by its proportion of total benefit payments made, was 5.09 percent, which was an increase of 0.7 from its proportionate share reported as of July 1, 2019.

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

Inflation	2.6 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	2.66 percent
Healthcare cost trend rates	7.8 percent for Preferred Provider Organizations (PPO) for the fiscal year 2021, initially increasing to 8.2 percent for 2024 before decreasing to ultimate rate of 4 percent for 2076 and later years. 5.7 percent for Health Maintenance Organizations (HMO) for fiscal year 2021, initially increasing to 6 percent for 2024 before decreasing to ultimate rate of 4 percent for 2076 and later years.
Retirees' share of benefit-related costs	

- Mortality – Mortality rates were updated to align with those used in the actuarial valuation of the Florida Retirement System (FRS) conducted by Milliman as of July 1, 2019. Rates were previously based on RP-2000 mortality tables with fully generational improvement using Scale BB. Underlying tables were updated to use Pub-2010 mortality tables with fully generational improvement using Scale MP-2018. This change decreased the Total OPEB Liability by about 5 percent.
- Excise ("Cadillac") Tax – The previous valuation conducted as of July 1, 2019 reflected the full impact of the Excise Tax that was to go into effect in 2022. The impact of this change was an increase in liabilities of about 12 percent. Since the previous valuation, this tax was repealed. The current valuation reflects this. The impact of this change is a decrease in the Total OPEB Liability of about 13 percent.
- Claims Costs and Premium Rates – The assumed claims and premiums reflect the actual claims information provided as well as the premiums that are actually being charged to participants. The recent favorable claims experience resulted in lower liabilities as of June 30, 2020.
- Trend Rate – The medical trend assumption was updated based on the Getzen Model. Medical trend rates consistent with the August 2020 Report on the Financial Outlook of the Plan were used along with information from the Getzen Model and actuarial judgement. The impact of the trend rate changes is a small decrease in the liability, due primarily to lower trend rates in the first several years.
- Active Medical Plan Elections – Most actively employed participants in the Plan are health plan subscribers. Those participants are assumed to continue their current health coverage into retirement. For those who are not currently covered under the health plan, 72 percent are assumed to elect PPO coverage in retirement. The remaining 28 percent are assumed to elect HMO coverage. This assumption is based on guidance provided by the DSGI in an email on September 22, 2020. This change resulted in a small decrease in the Total OPEB Liability.

Sensitivity of the University's Proportionate Share of the Total OPEB Liability to Changes in the Discount Rate. The following table presents the University's proportionate share of the total OPEB liability, as well as what the University's proportionate share of the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.66 percent) or 1 percentage point higher (3.66 percent) than the current rate:

	1% Decrease (1.66%)	**Current Discount Rate (2.66%)**	**1% Increase (3.66%)**
University's proportionate share of the total OPEB liability	$655,498,843	$523,378,900	$423,697,650

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
University's proportionate share of the total OPEB liability	$413,446,751	$523,378,900	$674,747,558

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

For the fiscal year ended June 30, 2021, the University recognized OPEB expense of $38,230,987. At June 30, 2021, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 30,579,578
Change of assumptions or other inputs	69,192,431	198,065,597
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	104,842,042	612,246
Transactions subsequent to the measurement date	8,704,545	-
Total	$ 182,739,018	$ 229,257,421

The Series 2019 Research Note is a direct borrowing from the bank. The Note is not secured by any assets pledged as collateral. The Note contains provisions that in an event of default the bank may accelerate payment for all principal and interest due under the Note.

For the Series 2019 Research Laboratory and Office Building Note, the USF Financing Corporation entered into a sublease agreement, dated March 11, 2020, with the USF Research Foundation whereby the USF Research Foundation has leased to the USF Financing Corporation the land on which the Research Laboratory and Office Building will be developed. Pursuant to the master lease agreement, dated December 16, 2019, the USF Financing Corporation sub-subleased the land and the improvements back to the USF Research Foundation until the earlier of the date all amounts due on the loan are paid in full or July 1, 2052, unless sooner terminated. The USF Research Foundation is permitted to take possession of the land and improvement upon t all aoments finance the cost to lease purchase a new student center. The Bonds were issued at tax-exempt, fixed interest rates ranging from 2 to 5 percent. The Bonds mature in 2036 and, beginning on July 1, 2025, are callable at the option of the USF Financing Corporation at 100 percent of the principal amount outstanding. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $418,352. This difference, reported in the USF Financing Corporation's financial statements as a deferred outflow of resources, is being charged to operations through the year 2036 using the straight-line method. At June 30, 2021, the unamortized balance of the deferred outflow of resources was $173,642. The USF Financing Corporation completed the advance

Description	Amount of Original Issue	Amount Outstanding	Percent of Interest Rates	Issue/ Acceptance Date	Maturity Date
Series 2012A Housing	$ 77,015,000	$ 75,365,000	4.00–5.00	2015	2035
Series 2015A Housing	23,640,000	8,900,000	2.63–5.00	2015	2023
Series 2018 Housing	30,140,000	30,140,000	4.00–5.00	2019	2048
Series 2019 Housing	15,510,000	15,380,000	3.25–5.00	2019	2040
Direct Placements:					
Series 2003A Athletics	9,905,000	2,035,000	3.82	2011	2022
Series 2012B Housing	68,975,000	53,425,000	4.67	2012	2037
Series 2013A Health	37,920,000	31,610,000	2.71	2016	2036
Series 2013B Health	17,925,000	16,530,000	3.39	2018	2037
Total	$ 281,030,000	$ 233,385,000			

or after July 1, 2025, the Certificates are callable at the option of the USF Financing Corporation at 100 percent of the principal amount outstanding.

The Series 2012A Certificates were originally issued on October 1, 2012, as variable rate Certificates, directly placed with Wells Fargo Bank, N.A., to refund the Series 2005B Certificates. The Series 2005B Certificates were originally issued to finance the cost to lease purchase certain student housing facilities existing on the University's Tampa campus, to acquire, construct, and equip a housing facility and a related parking facility on the University's St. Petersburg campus.

The Series 2012A Certificates are not secured by any assets pledged as collateral. The trust indenture contains provisions that in an event of default, the outstanding principal may be accelerated.

Series 2015A Housing Certificates. The Series 2015A tax-exempt, fixed rate Certificates were issued on May 6, 2015 to refund the Series 2005A Certificates, in advance of the first optional prepayment date of the Series 2005A Certificates on July 1, 2015. The Series 2005A Certificates were originally issued to retire or defease the University's prior housing financings. The Certificates mature in 2023 and are not subject to prepayment at the option of the USF Financing Corporation. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $997,085. This difference, reported in USF Financing Corporation's financial statements as a deferred inflow of resources, is being charged to operations through fiscal year 2024 using the straight line method. At June 30, 2021, the unamortized balance of the deferred inflow of resources was $70,263. The USF Financing Corporation completed the advance refunding to reduce its total debt service payments over the next 8 years by $3.3 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $3.1 million.

The Series 2015A Certificates are not secured by any assets pledged as collateral. The trust indenture contains provisions that in an event of default, the outstanding principal may be accelerated.

Series 2018 Housing Certificates. The Series 2018 Housing Certificates were issued on January 16, 2019, to finance the cost to acquire, construct, and equip a student housing facility and dining facility shell on the University's St. Petersburg Campus. The Series 2018 Certificates were issued at a tax-exempt, fixed interest rate ranging from 4 to 5 percent. The Certificates, which mature on July 1, 2043, and July 1, 2048, are callable at the option of the USF Financing Corporation on scheduled dates and in scheduled installments beginning on July 1, 2039.

The Series 2018 Certificates are not secured by any assets pledged as collateral. The trust indenture contains provisions that in an event of default, the outstanding principal may be accelerated.

Series 2019 Housing Refunding Certificates (Refunded Series 2010B Housing Certificates). The Series 2019 Housing Refunding Certificates were issued on January 16, 2019, to refund the outstanding Series 2010B Housing Certificates, in advance of the first optional prepayment date of the Series 2010B Certificates on July 1, 2020. The Series 2019 Certificates were issued at a tax-exempt, fixed interest rate ranging from 3.25 to 5 percent. The Certificates, which mature on July 1, 2039, and July 1, 2040, are callable at the option of the USF Financing Corporation beginning on January 1, 2029.

The Series 2019 Housing Refunding Certificates proceeds were used to fund an escrow account in an amount necessary to pay the outstanding principal of the Series 2010B Housing Certificates in the amount of $15,140,000, plus accrued interest until the July 1, 2020, prepayment date. Pursuant to an escrow agreement, dated January 16, 2019, the USF Financing Corporation was discharged from its obligation to the holders of the Series 2010B Certificates. The escrow agent accepted the deposit of net proceeds to be held in an irrevocable escrow fund during the term of the agreement, for the benefit of the Certificate holders, and invested the funds in United States Treasury securities with terms necessary to pay the amounts of principal and interest due. The outstanding principal of the Series 2010B Housing Certificates in the amount of $15,140,000, plus accrued interest, was paid in full on July 1, 2020. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the refunded debt of $918,741. This difference, reported in the USF Financing Corporation's financial statements as a deferred outflow of resources, is being charged to operations through the year 2040 using the straight-line method. At June 30, 2021, the unamortized balance of the deferred outflow of resources was $611,179. The USF Financing Corporation completed the advance refunding to reduce its total debt service payments over the next 21 years by $2.7 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $1.8 million.

The Series 2019 Housing Refunding Certificates are not secured by any assets pledged as collateral. The trust indenture contains provisions that in an event of default, the outstanding principal may be accelerated.

Series 2003A Athletics Certificates. The Series 2003A tax-exempt Certificates were issued pursuant to an amended and supplemented trust indenture, dated March 1, 2003, by and between the University of South Florida Foundation, Inc. (Foundation) and U.S. Bank National Association, as successor in interest to Truist Bank, as Trustee. The $13,200,000 of Certificates were issued to finance the construction of an athletic training facility located on the Tampa Campus, pursuant to a Ground Lease Agreement by and between the University and the Foundation. The Certificates were issued as variable rate debt secured by an irrevocable direct-pay letter of credit issued by Truist Bank. On March 15, 2011, Truist Bank agreed to convert the interest rate from variable to fixed and purchase the Certificates for their own account. Simultaneously with the conversion to a fixed rate, the USF Financing Corporation accepted an assignment from the Foundation of its rights, title, interests, and obligations related to the $9,905,000 outstanding Series 2003A Certificates. The Series 2003A Certificates, which mature in 2022, are callable at the option of the USF Financing Corporation at 101 percent of the principal amount outstanding on any date from March 1, 2019, through February 29, 2020, and at 100 percent of the principal amount outstanding on any date thereafter. The Series 2003A Athletics Certificates hold a tax-exempt, fixed interest rate of 3.82 percent.

The Series 2003A Certificates are directly placed with the bank. The Certificates are not secured by any assets pledged as collateral. The trust indenture and credit agreement contain provisions that in an event of default, the outstanding principal and interest may be accelerated.

Series 2012B Housing Certificates. The Series 2012B tax-exempt, variable rate Refunding Certificates were issued and directly placed with Wells Fargo Bank, N.A. on October 1, 2012, to refund the Series 2007 Housing Certificates. The Series 2007 Housing Certificates were originally issued to finance the acquisition, construction and equipping of a housing facility on the University's Tampa Campus. The Refunding Certificates were issued at an amount equal to the par amount of the outstanding

Series 2007 Housing Certificates. The Certificates, which mature in 2037, are subject to a mandatory purchase on October 1, 2024.

The Series 2012B Certificates are hedged to limit the effect of changes in interest rates. The Series 2012B Housing Certificates are directly placed with the bank. The Certificates are not secured by any assets pledged as collateral. The trust indenture and continuing covenants agreement contain provisions that in an event of default, the outstanding principal may be accelerated.

Series 2013A Health Certificates. The Series 2013A tax-exempt, variable rate Certificates were issued and directly placed with JPMorgan Chase Bank, N.A. on September 3, 2013, to refund the Series 2006A Health Certificates. The Series 2006A Health Certificates were originally issued to finance the acquisition and construction of two fully equipped medical office buildings (the North Clinic Facility and the South Clinic Facility). The Certificates were issued at an amount equal to the par amount of the outstanding Series 2006A Certificates. On July 1, 2016, the Certificates were converted from variable rate to fixed rate mode. The Certificates mature in 2036.

The Series 2013A Health Certificates are directly placed with the bank. The Certificates are not secured by any assets pledged as collateral. The trust indenture and continuing covenants agreement contain provisions that in an event of default, the outstanding principal may be accelerated.

Series 2013B Health Certificates. On July 2, 2018, the $17,925,000 outstanding par amount of the Series 2013B tax-exempt Certificates were converted from a variable rate mode to a fixed rate mode and directly placed with Truist Bank through maturity in 2037. The associated interest rate swap, with an equal notional amount, expired on July 1, 2018. Prior to the conversion, the variable rate Certificates were issued and directly placed with JPMorgan Chase Bank, N.A. on September 3, 2013, to refund the Series 2007 Health Certificates. The Series 2007 Health Certificates were originally issued to finance the acquisition, construction, installation, and equipping of a medical office building (Medical Office Building). The Certificates were issued at an amount equal to the par amount of the outstanding Series 2007 Health Certificates.

The Series 2013B Health Certificates are directly placed with the bank. The Certificates are not secured by any assets pledged as collateral. The trust indenture and credit agreement contain provisions that in an event of default, the outstanding principal may be accelerated.

Certificates of Participation Payable – Schedule of Payments.

The following is a schedule of future payments payable under the certificate of participation agreements as of June 30, 2021:

are determined primarily by rises and falls in the level of market interest rates compared to the pay-fixed rates on the swaps over the remaining term of the swap.

The unadjusted fair value of the USF Financing Corporation's swap agreement at June 30, 2021, was ($13,966,342). In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, these values are adjusted using third-party models to take into account current interest rates and the current creditworthiness of the counterparties. The credit value adjusted fair value of the USF Financing Corporation's swap agreement at June 30, 2021, of ($13,788,207) is included on the USF Financing Corporation's statement of net position. As the outstanding swap agreement met the criteria set forth under GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as an effective hedging derivative instrument, hedge accounting was applied and, thus, the accumulated change in the interest rate swap agreement was reported as deferred outflow of resources on the statement of net position. The change in fair value for the year ended June 30, 2021, was $4,336,071 which is recorded as an increase in deferred outflows of resources. The following is a

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2020-21 fiscal year were:

	Percent of Gross Salary	
Class	**Employee**	**Employer** (1)
FRS, Regular	3.00	10.00

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,553,071	$ -
Change of assumptions	64,107,829	-
Net difference between projected and actual earnings on FRS Plan investments	21,084,922	-
Changes in proportion and differences between University contributions and proportionate share of contributions	8,261,463	5,877,212
University FRS contributions subsequent to the measurement date	30,391,134	-
Total	$ 137,398,419	$ 5,877,212

The deferred outflows of resources totaling $30,391,134, resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred

Asset Class	Target Allocation (1)	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.0%	2.2%	2.2%	1.2%
Fixed Income	19.0%	3.0%	2.9%	3.5%
Global Equity	54.2%	8.0%	6.7%	17.1%
Real Estate (Property)	10.3%	6.4%	5.8%	11.7%
Private Equity	11.1%	10.8%	8.1%	25.7%
Strategic Investments	4.4%	5.5%	5.3%	6.9%
Total	100.0%			
Assumed inflation - Mean			2.4%	1.7%

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

Discount Rate. The discount rate used to measure the total pension liability was 6.80 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return. The discount rate used in the 2020 valuation was updated from 6.90 percent to 6.80 percent.

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

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
University's proportionate share of the net pension liability	$565,477,558	$354,124,653	$177,601,788

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2021, eligible retirees and beneficiaries received a monthly HIS payment of $5 for each year of creditable service completed at the time of retirement with a minimum HIS payment of $30 and a maximum HIS payment of $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a

State-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2021, the contribution rate was 1.66 percent of payroll pursuant to Section 112.363, Florida Statutes. The University contributed 100 percent of its statutorily required contributions for the current and preceding 3 years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled $4,173,795 for the fiscal year ended June 30, 2021.

fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	**Amount**
2022	$ 3,205,205
2023	2,225,959
2024	710,972
2025	1,172,757
2026	1,428,376
Thereafter	974,070
Total	$ 9,717,339

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

Inflation	2.40 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rate	2.21 percent

Mortality rates were based on the PUB-2010 base table, projected generationally with Scale MP-2018. This is a change from the prior year mortality assumption which was based on the Generational RP-2000 with Projection Scale BB tables.

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

Discount Rate. The discount rate used to measure the total pension liability was 2.21 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2020 valuation was updated from 3.50 percent to 2.21 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 2.21 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
University's proportionate share of the net pension liability	$104,623,120	$90,507,924	$78,954,676

Pension Plan Fiduciary Net Position. Detailed information about the HIS Plan's fiduciary net position is the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2021, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

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

The University's Investment Plan pension expense totaled $8,709,814 for the fiscal year ended June 30, 2021.

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program -.0052 Tw[(for an OptiTFh)sca21.5519 0 TD 2039.00585.788 e 2039r 2.00585v

15. 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 2020-21 fiscal year, for property losses, the State retained the first $2 million per occurrence for all perils except named windstorm and flood. The State retained the first $2 million per occurrence with an annual aggregate retention of $40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $62.75 million for named windstorm and flood through February 14, 2021, and decreased to $57.5 million starting February 15, 2021. For perils other than named windstorm and flood, losses in excess of $2 million per occurrence were commercially insured up to $162.25 million through February 14, 2021, and increased to $167.5 million starting February 15, 2021; and losses exceeding those amounts were retained by the

The Program's estimated liability for unpaid claims at fiscal year-end is the result of both management and actuarial analyses and includes an amount for claims that have been incurred but not reported. Changes in the Program's claim liability amount for the fiscal years ended June 30, 2020, and June 30, 2021, are presented in the following table:

Fiscal Year	Claims Liability Beginning of Year	Claims and Changes in Estimates	Claim Payments	Claims Liability End Of Year
2019-20	$ 29,357,862	$ 2,849,185	$ (1,634,376)	$ 30,572,671
2020-21	30,572,671	3,714,349	(2,092,673)	32,194,347

17. Litigation

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

18. Functional Distribution of Operating Expenses

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

Functional Classification	Amount
Instruction	$ 450,570,289
Research	313,613,984
Public Services	20,601,535
Academic Support	151,728,775
Student Services	62,230,238
Institutional Support	96,967,863
Operation and Maintenance of Plant	76,739,196
Scholarships, Fellowships, and Waivers	139,024,462
Depreciation	78,285,443
Auxiliary Enterprises	134,149,544
Loan Operations	161,593
Total Operating Expenses	$ 1,524,072,922

19. Segment Information

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments outstanding with a revenue stream pledged in support of that debt. In addition, the activity's related revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources are required to be accounted for separately. The following financial information for the University's Parking facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Parking Facilities
Assets	
Current Assets	$ 14,149,209
Capital Assets, Net	34,916,129
Other Noncurrent Assets	11,998,026
Total Assets	61,063,364
Deferred Outflows of Resources	1,552,431
Liabilities	
Current Liabilities	2,791,441
Noncurrent Liabilities	11,677,133
Total Liabilities	14,468,574
Deferred Inflows of Resources	1,102,312
Net Position	
Net Investment in Capital Assets	25,233,733
Restricted - Expendable	12,340,903
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Condensed Statement of Revenues, Expenses, and Changes in Net Position

	Parking Facilities
Operating Revenues	$ 9,093,908
Depreciation Expense	(1,677,814)
Other Operating Expenses	(8,734,086)
Operating Loss	(1,317,992)
Nonoperating Revenues (Expenses):	
Nonoperating Revenue	122,502
Interest Expense	(284,431)
Net Nonoperating Expenses	(161,929)
Loss Before Other Revenues	(1,479,921)

Condensed Statement of Cash Flows

	USF Health Sciences Center Self-Insurance Program	University	Eliminations	Total Primary Government
Net Cash Provided (Used) by:				
Operating Activities	$ 1,974,245	$ (562,038,789)	$ -	$ (560,064,544)
Noncapital Financing Activities	-	676,358,356	-	676,358,356
Capital and Related Financing Activities	(1,225)	(62,197,981)	-	(62,199,206)
Investing Activities	(1,439,707)	(49,999,212)	-	(51,438,919)
Net Increase in Cash and Cash Equivalents	533,313	2,122,374	-	2,655,687
Cash and Cash Equivalents, Beginning of Year	2,362,158	65,345,348	-	67,707,506
Cash and Cash Equivalents, End of Year	$ 2,895,471	$ 67,467,722	$ -	$ 70,363,193

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21. Discretely Presented Component Units

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

Condensed Statement of Net Position

University of

Direct-Support Organizations				Health Services Support Organization	
USF Institute of Applied Engineering, Inc.	**University of South Florida Research Foundation, Inc.**	**USF Financing Corporation and USF Property Corporation** (1)	**University Medical Service Association, Inc. (Faculty Practice Plan)**	**University Health Services Support Organization, Inc.**	**Total**
$ 2,086,318	$ 42,297,396	$ 38,572,847	$ 109,802,405	$ 201	$ 340,291,710
696,010	40,930,703	17,585,916	50,731,183	-	140,727,928
-	47,470,230	317,575,090	679,275	424,481	1,142,602,211
2,782,328	130,698,329	373,733,853	161,212,863	424,682	1,623,621,849
-	-	14,856,222	-	-	14,976,037
2,219,519	18,244,347	27,183,846	45,572,925	426,087	101,318,393
-	16,561,755	340,048,335	44,217,916	-	421,295,698
2,219,519	34,806,102	367,232,181	89,790,841	426,087	522,614,091
-	-	87,006	-	-	27,401,682
696,010	23,983,040	2,243,991	3,982,323	-	45,051,355
-	-	-	-	-	372,543,265
-	15,389,003	16,494,631	-	-	514,295,766
(133,201)	56,520,184	2,532,266	67,439,699	(1,405)	156,691,727
$ 562,809	$ 95,892,227	$ 21,270,888	$ 71,422,022	$ (1,405)	$ 1,088,582,113

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

	Direct-Support Organizations			
	University of South Florida Foundation, Inc.	University of South Florida Alumni Association, Inc.	USF Health Professions Conferencing Corporation	Sun Dome, Inc.
Operating Revenues	$ 66,799,146	$ 2,134,732	$ 8,674,203	$ 1,362,912
Operating Expenses	(71,366,840)	(2,374,878)	(9,739,754)	(2,070,369)
Operating Income (Loss)	(4,567,694)	(240,146)	(1,065,551)	(707,457)
Net Nonoperating Revenues (Expenses)	192,378,400	2,599,506	(18,127)	(249,687)
Other Revenues	13,365,254	44,744	-	-
Increase (Decrease) in Net Position	201,175,960	2,404,104	(1,083,678)	(957,144)
Net Position, Beginning of Year	688,054,452	5,999,835	3,562,932	279,111
Net Position, End of Year	$ 889,230,412	$ 8,403,939	$ 2,479,254	$ (678,033)

USF Institute of Applied Engineering,	University of South Florida Research	USF Financing Corporation and USF Property	University Medical Service Association, Inc. (Faculty	Health Services Support Organization University Health Services Support Organization,

22. Subsequent Events

On September 21, 2021, the USF Financing Corporation Board of Directors approved a resolution authorizing the acceptance of the cancellation and release of the promissory note presented by INTO USF, Inc. The USF Financing Corporation has been a 50 percent shareholder in INTO USF, Inc. since 2010. At that time, the USF Financing Corporation approved a promissory note to lend to INTO USF, Inc. with amounts not to exceed $2,250,000, and to be repaid in full, together with all accrued but unpaid interest, on January 17, 2024. There were no borrowings or outstanding borrowings on the promissory note for the year ended June 30, 2021. The cancellation and release of the promissory note will be effective upon approval by the INTO USF, Inc. Board of Directors and execution of the form of cancellation and release.

On October 1, 2021, the USF Financing Corporation converted and reissued its Certificates of Participation, Series 2013A and Series 2013B, from tax-exempt interest rates to taxable interest rates. The conversion was necessitated as a result of the University entering into an amended and restated affiliation agreement, executed as of July 21, 2020, and effective on October 1, 2021, with Tampa General Hospital. Given the terms of the affiliation agreement and the rights to use the medical clinics and medical office building, that were initially financed with the Series 2013A and Series 2013B Certificates, the USF Financing Corporation, based on advice of its special counsel, treated October 1, 2021, as a Determination of Taxability, as described in the Series 2013A and Series 2013B supplemental trust agreements, which caused the interest rates on the Series 2013A and Series 2013B Certificates to be automatically converted from tax-exempt interest rates to taxable interest rates. The USF Financing Corporation and JPMorgan Chase Bank, N.A. have agreed that the Series 2013A Certificates shall bear interest at a taxable rate equal to 3.20 percent, per annum through July 1, 2022, on which date the interest rate will adjust to 3.43 percent through July 1, 2026, the last day of the current long-term rate period. The USF Financing Corporation and STI Institutional & Government, Inc. (Truist Bank) have agreed that the Series 2013B Certificates shall bear interest at the taxable rate of 4.29 percent per annum through July 1, 2037, the final scheduled maturity date.

These transactions do not impact the financial statements for the year ended June 30, 2021.

Schedule of the University's Proportionate Share

2016
4.07%
$ 480,770,000
$ 490,228,479
98.07%

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

	2020 (1)	2019 (1)	2018 (1)	2017 (1)
University's proportion of the FRS net pension liability	0.817057250%	0.844746094%	0.829635447%	0.775094790%
University's proportionate share of the FRS net pension liability	$ 354,124,653	$ 290,918,794	$ 249,890,497	$ 229,267,838
University's covered payroll (2)	$ 576,330,586	$ 566,991,383	$ 539,620,556	$ 512,542,210
University's proportionate share of the FRS net pension liability as a percentage of its covered payroll	61.44%	51.31%	46.31%	44.73%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	78.85%	82.61%	84.26%	83.89%

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

(2) Covered payroll includes defined benefit plan actives, investment plan members, State unive

	2016 (1)	2015 (1)	2014 (1)	2013 (1)
	0.763712910%	0.764319997%	0.718476151%	0.558052129%
	$ 192,838,109	$ 98,722,179	$ 43,837,611	$ 96,065,609
	$ 490,228,479	$ 466,345,909	$ 443,554,247	$ 431,524,683
	39.34%	21.17%	9.88%	22.26%
	84.88%	92.00%	96.09%	88.54%

	2017 (1)	2016 (1)	2015 (1)	2014 (1)
	$ 20,316,942	$ 18,547,490	$ 18,634,771	$ 15,737,677
	(20,316,942)	(18,547,490)	(18,634,771)	(15,737,677)
	$ -	$ -	$ -	$ -
	$ 512,542,210	$ 490,228,479	$ 466,345,909	$ 443,554,247
	3.96%	3.78%	4.00%	3.55%

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

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

Changes of Assumptions. The discount rate was updated to utilize the mandated discount rate based on a 20-year S&P Municipal Bond Rate Index as of the measurement date, as required under GASB Statement No. 75. The discount rate decreased from 2.79 percent to 2.66 percent.

Other changes of assumptions since the prior valuation were the removal of the impact of the Excise Tax that was to go into effect in 2022 but was repealed, as well as updates to census data, claims costs and premium rates, medical trend rates, mortality rates, and medical plan election percentages. Refer to Note 10. to the financial statements for further detail.

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

Changes of Assumptions. The long-term expected rate of return was decreased from 6.90 percent to 6.80 percent, and the assumed inflation decreased from 2.60 percent to 2.40 percent.

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

Changes of Assumptions. The municipal rate used to determine total pension liability decreased from 3.50 percent to 2.21 percent, the assumed inflation decreased from 2.60 percent to 2.40 percent, and the active member mortality assumption was updated.

Sherrill F. Norman, CPA
Auditor General

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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 FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the University of South 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, 2021, 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 15, 2021, 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 aggregate discretely presented component unit auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the blended component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal