



FLORIDA POLYTECHNIC
UNIVERSITY

Board of Trustees Finance & Facilities Committee Meeting

Wednesday, December 5, 2018
11:15 AM – 12:15 PM

Florida Polytechnic University
ADMISSIONS BUILDING
4700 Research Way, Lakeland, FL 33805-8531

Dial In Number: 240-454-0887 | Access Code: 644701452

Frank Martin, Chair
Dr. Jim Dewey

Henry McCance, Vice-Chair
Rear Admiral Philip Dur

Bob Stork
Gary Wendt

AGENDA

- | | |
|--|------------------------------|
| I. Call to Order | Frank Martin, Chair |
| II. Roll Call | Julie Ann Hudson |
| III. Public Comment | Frank Martin, Chair |
| IV. Approval of the September 5, 2018 Minutes
Action Required | Frank Martin, Chair |
| V. 2018-2020 Finance and Facilities Committee Work Plan Review | Frank Martin, Chair |
| VI. Financial Review | Mark Mroczkowski |
| VII. Capital Projects Report to BOG
Action Required | Mark Mroczkowski |
| VIII. Carry Forward Report to BOG
Action Required | Mark Mroczkowski |
| IX. Approval of Contracts Over \$500,000
Action Required | Mark Mroczkowski |
| <ul style="list-style-type: none">• WFF Facilities Services, Campus-wide Custodial Services• Global University Systems, International Student Recruitment | Dave O'Brien
Scott Rhodes |

- | | | |
|-------|---|---------------------|
| X. | <u>Review of Contracts over \$200,000</u> | Mark Mroczkowski |
| XI. | <u>Approval of Foundation Board of Director Nominees</u>
Action Required | Kevin Aspegren |
| XII. | <u>Facilities & Safety Services Update on Applied Research Center (ARC)</u> | David Calhoun |
| XIII. | Closing Remarks and Adjournment | Frank Martin, Chair |

Florida Polytechnic University
Board of Trustees

Finance & Facilities Committee Meeting

DRAFT MEETING MINUTES

**Wednesday September 5, 2018
11:30 AM-12:30 PM**

Florida Polytechnic University, Admissions Building, 4700 Research Way, Lakeland, FL 33805

I. Call to Order

Committee Chair Frank Martin called the Finance & Facilities Committee meeting to order at 11:30 a.m.

II. Roll Call

Julie Ann Hudson called the roll: Committee Chair Frank Martin, Committee Vice-Chair Henry McCance, Trustee Bob Stork, Trustee Jim Dewey, Trustee Philip Dur, and Trustee Gary Wendt were present (Quorum).

Other trustees present: Chair Don Wilson.

Staff present: Provost Terry Parker, Mr. Mark Mroczkowski, Mr. Kevin Aspegren, Mr. David Blanton, Mr. Derek Horton, Mr. David Calhoun, Mrs. Kris Wharton, Mr. David Brunell and Mrs. Julie Ann Hudson were present.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Trustee Henry McCance made a motion to approve the Finance & Facilities Committee meeting minutes of May 22, 2018. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

V. Finance and Facilities Committee Charter Review

The Finance and Facilities Committee Charter Review statement remains unchanged and no discussion occurred.

VI. 2018-2020 Strategic Planning Committee Work Plan Review

Trustee Gary Wendt requested an overview of the work plan items and a brief discussion ensued.

Trustee Bob Stork made a motion to approve the new Committee Work Plan for 2018-2020. Committee Vice-Chair Henry McCance seconded the motion; a vote was taken, and the motion passed unanimously.

VII. 2018-2019 University Financial Review

Mr. Mark Mroczkowski reviewed the University financial dashboard, University Q4 budget update, Foundation financial dashboard, and the Foundation Q4 budget update along with explanations on variances for the year ended June 30, 2018. Mr. Mroczkowski shared the University finished the year with financial results consistent with the previous three quarters. Revenues exceeded expectations in the areas of Financial Aid and Tuition and expenses were well within budgetary limits. The Foundation experienced revenue expansion over the prior year and continues to make progress with its growth plan. It has made substantial progress on payment of its scholarship pledge commitment.

Trustee Wendt inquired how the investment dollars decreased. Mr. Mark Mroczkowski responded that the Foundation originally pooled their investment money in the University account. However, during the first quarter of the year, the Foundation removed nearly \$5M to invest separately with TIAA because they are not governed by the same State statutes. Later, approximately \$1M was added into the University's investment account from a capital contribution made by VESTCOR for the new dorm, which brought the net reduction to approximately \$4M. The University's current investments are with the State Treasury in a special purpose investment account that has yielded approximately 1.8% annually. Florida Poly has another investment of \$10M with Chandler Financial Management, yielding approximately 2.8% annually. Trustee Wendt requested the University explore if Florida Poly could invest with the State of Florida Pension Fund and benefit from their resources. Mr. Mroczkowski agreed to explore this option.

Committee Chair Martin requested clarification regarding the University Financial Dashboard carryforward amount of \$30,315,392 and if that amount reflected the reduction of the ARC construction funding. Mr. Mroczkowski responded that the money has been reserved and reported to the BOG as such in their prescribed format. Discussion occurred and concern was expressed regarding the ARC construction funding remaining on the balance sheet as carryforward. Mr. Mroczkowski assured Trustees that these carryforward funds are specifically restricted to construction and is not separately reported on the Annual Financial Report. Trustee Stork asked what carryforward amount remains after considering all existing commitments. Mr. Mroczkowski responded statutorily the University must reserve 5% and that the institution has committed the majority of carryforward balance for University projects including the statutory reserve. Committee Chair Martin expressed he wants those outside the University to understand the carryforward has been committed.

Mr. Mroczkowski shared the Auxiliary fund balance has grown substantially due to the new Chartwells food service contract and the increased purchases by the student body. Mr. Mroczkowski conveyed the net position did not increase to his expectation because of the estimated pension expense; \$5.5M is the year-end estimate, but the University is still waiting on final numbers from the State.

Mr. Mroczkowski shared that the financial ratios are doing well, specifically the viability ratio, which is expendable net assets over debt; the University has virtually no debt except for a few equipment leases equaling about \$2M. Trustee Wendt inquired if the University has the capability to borrow money. Mr. Mroczkowski responded there is no statute or regulation that prohibits borrowing, but borrowing is subject to the BOG Debt Management Guidelines.

Mr. Mroczkowski communicated that the Foundation provided approximately \$2.5M in University support: \$1.1M used for current year scholarships, \$330,000 for University salaries and other University expenses, and \$1M towards the pledge obligation.

Mr. Mroczkowski stated the Foundation's net position reflects a negative position of approximately \$1M as result of their remaining \$5.1M pledge to future scholarships; without that pledge, the net position is over \$4M. The Foundation is currently in the second year of their ten-year obligation.

Mr. Mroczkowski summarized the history of the Foundation's pledges for scholarships. Mr. Kevin Aspegren shared the scholarship commitments began in 2015, before many of the current staff were in place. Mr. Aspegren further communicated there were robust discussions among Foundation Board members regarding the scholarship commitment amounts with differing viewpoints. Mr. Aspegren communicated that all students received all scholarship funds promised.

Committee Chair Martin inquired if the benchmarks the University uses for the Foundation are specific to higher education foundations. Mr. Mroczkowski responded that the University uses general foundation benchmarks. Committee Chair Martin requested staff explore the availability of higher education foundation benchmarks.

VIII. Review of Contracts Over \$200,000

Mr. Mroczkowski reviewed the status on all existing purchasing contracts at or more than \$200,000. There are six new contracts in excess of \$200,000, used for improvements to classrooms and lab equipment, a new copier contract, and hurricane damage repair. No contracts in excess of \$500,000 were presented for Board approval.

IX. Facilities and Safety Services Update

Mr. David Calhoun reviewed the following items:

- Applied Research Center (ARC): Design is in progress and programming is almost complete. Conceptual Design has been received for review and comment. The University anticipates the first estimate based on the schematic design from the Construction Manager by the December Board meeting.
- IST Improvements were made to classrooms and labs, including equipment replacement and upgrades in support of Accreditation Board for Engineering Technology (ABET) accreditation.
- Food Venues: Einstein Bros Bagels and Tu Taco were completed this summer by Chartwells, the University's food service partner.

Discussion occurred regarding the estimated remaining \$10.8M needed to complete the ARC building as well as the functionality of the building upon completion of phase one. Trustees requested additional information on the programming capabilities in both phase one and phase two of the ARC, as well as specific information on the building and space sizes for each phase. Mr. Calhoun also reviewed the ARC design activity schedule.

X. Foundation Board: New Members

Mr. Aspegren requested the approval and confirmation of the following new Foundation Board members for a two year term:

- Phillipa Greenberg
- Jack Harrell, III
- Michael B. Lawley
- Marlene O'Toole

Mr. Aspegren also requested the approval and confirmation of the following reappointments to the Foundation Board for a three year term:

- Blake Paul
- Seretha Tinsley

Trustee Henry McCance made a motion to recommend approval of the four new and two reappointed Foundation Board of Director candidates to the Board. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.

XI. Closing Remarks and Adjournment

With no further comments, the meeting adjourned at 12:40 p.m.

**Florida Polytechnic University
Finance & Facilities Committee
Work Plan 2018-2020**

September 5 , 2018	December 5. 2018	February 27, 2019	May 21-22, 2019
<ul style="list-style-type: none"> • University and Foundation Financial Update • Contract Review • Construction Update 	<ul style="list-style-type: none"> • University and Foundation Financial Update • Contract Review • Construction Update 	<ul style="list-style-type: none"> • Educational Plant Survey • University & Foundation Financial Update • Contract Review • Construction Update 	<ul style="list-style-type: none"> • 2018 Legislative Session Appropriations • 2019-2020 Legislative Budget Request (Operating and Fixed Capital Outlay) • 2019-2020 University Operating Budget • 2019-2020 Foundation Operating Budget • University & Foundation Financial Update • Contract Review • Construction Update
September 11, 2019	December 11, 2019	February, 2020	May, 2020
<ul style="list-style-type: none"> • University & Foundation Financial Update • Contract Review • Construction Update 	<ul style="list-style-type: none"> • University & Foundation Financial Update • Contract Review • Construction Update 	<ul style="list-style-type: none"> • University and Foundation Financial Update • Contract Review • Construction Update 	<ul style="list-style-type: none"> • 2019 Legislative Session Appropriations • 2020-2021 Legislative Budget Request (Operating and Fixed Capital Outlay) • 2020-2021 University Operating Budget • 2020-2021 Foundation Operating Budget • University & Foundation Financial Update • Contract Review • Construction Update
September, 2020	December, 2020		
<ul style="list-style-type: none"> • University and Foundation Financial Update • Contract Review • Construction Update 	<ul style="list-style-type: none"> • University and Foundation Financial Update • Contract Review • Construction Update 		

**Florida Polytechnic University
Board of Trustees
Finance and Facilities Committee
December 5, 2018**

Subject: Financial Review

Proposed Committee Action

No action required – information only.

Background Information

Mark Mroczkowski, Vice President and Chief Financial Officer will provide the Committee with an update of the following:

- 2018-2019 University First Quarter Financial Review
 - 2017-2018 Unaudited Annual Financial Report
 - 2019-2020 State University System Fixed Capital Outlay Legislative Budget Request (PECO-LBR)
-

Supporting Documentation:

2018-2019 1st Quarter Financial Review
2017-2018 Unaudited Annual Financial Report
2019-2020 SUS Fixed Capital Outlay Legislative Budget Request – 1
2019-2020 SUS Fixed Capital Outlay Legislative Budget Request – 2

Prepared by: Mark Mroczkowski, VP & CFO



FLORIDA POLYTECHNIC
UNIVERSITY

2018-2019
1st Quarter Financial Review

Mark Mroczkowski
December 5, 2018



University Financial Dashboard

12 Months YOY Summary

Revenue	\$17,018,705	+6.17%
Expenses	\$17,801,704	+34.36%
Investments	\$44,166,797	-2.98%
Carryforward	\$30,876,688	+26.44%
Unrestricted	\$8,900,410	+6.61%
Auxiliaries	\$1,857,494	+103.00%
Net Position	\$195,316,835	-0.49%

Financial Ratios

Metric	University	Benchmark*
Primary Reserve Ratio	268.14%	40%
Net Income Ratio	-4.60%	2-4%
Return on Net Assets	-0.49%	3-4%
Viability Ratio	8,743.66%	125-200%

Florida Poly has enjoyed financial growth and has sustainable financial strength with a composite financial index score of 80.34 compared to the benchmark of 10

*National Association of Colleges & University Business Officers (NACUBO) performance benchmarks

Outline

- Introduction
- **University Q1 Financial Review**
- **Foundation Q1 Financial Review**
- **Summary**



University Q1 Budget Update

	FY 18-19 Budget	3 Months Budget 09/30/18	3 Months Actual 09/30/18	Budget Variance	3 Months Actual Prior Year	YOY Change
Summary of Sources						
Education & General (E&G)	37,180,747	9,295,187	9,373,422	1%	9,334,665	0%
Florida Industrial & Phosphate Research Institute (FIPR)	2,945,111	736,278	414,953	-44%	377,698	10%
Public Education Capital Outlay (PECO)	0	0	0	0%	500,000	-100%
Educational Enhancement Trust Fund (Lottery)	290,790	72,698	72,698	0%	60,787	20%
Financial Aid	7,000,000	1,750,000	4,070,545	133%	3,263,505	25%
Tuition & Fees (Net of Waivers of \$4.3mm)	3,124,429	781,107	683,408	-13%	993,245	-31%
Activity & Service Fees	305,289	76,322	102,197	34%	33,165	208%
Athletic Fees	244,644	61,161	82,227	34%	26,682	208%
Health Fees	165,973	41,493	45,450	10%	18,241	149%
Auxiliaries (Dining, Bookstore, Parking etc.)	4,664,672	1,166,168	2,077,589	78%	1,239,762	68%
Grants & Contracts	1,654,569	413,642	96,216	-77%	534,487	-82%
Total Revenue	57,576,224	14,394,056	17,018,705	18%	16,382,237	4%
Education & General (E&G) Carryforward	25,802,667	6,450,667	6,450,667	0%	1,456,027	343%
Public Education Capital Outlay (PECO) Carryforward	7,000,000	1,750,000	1,750,000	0%	1,250,000	40%
Total Other	32,802,667	8,200,667	8,200,667	0%	2,706,027	203%
Total Sources	90,378,891	22,594,723	25,219,371	12%	19,088,264	32%
Summary of Uses						
Salary & Benefits	28,923,465	7,230,866	5,868,187	-19%	5,125,385	14%
Part-Time Employment (adjunct faculty, student workers etc.)	2,265,033	566,258	591,567	4%	652,451	-9%
General Expense (instructional supplies, equipment, utilities etc.)	19,150,492	4,787,623	5,792,996	21%	3,842,465	51%
Capital Projects	27,746,000	6,936,500	257,948	-96%	206,831	25%
Scholarships/Federal Aid	7,000,000	1,750,000	3,915,741	124%	2,359,801	66%
Depreciation/Other	5,293,901	1,323,475	1,375,267	4%	1,268,809	8%
Total Uses	90,378,891	22,594,723	17,801,705	-21%	13,455,742	32%



Variance Analysis

- **Significant Budget and YOY Variances**

- FIPR revenue is drawn from its trust fund as needed to cover expenses.
- Financial aid is semester based and does not align quarterly. If adjusted pro rata, the quarterly variance is an increase of 16% for revenue and 12% for expense. Overall financial aid is increasing as more students avail themselves of the financial assistance available.
- Tuition and fees revenue is 13% below budget and 31% less than the prior year due to an increase in out-of-state tuition waivers which is disproportionately higher than in-state. The higher tuition waivers did not affect fees, which showed an increase.
- Auxiliary revenue grew due to increased demand from new food venues and increased housing occupancy
- Faculty hiring resulted in a 14% YOY increase in salary and benefits but is under budget by 19%.
- General expense exceeds budget due to semester start-up, but the variance decreases in the second quarter. The YOY increase of 51% is due to increased cost of sales in dining, and consultant expenses for implementation of the student information system.
- Variance for capital projects is driven by the ARC construction timeline.
- PECO funds were not allocated this year.

Outline

- Introduction
- University Q4 Financial Review
- **Foundation Q4 Financial Review**
- **Summary**



Foundation Financial Dashboard

12 Months YOY Summary

Revenue	\$44,461	-94.25%
Expenses	\$28,220	-95.95%
University Support	\$0	-100%
Investments	\$5,896,306	-11.82%
Unrestricted	-\$2,542,600	-13.13%
Restricted	\$1,561,346	-17.83%
Net Position	-\$982,253	-30.62%

Financial Ratios

Metric	FPUF	Benchmark*
Current Ratio	0.88%	2.24%
Cash Ratio	0.09%	0.20%
A/R Turnover	0.05%	5.00%
Average Collection	6,984	53.45
Operating Margin	31.3%	71.83%
Return on Assets	0.2%	7.18%

Current Ratio measures ability to pay short-term liabilities. Cash Ratio measures ability to pay current liabilities with available cash. A/R Turnover measures number of times average A/R is collected. Average Collection measures average days to collect on pledges. Operating Margin measures earnings per dollar. Return on Assets measures how well available assets are used.

*All benchmark numbers are across U.S. Foundations as provided by BIZMINER, Inc.



Foundation Q1 Budget Update

	FY 18-19 Budget	3 Months Budget 09/30/18	3 Months Actual 09/30/18	Budget Variance	3 Months Actual Prior Year	YOY Change
REVENUE						
Donations	2,197,795	549,449	44,461	-92%	751,826	-94%
Interest	0	0	0	0%	10,883	-100%
Other Revenue	0	0	0	0%	10,610	-100%
Total Revenue	2,197,795	549,449	44,461	-92%	773,319	-94.25%
	FY 18-19 Budget	3 Months Budget 09/30/18	3 Months Actual 09/30/18	Budget Variance	3 Months Actual Prior Year	YOY Change
EXPENSES						
Salary & Benefits	486,485	121,621	0	-100%	0	0%
Accounting/Banking Services	20,125	5,031	0	-100%	7,544	-100%
Consulting Services	252,000	63,000	22,526	-64%	60,156	-63%
Scholarships	1,000,000	250,000	0	-100%	0	0%
Travel	37,290	9,323	1,466	-84%	96	1429%
Professional Licenses	1,891	473	0	-100%	0	0%
Rental Space/Equipment	19,950	4,988	0	-100%	0	0%
Printing	17,456	4,364	0	-100%	0	0%
Postage	4,988	1,247	0	-100%	35	-100%
Other	72,614	18,154	4,228	-77%	1,961	116%
Insurance	4,200	1,050	0	-100%	2,306	-100%
Food & Beverage	196,458	49,115	0	-100%	3,267	-100%
Entertainment	66,338	16,585	0	-100%	0	0%
Meeting/Program Expense	9,000	2,250	0	-100%	0	0%
Membership Dues/Subscriptions	9,000	2,250	0	-100%	0	0%
Total Expenses	2,197,795	549,449	28,220	-95%	75,365	-62.56%



Variance Analysis

- **Significant Budget Variances**
 - Donations to the Foundation are down significantly compared to prior year, due in part to the election year and that fund raising is largely event driven.
 - Operating expenses are lower as a result of lower revenues.
- **Significant YOY Actual Variances**
 - Travel has increased compared to last year due to increase in development officer travel.

Outline

- Introduction
- University Q4 Financial Review
- Foundation Q4 Financial Review
- **Summary**

Summary

- **University Carryforward, unrestricted and auxiliary fund balances grew**
- **University's composite financial index remains strong.**
- **Foundation performing fair on some key performance indicators.**



**FLORIDA POLYTECHNIC
UNIVERSITY**

Unaudited Annual Financial Report
Fiscal Year Ended June 30, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2018, and should be read in conjunction with the financial statements and notes thereto. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2018, and June 30, 2017.

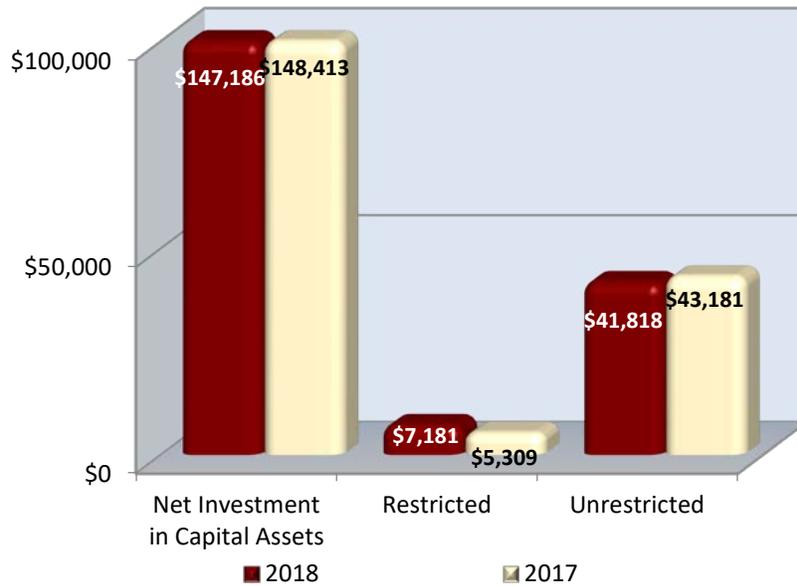
FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled \$218 million at June 30, 2018. This balance reflects a \$1.6 million, or .7 percent, decrease as compared to the 2016-17 fiscal year, resulting from a reduction in accounts receivable and due from component unit. Liabilities and deferred inflows of resources also decreased by \$842 thousand, or 3.7 percent, totaling \$21.6 million at June 30, 2018, resulting from a decrease in installment purchases payable. As a result, the University's net position decreased by \$717 thousand, resulting in a year-end balance of \$196.2 million.

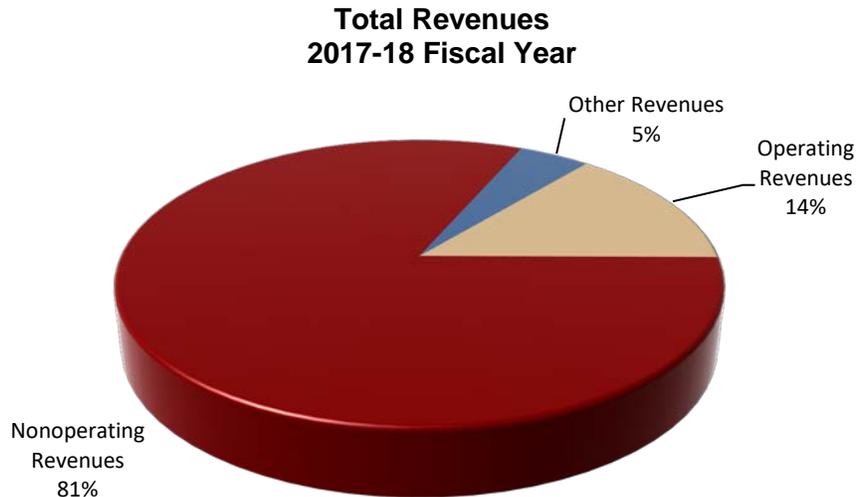
The University's operating revenues totaled \$8 million for the 2017-18 fiscal year, representing a 5.8 percent decrease compared to the 2016-17 fiscal year due mainly to an increase in scholarship allowances offset by an increase in auxiliary revenues. Operating expenses totaled \$54.5 million for the 2017-18 fiscal year, representing an increase of 17.5 percent as compared to the 2016-17 fiscal year due mainly to increases in salary and benefits and scholarships awarded.

Net position represents the residual interest in the University's assets and deferred outflows of resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2018, and June 30, 2017, is shown in the following graph:

**Net Position
(In Thousands)**



The following chart provides a graphical presentation of University revenues by category for the 2017-18 fiscal year:



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to 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 unit. Based on the application of the criteria for determining component units, the Florida Polytechnic University Foundation, Inc., is included within the University reporting entity as a discretely presented component unit.

Information regarding the component units' separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component unit.

The Statement of Net Position

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

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

Condensed Statement of Net Position at June 30 (In Thousands)

	2018	2017
Assets		
Current Assets	\$ 34,308	\$ 50,069
Capital Assets, Net	148,762	150,917
Other Noncurrent Assets	25,305	11,063
Total Assets	208,375	212,049
Deferred Outflows of Resources	9,458	7,343
Liabilities		
Current Liabilities	3,419	10,581
Noncurrent Liabilities	17,685	11,848
Total Liabilities	21,104	22,429
Deferred Inflows of Resources	543	60
Net Position		
Net Investment in Capital Assets	147,186	148,413
Restricted	7,181	5,309
Unrestricted	41,819	43,181
Total Net Position	\$ 196,186	\$ 196,903

Assets decreased \$3.7 million primarily due to a decrease in amounts due from component unit for scholarship pledges and a decrease in investments related to the foundation recording their investments on their books.

Deferred outflows of resources increased \$2.1 million primarily as a result of changes in assumptions for pensions.

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

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

The following summarizes the University's activity for the 2017-18 and 2016-17 fiscal years:

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

	2017-18	2016-17
Operating Revenues	\$ 8,008	\$ 8,502
Less, Operating Expenses	<u>54,514</u>	<u>46,387</u>
Operating Loss	(46,506)	(37,885)
Net Non-operating Revenues	<u>46,551</u>	<u>40,064</u>
Income Before Other Revenues	45	2,179
Other Revenues	<u>2,589</u>	<u>6,883</u>
Net Increase In Net Position	<u>2,634</u>	<u>9,062</u>
Net Position, Beginning of Year	196,903	187,841
Adjustment to Beginning Net Position (1)	<u>(3,351)</u>	<u>-</u>
Net Position, Beginning of Year, as Restated	<u>193,552</u>	<u>187,841</u>
Net Position, End of Year	<u><u>\$ 196,186</u></u>	<u><u>\$ 196,903</u></u>

- (1) For the 2017-18 fiscal year, the University's beginning net position was decreased \$3.3 million due to the transition in the valuation methods under GASB Statement No. 45 to GASB Statement No. 75.

Operating Revenues

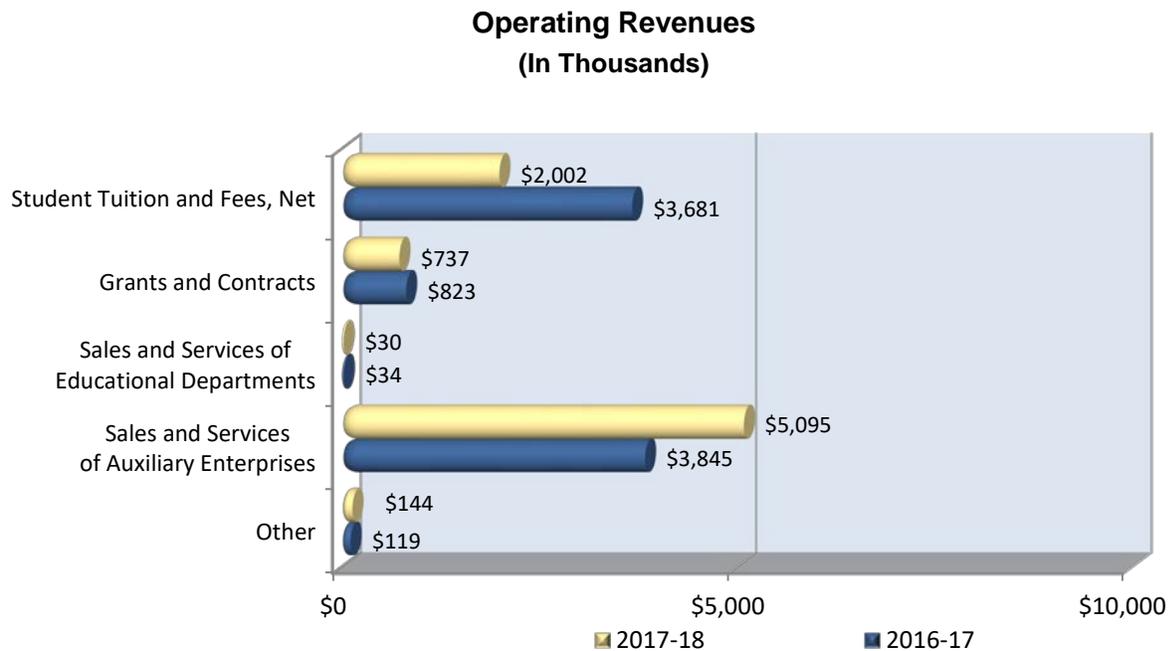
GASB Statement No. 35 categorizes revenues as either operating or non-operating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2017-18 and 2016-17 fiscal years:

Operating Revenues For the Fiscal Years (In Thousands)

	2017-18	2016-17
Student Tuition and Fees, Net	\$ 2,002	\$ 3,681
Grants and Contracts	737	823
Sales and Services of Educational Departments	30	34
Sales and Services of Auxiliary Enterprises	5,095	3,845
Other	<u>144</u>	<u>119</u>
Total Operating Revenues	<u><u>\$ 8,008</u></u>	<u><u>\$ 8,502</u></u>

The following chart presents the University's operating revenues for the 2017-18 and 2016-17 fiscal years:



University operating revenue changes were the result of the following factors: an increase in scholarship allowances, and increase in sales of auxiliary services from increased food and beverage revenues.

Operating Expenses

Expenses are categorized as operating or non-operating. 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 2017-18 and 2016-17 fiscal years:

Operating Expenses
For the Fiscal Years
(In Thousands)

	<u>2017-18</u>	<u>2016-17</u>
Compensation and Employee Benefits	\$ 27,605	\$ 21,793
Services and Supplies	12,977	16,768
Utilities and Communications	255	610
Scholarships and Waivers	8,303	2,650
Depreciation	5,374	4,566
Total Operating Expenses	<u><u>\$ 54,514</u></u>	<u><u>\$ 46,387</u></u>

The following chart presents the University's operating expenses for the 2017-18 and 2016-17 fiscal years:



Changes in operating expenses were the result of the following factors: increase in compensation and benefits due to increased staffing levels, and increase in scholarships and waivers due to increased amount of scholarships awarded. Services and supplies decreased primarily due reduction of contracted services related to the completion of Workday Finance and Human Capital Management modules, and the reduction in payment for shared services.

Non-operating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, and investment income, are defined by GASB as non-operating. Non-operating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's non-operating revenues and expenses for the 2017-18 and 2016-17 fiscal years:

**Non-operating Revenues (Expenses)
For the Fiscal Years
(In Thousands)**

	2017-18	2016-17
State Noncapital Appropriations	\$ 38,456	\$ 36,735
Federal and State Student Financial Aid	7,782	2,972
Unrealized Loss on Investments	(282)	(378)
Investment Income	768	699
Other Nonoperating Revenues	386	101
Loss on Disposal of Capital Assets	(427)	(12)
Interest on Capital Asset-Related Debt	(98)	(53)
Other Nonoperating Expenses	(34)	-
Net Nonoperating Revenues	\$ 46,551	\$ 40,064

Net non-operating revenues increased \$6.5 million primarily due to increased State noncapital appropriations and increased Federal and State Student Financial Aid obtained as a result of the University's accreditation.

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, expenses, gains, or losses for the 2017-18 and 2016-17 fiscal years:

**Other Revenues
For the Fiscal Years
(In Thousands)**

	2017-18	2016-17
State Capital Appropriations	\$ 2,185	\$ 5,083
Capital Grants, Contracts, Donations, and Fees	404	1,800
Total	\$ 2,589	\$ 6,883

Other revenues decreased due to the Public Education Capital Outlay (PECO) appropriations for the Applied Research Center and capital contributions from housing and food service providers being less than the previous year.

The Statement of Cash Flows

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

The following summarizes cash flows for the 2017-18 and 2016-17 fiscal years:

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

	2017-18	2016-17
Cash Provided (Used) by:		
Operating Activities	\$(35,976)	\$(38,522)
Noncapital Financing Activities	40,458	41,305
Capital and Related Financing Activities	(5,249)	(3,063)
Investing Activities	1,059	(942)
Net Increase (Decrease) in Cash and Cash Equivalents	292	(1,222)
Cash and Cash Equivalents, Beginning of Year	200	1,422
Cash and Cash Equivalents, End of Year	\$ 492	\$ 200

Major sources of funds came from State noncapital appropriations (\$38.5 million), State and Federal financial aid (\$7.8 million), sales and services of auxiliary enterprises (\$5.1 million), net student tuition and fees (\$2.5 million). Major uses of funds were for payments made to and on behalf of employees totaling \$22.1 million; payments to suppliers totaling \$14.7 million; and payments to and on behalf of students for scholarships totaling \$8.3 million. Changes in cash and cash equivalents were the result of the following factors: decreased payments to suppliers and increased amounts received for Federal and State financial aid as well as noncapital appropriations.

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

Capital Assets

At June 30, 2018, the University had \$168.2 million in capital assets, less accumulated depreciation of \$19.4 million, for net capital assets of \$148.8 million. Depreciation charges for the current fiscal year totaled \$5.3 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

**Capital Assets, Net at June 30
(In Thousands)**

	2018	2017
Land	\$ 18,156	\$ 18,156
Construction in Progress	590	6,112
Buildings	88,796	83,894
Infrastructure and Other Improvements	34,611	33,834
Furniture and Equipment	4,422	5,615
Library Resources	2	5
Other Capital Assets	2,186	3,301
Capital Assets, Net	\$ 148,763	\$ 150,917

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

Capital Expenses and Commitments

Major capital expenses through June 30, 2018, were incurred on the following projects: The Applied Research Center and Wellness center remodel. The University’s major construction commitments at June 30, 2018, are as follows:

	Amount
	<u>(In Thousands)</u>
Total Committed	\$ 3,509
Completed to Date	<u>(590)</u>
Balance Committed	<u>\$ 2,919</u>

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

Debt Administration

As of June 30, 2018, the University had \$1.6 million in outstanding installment purchases payable, and capital leases payable, representing a decrease of \$928 thousand, or 37 percent, from the prior fiscal year. This reduction was a result of making scheduled debt payments. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt at June 30
(In Thousands)

	<u>2018</u>	<u>2017</u>
Installment Purchases	\$ 1,509	\$ 2,504
Capital Lease	<u>67</u>	<u>-</u>
Total	<u>\$ 1,576</u>	<u>\$ 2,504</u>

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The University’s economic condition is closely tied to that of the State of Florida. The budget that the Florida Legislature adopted for the 2018-19 fiscal year provided a 4.6 percent increase for State universities. The University’s appropriation increased 2.1 percent over the same period. The University expects revenue constant in the upcoming year.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be

addressed to Mark Mroczkowski, Vice President and Chief Financial Officer, Florida Polytechnic University, 4700 Research Way, Lakeland, FL 33805-8531.

BASIC FINANCIAL STATEMENTS

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

June 30, 2018

	<u>University</u>	<u>Component Unit</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 491,577	\$ 503,197
Investments	24,666,326	920,540
Accounts Receivable, Net	638,549	511,638
Due from State	7,266,858	-
Due from Component Unit	793,670	-
Other Current Assets	450,760	-
Total Current Assets	<u>34,307,740</u>	<u>1,935,375</u>
Noncurrent Assets:		
Restricted Investments	20,736,795	4,810,021
Due from Component Unit	4,568,053	-
Contributions Receivable, Net	-	345,936
Depreciable Capital Assets, Net	130,016,424	-
Nondepreciable Capital Assets	18,746,428	-
Total Noncurrent Assets	<u>174,067,700</u>	<u>5,155,957</u>
Total Assets	<u>208,375,440</u>	<u>7,091,332</u>
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	237,791	-
Pensions	9,219,838	-
Total Deferred Outflows of Resources	<u>9,457,629</u>	<u>-</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	777,662	5,989
Construction Contracts Payable	34,362	-
Salary and Wages Payable	904,088	-
Deposits Payable	32,815	-
Unearned Revenue	201,139	-
Other Current Liabilities	-	2,751,767
Long-Term Liabilities - Current Portion:		
Installment Purchases Payable	1,016,021	-
Capital Lease Payable	13,619	-
Compensated Absences Payable	142,489	-
Due to University	-	1,250,926
Other Postemployment Benefits Payable	15,000	-
Net Pension Liability	281,848	-
Total Current Liabilities	<u>3,419,043</u>	<u>4,008,682</u>

FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Net Position (Continued)

June 30, 2018

	University	Component Unit
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Installment Purchases Payable	492,828	-
Capital Lease Payable	53,916	-
Compensated Absences Payable	1,282,430	-
Other Postemployment Benefits Payable	4,468,000	-
Due to University		4,110,797
Net Pension Liability	11,387,683	-
Total Noncurrent Liabilities	17,684,857	4,110,797
Total Liabilities	21,103,900	8,119,479
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	542,577	-
Deferred Amount Related to OPEB	611	-
Total Deferred Inflows of Resources	543,188	-
NET POSITION		
Net Investment in Capital Assets	147,186,467	-
Restricted for Nonexpendable:		
Endowment	-	1,198,847
Restricted for Expendable:		
Other Restricted	-	700,063
Grants and Programs	147,376	-
Capital Projects	7,033,686	-
Unrestricted	41,818,452	(2,927,057)
TOTAL NET POSITION	\$ 196,185,981	\$ (1,028,147)

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

FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2018

	<u>University</u>	<u>Component Unit</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$5,531,295	\$ 2,001,736	\$ -
Federal Grants and Contracts	107,778	-
State and Local Grants and Contracts	585,992	-
Nongovernmental Grants and Contracts	43,656	-
Sales and Services of Educational Departments	30,364	-
Sales and Services of Auxiliary Enterprises	5,094,622	-
Gifts and Donations		1,579,190
Other Operating Revenues	143,867	-
Total Operating Revenues	<u>8,008,015</u>	<u>1,579,190</u>
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	27,605,162	-
Services and Supplies	12,977,318	2,445,351
Utilities and Communications	254,495	-
Scholarships, Fellowships, and Waivers	8,303,368	-
Depreciation	5,373,745	-
Other Operating Expenses	-	-
Total Operating Expenses	<u>54,514,088</u>	<u>2,445,351</u>
Operating Loss	<u>(46,506,073)</u>	<u>(866,161)</u>
NON-OPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	38,456,182	-
Federal and State Student Financial Aid	7,781,907	-
Investment Income	767,700	217,361
Unrealized Gain/Loss on Investments	(281,821)	88,404
Other Non-operating Revenues	385,911	284,310
Loss on Disposal of Capital Assets	(426,778)	-
Interest on Capital Asset-Related Debt	(98,082)	-
Other Non-operating Expenses	(34,465)	-
Net Non-operating Revenues	<u>46,550,554</u>	<u>590,075</u>
Income Before Other Revenues	<u>44,481</u>	<u>(276,086)</u>
State Capital Appropriations	2,184,505	-
Capital Grants, Contracts, Donations, and Fees	404,761	-
Increase in Net Position	<u>2,633,747</u>	<u>(276,086)</u>
Net Position, Beginning of Year	196,903,234	(752,061)
Adjustment to Beginning Net Position	(3,351,000)	-
Net Position, Beginning of Year, as Restated	<u>193,552,234</u>	<u>(752,061)</u>
Net Position, End of Year	<u>\$ 196,185,981</u>	<u>\$ (1,028,147)</u>

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

FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2018

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 2,491,290
Grants and Contracts	1,069,805
Sales and Services of Educational Departments	30,364
Sales and Services of Auxiliary Enterprises	5,094,622
Payments to Employees	(22,137,759)
Payments to Suppliers for Goods and Services	(14,750,617)
Payments to Students for Scholarships	(8,303,368)
Other Operating Receipts	529,782
	(35,975,881)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	38,456,182
Federal Direct Loan Program Receipts	1,848,541
Federal Direct Loan Program Disbursements	(1,848,541)
Net Change in Funds Held for Others	(6,131,130)
Other Nonoperating Receipts	351,446
	40,458,405
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants, Contracts, Donations and Fees	404,760
Capital Subsidies and Transfers	(4,628,156)
Principal Paid on Capital Debt and Leases	(927,877)
Interest Paid on Capital Debt and Leases	(98,083)
	(5,249,356)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	54,809,695
Purchases of Investments	(54,518,873)
Investment Income	767,700
	1,058,522
Net Increase in Cash and Cash Equivalents	291,690
Cash and Cash Equivalents, Beginning of Year	199,887
	\$ 491,577
Cash and Cash Equivalents, End of Year	\$ 491,577

FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Cash Flows (Continued)
For the Fiscal Year Ended June 30, 2018

	<u>University</u>
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (46,506,073)
Adjustments to Reconcile Operating Loss	
to Net Cash Used by Operating Activities:	
Depreciation Expense	5,373,745
Changes in Assets, Liabilities, Deferred Outflows of Resources,	
and Deferred Inflows of Resources:	
Receivables, Net	968,696
Other Assets	(419,954)
Accounts Payable	(1,001,987)
Salaries and Wages Payable	461,183
Compensated Absences Payable	243,040
Unearned Revenue	(150,096)
Other Postemployment Benefits Payable	3,603,000
Net Pension Liability	3,084,140
Deferred Inflows of Resources Related Pensions	483,086
Deferred Outflows of Resources Related to Pensions	(2,114,661)
NET CASH USED BY OPERATING ACTIVITIES	\$ (35,975,881)
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND	
CAPITAL FINANCING ACTIVITIES	
Unrealized losses on investments were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (281,821)
Losses from the impairment of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (426,778)
The University entered into capital lease agreements, which are recognized on the statement of net position, but are not cash transactions for the statement of cash flows	\$ 75,082

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

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the Florida Polytechnic University Foundation, Inc. (Foundation), a legally separate entity, is included within the University's reporting entity as a discretely presented component unit and is governed by a separate board. Florida Statutes authorize these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. The Foundation solicits, collects, manages and directs contributions to various academic departments and programs of the University, and assists the University in fundraising, and public relations.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. Additional information on the University's discretely presented component unit, including copies of audit reports, is available by contacting the University Controller.

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

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

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

The University's discretely presented component unit uses the economic resources measurement focus and the accrual basis of accounting, and 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. Non-operating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income. Unrealized losses on investments and interest on capital asset-related debt are non-operating expenses. Other revenues generally include revenues for capital construction projects.

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid

by the student or the third party making payment on behalf of the student. The University applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

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

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

Capital Assets. University capital assets consist of land, construction in progress, buildings, infrastructure and other improvements; furniture and equipment; library resources; and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at acquisition value at the date received in the case of gifts and purchases of State surplus property. Additions, improvements, and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The University has a capitalization threshold of \$5,000 for tangible personal property, \$100,000 for infrastructure and improvements, and \$250,000 for building renovations except that all new buildings and projects adding new square footage are capitalized. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 20 years
- Furniture and Equipment – 3 to 15 years
- Library Resources – 10 years
- Other Capital Assets – 10 years

Noncurrent Liabilities. Noncurrent liabilities include, installment purchases payable, capital leases payable, compensated absences payable, other postemployment benefits payable, and net pension liabilities that are not scheduled to be paid within the next fiscal year.

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

2. Reporting Change

Governmental Accounting Standards Board Statement No. 75. The University implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which replaces GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. This statement addresses accounting and financial reporting for postemployment benefits other than pensions (OPEB) provided to employees of state and local government employers; establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses; requires governments to report a liability, deferred outflows of resources, deferred inflows of resources, and expenses on the face of the financial statement for the OPEB they provide; and requires more extensive note disclosures and supplementary information about a government's OPEB liability.

3. Adjustment to Beginning Net Position

The beginning net position of the University was decreased by \$3.4 million due to implementation of GASB Statement No. 75. The University's total OPEB liability reported at June 30, 2017, increased by \$3.6 million to \$4.5 million as of July 1, 2017, due to the transition in the valuation methods under GASB Statement No. 45 to GASB Statement No. 75, and beginning balances for deferred outflows/inflows or resources were not restated.

4. Investments

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

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

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

All of the University's recurring fair value measurements as of June 30, 2018, are valued using quoted market prices (Level 1 inputs), with the exception of corporate bonds which are valued using a matrix pricing model (Level 2 inputs) and investments with the State Treasury which are valued based on the University's share of the pool (Level 3 inputs).

The University's investments at June 30, 2018, are reported as follows:

	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 35,486,849	\$ -	\$ -	\$ 35,486,849
United States Treasury Securities	2,972,325	2,972,325	-	-
Obligations of United States Government				
Agencies and Instrumentalities	2,564,494	-	2,564,494	-
Corporate Equity Securities	3,522,167	-	3,522,167	-
Total investments by fair value level	<u>\$ 44,545,835</u>	<u>\$ 2,972,325</u>	<u>\$ 6,086,661</u>	<u>\$ 35,486,849</u>
Investments measured at the net asset value (NAV)				
Money Market Funds	<u>857,286</u>			
Total investments	<u>\$ 45,403,121</u>			

Investments totaling \$857,286, measured at net asset value are comprised of Wells Fargo Advantage Government Money Markey funds.

External Investment Pools.

The University reported investments at fair value totaling \$35,486,849 at June 30, 2018, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities (Level 3 inputs). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of A+f by Standard & Poor's, had an effective duration of 3 years, and fair value factor of 0.9872 at June 30, 2018. Participants contribute to the State Treasury SPIA investment pool on a dollar basis. These funds are commingled and a fair value of the pool is determined from the individual values of the securities. The fair value of the securities is summed and a total pool fair value is determined. A fair value factor is calculated by dividing the pool's total fair value by the pool participant's total cash balances. The fair value factor is the ratio used to determine the fair value of an individual participant's pool balance. The University relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Other Investments

The University's other investment consisted of various debt securities totaling \$9,058,986 at June 30, 2018. The following risks apply to those University investments.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University's investment policy generally requires that the investment portfolio be maintained in such a manner as to provide sufficient liquidity to pay obligations as they become due. Recognizing that market value volatility is a function of maturity, a segment of the portfolio shall be maintained in a short-term maturity portfolio. Funds in excess of those required to meet current expenses may be invested in longer-term portfolios. Investment maturities at June 30, 2018 were as follows:

<u>Intestment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (In Years)</u>		
		<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Obligations of United States Government Agencies and Instrumentalities	\$ 2,564,494	\$ 497,580	\$ 2,066,914	\$ -
United States Treasury Securities	2,972,326	497,424	2,099,553	375,349
Corporate Equity Securities	3,522,166	-	2,626,769	895,397
Total investments by fair value level	<u>\$ 9,058,986</u>	<u>\$ 995,004</u>	<u>\$ 6,793,236</u>	<u>\$ 1,270,746</u>

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. United States Treasury Securities 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, 2018, the University had \$2,972,326 of these investments. The University's investment policy requires the portfolio provide specific types of investments that may be purchased, including credit quality guidelines, where applicable, maintain a total average quality minimum of BBB. The policy states that securities in the BBB rating category can make up no more than 25 percent of the portfolio. At June 30, 2018, the University had obligations of United States Government agencies and instrumentalities and Equity Securities with quality ratings by nationally recognized rating agencies, as follows:

<u>Intestment Type</u>	<u>Fair Value</u>	<u>Credit Quality Rating (1)</u>		
		<u>AA</u>	<u>A</u>	<u>BBB</u>
Obligations of United States Government Agencies and Instrumentalities	\$ 2,564,494	\$ 2,266,873	\$ 297,621	
Stocks and Other Equity Securities	3,522,166	584,673	1,644,169	1,293,324
Total investments by fair value level	<u>\$ 6,086,660</u>	<u>2,851,546</u>	<u>\$ 1,941,790</u>	<u>\$ 1,293,324</u>

Note (1): The credit quality ratings are from Standard and Poor's.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the value of the investments or collateral securities in the possession of an outside party will not be recoverable. Exposure to custodial credit risk relates to investment securities that are held by someone other than the entity and are not registered in the entities name. All University investments are held in safekeeping by a third-party custodian. There were no losses during the period due to default by counterparties to investment transactions.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single user. The University policy states that a maximum of 5 percent of the Fund be invested in securities of a single issuer, except that obligations of the United States Government agencies and instrumentalities are not subject to the limitations.

5. Receivables

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties. As of June 30, 2018, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Contracts and Grants	\$ 555,385
Student Tuition and Fees	37,647
Sales and Services	<u>45,517</u>
Total Accounts Receivable	<u>\$ 638,549</u>

Allowance for Doubtful Receivables. Allowances for doubtful accounts are reported based on management's best estimate as of fiscal year end considering type, age, collection history, and other factors considered appropriate. Accounts receivable are reported net of allowances of \$38,690 at June 30, 2018.

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

6. Due From State

The amount due from State of \$7,266,858 primarily con

+sists of Public Education Capital Outlay (PECO) funds due from the State to the University for construction of University facilities.

7. Due From Component Unit

The \$5,361,723 reported as due from component unit consists of pledged amounts owed by the owed to the University by the Foundation for scholarships and student aid. At June 30, 2018, the amount outstanding pledged for the fiscal year ended June 30, 2016, was \$1,040,000 and the outstanding amount pledged for the year ended June 30, 2017, was \$4,115,310. The Foundation has agreed to pay the amounts related to scholarships in equal installments over ten years bearing no interest. Payments for non-scholarship pledges are due in the fiscal year ending June 30, 2019.

Below is a summary of the amounts to be paid from the Foundation:

<u>Fiscal Year Ended June 30:</u>	<u>Amount</u>
2019	\$ 793,670
2020	587,257
2021	587,257
2022	587,257
2023	587,257
2024-2026	2,219,025
Total Payments	\$ 5,361,723

8. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2018, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:					
Land	\$ 18,156,039	\$ -	\$ -	\$ -	\$ 18,156,039
Construction in Progress	6,112,363	(378,024)	4,167,498	9,423,357	590,389
Total Nondepreciable Capital Assets	\$ 24,268,402	\$ (378,024)	\$ 4,167,498	\$ 9,423,357	\$ 18,746,428
Depreciable Capital Assets:					
Buildings	\$ 89,682,597	\$ -	\$ 6,945,747	\$ -	\$ 96,628,344
Infrastructure and Other Improvements	38,646,105	-	2,389,442	-	41,035,547
Furniture and Equipment	7,479,905	(244,310)	536,112	-	7,771,707
Library Resources	16,358	-	-	-	16,358
Other Capital Assets	4,495,984	-	-	457,262	4,038,722
Total Depreciable Capital Assets	140,320,949	(244,310)	9,871,301	457,262	149,490,678
Less, Accumulated Depreciation:					
Buildings	5,788,735	(2,921)	2,046,278	-	7,832,092
Infrastructure and Other Improvements	4,811,589	72	1,612,980	-	6,424,641
Furniture and Equipment	1,864,525	462,027	1,023,418	-	3,349,970
Library Resources	11,822	-	2,527	-	14,349
Other Capital Assets	1,195,398	-	688,542	30,484	1,853,456
Total Accumulated Depreciation	13,672,069	459,178	5,373,745	30,484	19,474,508
Total Depreciable Capital Assets, Net	\$ 126,648,880	\$ (703,488)	\$ 4,497,556	\$ 426,778	\$ 130,016,170

9. Unearned Revenue

Unearned revenue at June 30, 2018, includes student tuition and fees and grants and contracts received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2018, the University reported the following amounts as unearned revenue:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 192,582
Grants and Contracts	8,557
Total Unearned Revenue	\$ 201,139

10. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2018, include installment purchases payable, capital leases payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2018, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Adjustment to Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Installment Purchases Payable	\$ 2,504,260			\$ 995,411	\$ 1,508,849	\$ 1,016,021
Capital Lease Payable	-		\$ 75,082	7,547	67,535	13,619
Compensated Absences Payable	1,181,879		1,258,725	1,015,685	1,424,919	142,489
Other Postemployment Benefits Payable	880,000	\$ 3,351,000	263,699	11,699	4,483,000	15,000
Net Pension Liability	8,585,391		10,969,686	7,885,546	11,669,531	281,848
Total Long-Term Liabilities	\$ 13,151,530	\$ 3,351,000	\$ 12,567,192	\$ 9,915,888	\$ 19,153,834	\$ 1,468,977

Installment Purchases Payable. The University has entered into several installment purchase agreements for the purchase of equipment reported at \$4,858,735. The stated interest rates ranged from 1.70 percent to 4.75 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2018, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 1,042,267
2020	322,443
2021	181,811
Total Minimum Payments	1,546,521
Less, Amount Representing Interest	37,672
Present Value of Minimum Payments	\$ 1,508,849

Capital Lease Payable. Vehicles in the amount of \$75,083 were acquired under a capital lease agreement. The stated interest rate is 5.45 percent. Future minimum payments under the capital lease agreement and the present value of the minimum payments as of June 30, 2018, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 17,025
2020	17,025
2021	17,025
2022	17,025
2023	8,512
Total Minimum Payments	76,612
Less, Amount Representing Interest	9,077
Present Value of Minimum Payments	\$ 67,535

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

records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2018, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$1,424,919. The current portion of the compensated absences liability, \$142,489, is the amount expected to be paid in the coming fiscal year and represents a historical percentage of leave used applied to total accrued leave liability.

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

General Information about the OPEB Plan

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

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

Proportionate Share of the Total OPEB Liability

The University's proportionate share of the total OPEB liability of \$4,483,000 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017. At June 30, 2018, the University's proportionate share, determined by its proportion of total benefit payments made, was 0.04 percent, which remained unchanged from its proportionate share measured as of June 30, 2017.

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	2.60 percent
Payroll Growth	3.25 percent
Discount rate	3.58 percent
Healthcare cost trend rates	8.8 percent for 2019, decreasing to an ultimate rate of 3.8 percent for later years
Retirees' share of benefit-related costs	6.5 percent of projected health insurance premiums for retirees

The discount rate was based on the Bond Buyer General Obligation 20-year Municipal Bond Index.

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010, through December 31, 2014, adopted by the FRS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2016, valuation were based on a review of recent plan experience done concurrently with the June 30, 2017, valuation.

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 (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
University's proportionate share of the total OPEB liability	\$5,817,000	\$4,483,000	\$3,492,000

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	\$3,361,000	\$4,483,000	\$6,076,000

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

For the fiscal year ended June 30, 2018, the University recognized OPEB expense of \$14,819. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions or other inputs	\$ -	\$ 611
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	220,791	-
Transactions subsequent to the measurement date	17,000	-
Total	<u>\$ 237,791</u>	<u>\$ 611</u>

Of the total amount reported as deferred outflows of resources related to OPEB, \$17,000 resulting from transactions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the total OPEB liability and included in OPEB expense in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 22,018
2020	22,018
2021	22,018
2022	22,018
2023	22,018
Thereafter	110,090
Total	<u>\$ 220,180</u>

Net Pension Liability. As a participating employer in the Florida Retirement System (FRS), the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2018, the University's proportionate share of the net pension liabilities totaled \$11,669,531. Note 11 includes a complete discussion of defined benefit pension plans.

11. Retirement Plans – Defined Benefit Pension Plans

General Information about the Florida Retirement System (FRS).

The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option

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

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

The University's FRS and HIS pension expense totaled \$2,721,569 for the fiscal year ended June 30, 2018.

FRS Pension Plan

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

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

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

member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

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

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

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

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017-18 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.92
FRS, Senior Management Service	3.00	22.71
FRS, Special Risk	3.00	23.27
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	13.26
FRS, Reemployed Retiree	(2)	(2)

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

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

The University's contributions to the Plan totaled \$860,898 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the University reported a liability of \$8,428,407 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The University's proportionate share of the net pension liability was based on the University's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the University's proportionate share was 0.028494244 percent, which was an increase of .005661369 from its proportionate share measured as of June 30, 2016.

For the year ended June 30, 2018, the University recognized pension expense of \$2,100,993. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 773,525	\$ 46,688
Change of assumptions	2,832,539	-
Net difference between projected and actual earnings on FRS Plan investments	-	208,877
Changes in proportion and differences between University contributions and proportionate share of contributions	2,415,824	-
University FRS contributions subsequent to the measurement date	860,898	-
Total	\$ 6,882,786	\$ 255,565

The deferred outflows of resources totaling \$860,898, 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 1,134,512
2020	1,859,570
2021	1,340,941
2022	442,429
2023	723,699
Thereafter	<u>265,172</u>
Total	<u>\$ 5,766,323</u>

Actuarial Assumptions. The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the Generational RP-2000 with Projection Scale BB.

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

<u>Asset Class</u>	<u>Target Allocation (1)</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual (Geometric) Return</u>	<u>Standard Deviation</u>
Cash	1%	3.0%	3.0%	1.8%
Fixed Income	18%	4.5%	4.4%	4.2%
Global Equity	53%	7.8%	6.6%	17.0%
Real Estate (Property)	10%	6.6%	5.9%	12.8%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	9.7%
Total	<u>100%</u>			
Assumed inflation - Mean			2.6%	1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.10 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 2017 valuation was updated from 7.60 percent to 7.10 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 7.10 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 (6.10 percent) or 1 percentage point higher (8.10 percent) than the current rate:

	<u>1% Decrease (6.10%)</u>	<u>Current Discount Rate (7.10%)</u>	<u>1% Increase (8.10%)</u>
University’s proportionate share of the net pension liability	\$15,254,906	\$ 8,428,407	\$ 2,760,847

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 Comprehensive Annual 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, 2018, 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, 2018, 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 \$170,926 for the fiscal year ended June 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the University reported a liability of \$3,241,124 for its proportionate share of the net pension liability. The current portion of the net pension liability is the University's proportionate share of benefit payments expected to be paid within 1 year, net of the University's proportionate share of the HIS Plan's fiduciary net position available to pay that amount. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016, and update procedures were used to determine liabilities as of July 1, 2017. The University's proportionate share of the net pension liability was based on the University's 2016-17 fiscal year contributions relative to the total 2016-17 fiscal year contributions of all participating members. At June 30, 2017, the University's proportionate share was 0.030312239 percent, which was an increase of .006115143 from its proportionate share measured as of June 30, 2016.

For the fiscal year ended June 30, 2018, the University recognized pension expense of \$620,576. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience		\$ 6,749
Change of assumptions	\$ 455,591	280,263
Net difference between projected and actual earnings on HIS Plan investments	1,797	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	1,708,737	-
University HIS contributions subsequent to the measurement date	170,926	-
Total	<u>\$ 2,337,051</u>	<u>\$ 287,012</u>

The deferred outflows of resources totaling \$170,926 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2019	\$ 427,166
2020	426,826
2021	426,663
2022	330,282
2023	196,044
Thereafter	72,132
Total	<u>\$ 1,879,113</u>

Actuarial Assumptions. The total pension liability at July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Municipal bond rate	3.58 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB.

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

Discount Rate. The discount rate used to measure the total pension liability was 3.58 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 2017 valuation was updated from 2.85 percent to 3.58 percent.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 3.58 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.58 percent) or 1 percentage point higher (4.58 percent) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
University's proportionate share of the net pension liability	\$3,698,552	\$3,241,124	\$2,860,112

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

12. Retirement Plans – Defined Contribution Pension Plans

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in the Investment Plan. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements,

are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.06 percent of payroll and by forfeited benefits of Investment Plan members. Allocations to the Investment Plan member accounts during the 2017-18 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2018, 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 \$276,573 for the fiscal year ended June 30, 2018.

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

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement

and death benefits through contracts provided by certain insurance carriers. The employing university contributes 5.14 percent of the participant's salary to the participant's account, 3.3 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 8.45 percent, and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled \$601,748, and employee contributions totaled \$383,899 for the 2017-18 fiscal year.

13. Construction Commitments

The University's construction commitments at June 30, 2018, were as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Applied Research Center	\$ 2,762,795	\$ 296,222	\$ 2,466,573
Wellness Center Remodel	746,137	294,167	451,970
Total	\$ 3,508,932	\$ 590,389	\$ 2,918,543

14. Risk Management Programs

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2017-18 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 \$92.5 million for named windstorm and flood through February 14, 2018, and decreased to \$78 million starting February 15, 2018. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$225 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. Settlements have not exceeded insurance coverage during the past 3 fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health

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

15. 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.

16. Functional Distribution of Operating Expenses

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

<u>Functional Classification</u>	<u>Amount</u>
Instruction	\$ 8,471,839
Research	4,143,784
Public Services	39,651
Academic Support	6,999,058
Student Services	4,126,410
Institutional Support	10,713,887
Operation and Maintenance of Plant	2,722,006
Scholarships and Waivers	8,375,500
Depreciation	5,373,745
Auxiliary Enterprises	<u>3,548,208</u>
Total Operating Expenses	<u>\$ 54,514,088</u>

OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2018
University's proportion of the total other postemployment benefits liability	0.04%
University's proportionate share of the total other postemployment benefits liability	\$ 4,483,000
University's covered-employee payroll	\$ 9,805,704
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	45.7%

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

	2017 (1)	2016 (1)	2015 (1)	2014 (1)	2013 (1)
University's proportion of the FRS net pension liability	0.028494244%	0.022832875%	0.019998331%	0.009648015%	0.000813120%
University's proportion share of the FRS net pension liability	\$ 8,428,407	\$ 5,765,319	\$ 2,583,054	\$ 588,671	\$ 139,974
University's covered payroll (2)	\$16,987,875	\$11,660,838	\$ 8,912,958	\$ 4,212,980	\$ 348,928
University's proportion share of the FRS net pension liability as a percentage of its covered payroll	49.61%	49.44%	28.98%	13.97%	40.12%
FRS Plan fiduciary net pension as a percentage of the FRS total pension liability	83.89%	84.88%	92.00%	96.09%	88.54%

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

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

Schedule of University Contributions – Florida Retirement System Pension Plan

	2018 (1)	2017 (1)	2016 (1)	2015 (1)	2014 (1)
Contractually required FRS contribution	\$ 860,898	\$ 741,775	\$ 563,074	\$ 487,576	\$ 211,332
FRS contributions in relation to the contractually required contribution	\$ (860,898)	\$ (741,775)	\$ (563,074)	\$ (487,576)	\$ (211,332)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll (2)	\$ 16,978,875	\$ 15,360,481	\$ 11,660,838	\$ 8,912,958	\$ 4,212,980
FRS contributions as a percentage of covered payroll	5.07%	4.83%	4.83%	5.47%	5.02%

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

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

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

	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
University's proportion of the HIS net pension liability	0.030312239%	0.024197096%	0.018486835%	0.009545059%	0.000943115%
University's proportion share of the HIS net pension liability	\$ 3,241,124	\$ 2,820,072	\$ 1,885,366	\$ 892,486	\$ 82,111
University's covered payroll (2)	\$ 9,232,755	\$ 7,298,830	\$ 5,391,296	\$ 2,508,042	\$ 55,192
University's proportion share of the HIS net pension liability as a percentage of its covered payroll	35.10%	38.64%	34.97%	35.58%	148.77%
HIS Plan fiduciary net pension as a percentage of the FRS total pension liability	1.64%	0.97%	0.50%	0.99%	1.78%

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

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

**Schedule of University Contributions –
Health Insurance Subsidy Pension Plan**

	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Contractually required HIS contribution	\$ 170,926	\$ 160,421	\$ 121,161	\$ 70,668	\$ 32,698
HIS contributions in relation to the contractually required HIS contribution	\$ (170,926)	\$ (160,421)	\$ (121,161)	\$ (70,668)	\$ (32,698)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
University's covered payroll (2)	\$ 9,805,704	\$ 9,232,755	\$ 7,298,830	\$ 5,391,296	\$ 2,508,042
HIS contributions as a percentage of covered payroll	1.74%	1.74%	1.66%	1.31%	1.30%

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

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

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

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The University's June 30, 2018, proportionate share of the total OPEB liability significantly increased from the prior fiscal year as a result of changes to benefits and assumptions as discussed below:

Changes of Benefit Terms. Benefits have not materially changed since the last valuation was performed.

Changes of Assumptions. The following changes have been made since the prior valuation:

- The annual per capita claims costs were updated to reflect current age-adjusted premiums.
- The premium rates were updated to use the rates effective for 2017.
- Health care inflation rates were updated to reflect recent healthcare trend rate surveys, blended with the long-term rates from the Getzen model published by the Society of Actuaries. Additionally, the updated trend rates reflect the information from the Report on the Financial Outlook for the Fiscal Years Ending June 30, 2017 through June 30, 2023, as adopted August 3, 2017 by the Self-Insurance Estimated Conference.
- The active mortality rates were updated to use rates mandated by Chapter 2015-157, Florida Statutes for pension plans. This law mandates the use of the assumption used in either of the two most recent valuations of the Florida Retirement System (FRS). The rates are those outlined in Milliman's July 1, 2016 FRS valuation report.
- The discount rate as of the measurement date for GASB 75 purposes is 3.58%. The prior GASB 45 valuation used 4.00%. The GASB 75 discount rate is based on the 20-year municipal bond rate as of June 29, 2017.

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 7.60 percent to 7.10 percent, and the active member mortality assumption was updated

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 increased from 2.85 percent to 3.58 percent

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
Facilities Committee
November 8, 2018**

SUBJECT: 2019-2020 State University System Fixed Capital Outlay Legislative Budget Request

PROPOSED COMMITTEE ACTION

Review and approve the 2019-2020 SUS Fixed Capital Outlay Legislative Budget Request

Approval is recommended by the Chancellor

AUTHORITY FOR BOARD OF GOVERNORS ACTION

Article IX, Section 7, Florida Constitution

BACKGROUND INFORMATION

The requested budget provides the State University System of Florida continued capital outlay support and has been prepared in accordance with statutory requirements and guidelines adopted by the Board of Governors. All university fixed capital outlay budget requests have been approved by the institutional boards of trustees.

The Board adopted a lump sum budget for PECO and CITF as the initial budget request for 2019-2020. The proposed amounts are in accordance with the official estimated amounts as provided by Florida law. A workshop was conducted October 16, 2018, at USF. At the workshop, the Committee reviewed selected high priority PECO projects with detailed project presentations by university representatives.

Specific Fixed Capital Outlay Appropriation Requests

I. PECO 2019-2020 SUS Three Year Fixed Capital Outlay Prioritized Request provides funding for:

A) Maintenance, Repair, Renovation and Remodeling:	
2019-20	\$51,984,579
2020-21	\$54,891,599
2021-22	\$57,326,799

B) SUS Projects:

2019-20	\$ 64,929,490
2020-21	\$ 68,560,400
2021-22	\$ 71,602,000

C) Request for Legislative Authorization

Supporting Documentation:

1. 2019-2020 Fixed Capital Outlay Request
2. Legislative Authorization Requests

Facilitators/Presenters:

Mr. Chris Kinsley

**STATE UNIVERSITY SYSTEM OF FLORIDA
BOARD OF GOVERNORS
2019-2020 Fixed Capital Outlay Request (Excluding CITF)**

		2019-20	2020-21	2020-22
Total PECO cash K-20	Based on EDR PECO Estimating Conference 8/1/18	\$347,700,000	\$366,800,000	\$382,800,000
Total PECO cash allocation to the SUS	Based on 5 Year Average of Appropriations (provided by Commissioner of Ed.)	\$116,914,069	\$123,451,999	\$128,928,799

Priority #	University Name	Maintenance Request		2019-20	2020-21	2020-22
1	SUS	Maintenance, Repair, Renovation & Remodeling (MRR&R)		\$51,984,579	\$54,891,599	\$57,326,799

Priority #	University Name	Project Name	Total Project Cost ¹			Prior State Funding	Other Funding Available ²	Remaining PECO Need	2019-20	2020-21	2021-22	2022-23
			Last Year	This Year	Difference							
2	FAU	Jupiter STEM/Life Sciences Bldg.	\$34,000,000	\$35,000,000	\$1,000,000	\$12,881,247	\$0	\$22,118,753	\$22,118,753			
3	NCF	Multi-Purpose Building ³	\$46,000,000	\$47,000,000	\$1,000,000	\$0	\$0	\$47,000,000	\$10,000,000	\$10,000,000		
4	USF	Morsani College of Medicine and Heart Health Institute	\$153,000,000	\$153,000,000	\$0	\$97,893,118	\$40,451,882	\$14,655,000	\$14,655,000			
5	FPU	Applied Research Center	\$35,000,000	\$39,000,000	\$4,000,000	\$7,000,000	\$20,873,150	\$11,126,850	\$5,563,425	\$5,563,425		
6	FAMU	Student Affairs Building (CASS)	\$40,000,000	\$41,000,000	\$1,000,000	\$16,155,000	\$0	\$24,845,000	\$5,000,000	\$8,000,000	\$11,845,000	
7	FGCU	School of Integrated Watershed and Coastal Studies	\$52,000,000	\$56,000,000	\$4,000,000	\$30,553,504	\$0	\$25,446,496	\$5,000,000	\$15,000,000	\$5,446,496	
9	FSU	Interdisciplinary Research Commercialization Bldg (IRCB)	\$88,000,000	\$88,000,000	\$0	\$16,274,101	\$44,000,000	\$27,725,899	\$2,592,312	\$10,937,598	\$14,195,989	
10	FIU	Engineering Building Phase I & II	\$150,000,000	\$150,000,000	\$0	\$30,641,537	\$45,000,000	\$74,358,463	\$0	\$8,000,000	\$10,000,000	\$56,358,463
11	UF	Data Science and Information Technology Building	\$125,000,000	\$125,000,000	\$0	\$50,000,000	\$25,000,000	\$50,000,000	\$0	\$8,000,000	\$10,000,000	\$32,000,000
12	FAMU/FSU	College of Engineering Building C	\$0	\$0	\$0	\$0	\$0	\$87,000,000	\$0	\$3,059,377	\$10,114,515	\$73,840,623
13	FSU	College of Business	\$88,000,000	\$88,000,000	\$0	\$13,500,000	\$44,000,000	\$30,500,000	\$0	\$0	\$10,000,000	\$20,500,000
Not Funded	UWF	Campus Roof Critical Replacement	\$0	\$8,000,000	\$8,000,000	\$0	\$0	\$8,000,000	-	-	-	-
Not Funded	FSU	STEM Teaching Lab	\$45,000,000	\$46,000,000	\$1,000,000	\$4,233,813	\$0	\$41,766,187	-	-	-	-
Not Funded	USF	Interdisciplinary Science - Research Lab Build Out	\$84,000,000	\$84,000,000	\$0	\$74,732,583	\$0	\$9,267,417	-	-	-	-
Not Funded	UNF	Roy Lassiter Hall Renovations	\$5,000,000	\$5,000,000	\$0	\$0	\$0	\$5,000,000	-	-	-	-
Not Funded	UF	New Music Building Renovations & Addition	\$38,000,000	\$55,000,000	\$17,000,000	\$5,927,338	\$0	\$49,072,662	-	-	-	-
Not Funded	UNF	Honors Hall & Coggin Business - Renovations, Additions	\$24,000,000	\$24,000,000	\$0	\$0	\$0	\$24,000,000	-	-	-	-
Not Funded	UCF	Engineering Building I Renovation	\$23,000,000	\$24,000,000	\$1,000,000	\$3,620,723	\$0	\$20,379,277	-	-	-	-
Subtotal Projects			\$973,000,000	\$1,009,000,000	\$36,000,000	\$346,910,994	\$219,325,032	\$529,763,974	\$64,929,490	\$68,560,400	\$71,602,000	\$182,699,086

TOTAL MRR&R and PROJECTS	\$116,914,069	\$123,451,999	\$128,928,799	\$182,699,086
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1) Total Project Cost rounded to nearest \$ million

2) Other Funding Available is from legally available sources, such as private donations and federal grants, not E&G Carryforward

3) FY19-20 and FY20-21 funding of \$20M represents the funding needed for the first phase of the Multi-Purpose Building

**Florida Polytechnic University
Board of Trustees
Finance and Facilities Committee
December 5, 2018**

Subject: Capital Projects Report to the BOG

Proposed Committee Action

Recommend approval to the Board of Trustees the certification, signed by the President, Chief Financial Officer and General Counsel, that all capital projects were funded from legally available and authorized sources.

Background Information

BOG mandated such certification by University officers following events that occurred at UCF.

Supporting Documentation:

Certification of Funding Sources for Capital Projects

Prepared by: Mark Mroczkowski



STATE
UNIVERSITY
SYSTEM
of FLORIDA
Board of Governors

Office of the Chancellor
325 West Gaines Street, Suite 1614
Tallahassee, FL 32399
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www.flbog.edu

CERTIFICATION OF FUNDING SOURCES FOR CAPITAL PROJECTS

Since April 20, 2012 (date of inception) to the present, the University has constructed seven new capital projects adding more than 10,000 gross square feet of space or exceeding \$2 million in cost. For each capital project, we have reviewed University records, such as project budgets and expenditures, educational plant surveys, project programs, and project funding sources, necessary to determine that each project was constructed with funding from legally available and authorized sources.

Based upon our review, we hereby certify to the Florida Polytechnic University Board of Trustees and the Board of Governors, that each project was constructed with funds from legally available and authorized¹ sources.

Florida Polytechnic University

A handwritten signature in cursive script, appearing to read "Randy K. Avent", written over a horizontal line.

Dr. Randy K. Avent/President

A handwritten signature in cursive script, appearing to read "Mark Mroczkowski", written over a horizontal line.

Mark Mroczkowski/Vice President & CFO

A handwritten signature in cursive script, appearing to read "Gina DeJulio", written over a horizontal line.

Gina DeJulio/Vice President & General Counsel

11.2.2018

¹ Pursuant to Section 1013.74(6), Florida Statutes, Florida Poly is authorized to expend reserve or carryforward balances from prior year operational and programmatic appropriations for legislatively approved fixed capital outlay projects through the 2022-23 fiscal year.

Florida A&M University | Florida Atlantic University | Florida Gulf Coast University | Florida International University
Florida Polytechnic University | Florida State University | New College of Florida | University of Central Florida
University of Florida | University of North Florida | University of South Florida | University of West Florida

AGENDA ITEM: VIII.

**Florida Polytechnic University
Board of Trustees
Finance and Facilities Committee
December 5, 2018**

Subject: Carry Forward Report to the BOG

Proposed Committee Action

Recommend approval of the report to the BOG that accounts for existing carryforward funds to the Board of Trustees.

Background Information

The BOG has mandated a report for all (12) Universities that accounts for all State University System carryforward funds in a standardized format showing such funds as restricted or contracted, committed or available.

Supporting Documentation:

SUS FL Education and General 2018-19 Operating Budget Carryforward Fund Balance Composition - November 2018

Prepared by: Mark Mroczkowski

Florida Polytechnic University			
Education and General			
2018-19 Operating Budget - Beginning Carryforward Fund Balance Composition			
November 2018			
		<u>University E&G</u>	<u>Special Unit or Campus (FIPR)</u>
A. Beginning E&G Carryforward Fund Balance - July 1, 2018 :			
	Cash	\$ 412,289	\$ 97,196
	Investments	\$ 29,903,103	\$ 7,049,536
	Accounts Receivable	\$ -	\$ -
	Less: Accounts Payable	\$ -	\$ -
	Less: Deferred Fees	\$ -	\$ -
	Beginning E&G Fund Balance Before Encumbrances :	\$ 30,315,392	\$ 7,146,732
B. Expenditures to Date :		\$ 1,145,576	\$ -
C. Encumbrances to Date :		\$ 1,227,625	\$ -
D. E&G Carryforward Fund Balance - as of November 30, 2018 :		\$ 27,942,191	\$ 7,146,732
E. <u>Restricted / Contractual Obligations</u>			
	5% Statutory Reserve Requirement	\$ 1,859,672	\$ -
	Restricted By Appropriations	\$ -	\$ 7,146,732
	University Board of Trustee Reserve Requirement	\$ -	\$ -
	Restricted by Contractual Obligations:	\$ -	\$ -
	Compliance Program Enhancements	\$ -	\$ -
	Audit Program Enhancements	\$ -	\$ -
	Campus Security and Safety Enhancements	\$ -	\$ -
	Student Services, Enrollment, and Retention Efforts	\$ -	\$ -
	Student Financial Aid	\$ -	\$ -
	Faculty / Staff Instructional and Advising Support and Start-Up Funding	\$ -	\$ -
	Faculty Research and Public Service Support and Start-Up Funding	\$ -	\$ -
	Library Resources	\$ -	\$ -
	Infrastructure, Capital Renewal, Roofs, Renovation, Repair	\$ 24,358,801	\$ -
	Utilities	\$ -	\$ -
	Information Technology (ERP, Equipment, etc.)	\$ 1,723,718	\$ -
	Total Restricted Funds :	\$ 27,942,191	\$ 7,146,732
F. <u>Commitments</u>			
	Compliance, Audit, and Security		
	Compliance Program Enhancements	\$ -	\$ -
	Audit Program Enhancements	\$ -	\$ -
	Campus Security and Safety Enhancements	\$ -	\$ -
	Academic and Student Affairs		
	Student Services, Enrollment, and Retention Efforts	\$ -	\$ -
	Student Financial Aid	\$ -	\$ -
	Faculty / Staff Instructional and Advising Support and Start-Up Funding	\$ -	\$ -
	Faculty Research and Public Service Support and Start-Up Funding	\$ -	\$ -
	Library Resources	\$ -	\$ -
	Facilities, Infrastructure, and Information Technology		
	Infrastructure, Capital Renewal, Roofs, Renovation, Repair	\$ -	\$ -
	Utilities	\$ -	\$ -
	Information Technology (ERP, Equipment, etc.)	\$ -	\$ -
	Total Commitments :	\$ -	\$ -
G. Available E&G Carryforward Balance as of November 30, 2018 :		\$ -	\$ 0
	* Please provide details of earmark reserve balances (specific issue name, appropriation year, amount).		

5% Statutory Reserve Requirement: in compliance with 1011.40(2), Florida Statutes, each institution shall provide a written notification to the Board of Governors if, at any time, the unencumbered balance in the education and general fund of the university board of trustees approved operating budget goes below 5 percent. As a result, each university reserves an amount equal to 5 percent of its unencumbered balance in the education and general fund.

University Board of Trustees Reserve Requirement: the amount of unrestricted funds set aside by the University Board of Trustees to address critical, unforeseen, or non-discretionary items that require immediate funding, such as unanticipated or uninsured catastrophic events, unforeseen contingencies, state budget shortfalls, or university revenue shortfalls.

Restricted by Appropriations: funds appropriated by the Legislature for a specific purpose as identified by law or through legislative work papers.

Compliance Program Enhancements: initiatives associated with being in compliance with federal law, state law, Board of Governors Regulations or any other entity with which the University must comply.

Audit Program Enhancements: initiatives associated with implementing audit programs of the institution.

Campus Security and Safety Enhancements: the support of campus security and/or safety issues, such as the recruitment of police officers, vehicles, equipment, and investments which promote security and safety at the institution. This issue may also include mental health counseling and services.

Student Services, Enrollment, and Retention Efforts: funds to promote student success through supporting student services programs, addressing enrollment, and assisting with retention efforts to support timely graduation.

Student Financial Aid: funds aimed to reduce student costs and provide the opportunity to obtain a degree in an affordable and timely fashion.

Faculty/Staff Instructional and Advising Support and Start Up Funding: funds identified to support instructional and advising activities, and/or start- up packages for new faculty. Start up packages are often expended over a multi-year period.

Faculty Research and Public Service Support and Start Up Funding: funds identified to support research and public service, and any associated start up funding- Start up packages are often expended over a multi-year period.

Library Resources: materials and database access required to support programs of study and research.

Infrastructure, Capital Renewal, Roofs, Renovation and Repair: funds to support the maintenance of university infrastructures. Such costs may include the following: preventive maintenance, replacement of parts, systems or components; and other activities needed to preserve or maintain the asset.

Utility Costs: the support of utility costs throughout the university.

Information Technology (ERP, Equipment, etc.): funds to improve operational productivity, educational improvements, and technological innovation, implementation and/or maintenance of ERP systems, and technological equipment purchases.

**Florida Polytechnic University
Board of Trustees
Finance and Facilities Committee
December 5, 2018**

Subject: Approval of contracts over \$500,000

Proposed Committee Action

Recommend approval of new contracts in excess of \$500,000 to the Board of Trustees.

- WFF Facilities Services - Campus-wide Custodial Services
- Global University Systems - International Student Recruitment

Background Information

WFF Facilities Services, Custodial Services (5 years)

Start Date 1/1/2019

End Date 2/31/2024

Original Amount \$1,489,494

WFF Facilities Services is a custodial services vendor currently under contract with Florida Polytechnic University. The current contract ends January 2019, and the University desires to enter into a new contract with vendor under Polk State College agreement RFP #16-03. Expected spend for five years is approximately \$1,489,494.

Global University Systems (GUS) International Student Recruitment (5 years)

Start Date Pending

End Date Pending

Original Amount \$3,500,000

ITN 18-010 International Student Recruitment Services was awarded to Global University Systems. Vendor will recruit full-time Graduate and Undergraduate International Students to qualify for admission to attend the University. Expected spend for a five year term is approximately \$3,500,000.

Supporting Documentation:

GUS Financial Impact

Prepared by: Mark Mroczkowski

International Student Recruitment Agreement
 Global University Systems (GUS)
 Financial Impact Overview of Agreement (4 year period)

	<u>2019-2020</u>	<u>2020-2021</u>	<u>2021-2022</u>	<u>2022-2023</u>
Total Enrollment	1,441	1,470	1,483	1,603
Total International	45	83	117	155
% of Total	3.12%	5.65%	7.89%	9.67%
Tuition Revenue	\$ 815,892	\$ 1,511,291	\$ 2,138,662	\$ 2,839,842
Fee to GUS	367,151	663,474	894,125	1,122,931
Net to Florida Poly	<u>\$ 448,741</u>	<u>\$ 847,817</u>	<u>\$ 1,244,537</u>	<u>\$ 1,716,911</u>

**Florida Polytechnic University
Board of Trustees
Finance and Facilities Committee
December 5, 2018**

Subject: Review of Contracts over \$200,000

Proposed Committee Action

No action required – information only.

Background Information

1. Review and disclosure of new contracts over \$200,000 and less than \$500,000.
 - a. Skanska USA Building Inc.,
 - Construction Manager for ARC Building/Pre-Construction Proposal
 - Start Date 07/01/18
 - End Date: Until Complete
 - Original Amount \$310,000
 - Spend through 11/12/18: \$0.00
 - RFQ 17-005 Applied Research Center Construction Manager at Risk was awarded to Skanska USA Building, Inc. Vendor will work with University to construct a state-of-the-art wet and dry laboratory sciences higher education facility. Pre-construction agreement has been executed for \$310,000.
2. Report on existing and active procurement contracts in excess of \$200,000 with spend-to-date information.
 - See supporting documentation “Existing Contracts in Excess of \$200,000

Supporting Documentation:

Existing Contracts in Excess of \$200,000

Prepared by: Mark Mroczkowski

Florida Polytechnic University
All active contracts in excess of \$200,000
Nov-18

11/12/2018

Vendor	Contract Type	Start Date	End Date	Original Amt	Spend
Ardaman & Associates Inc	Leaching Study - Water - Deep Injection Well	10/25/2016	no cost extension	\$234,839	\$78,000
Barnes & Noble Booksellers USA Inc	Bookstore Services	5/12/2014	5/11/2019	\$250,000	\$254,935
Boring Business Systems, Inc.	Copier/Printer Service (Services/Lease)	6/19/2018	6/30/2023	\$315,630	\$11,404
Bright House Networks LLC	High Speed Communications Service	10/28/2013	10/27/2023	\$1,444,400	\$445,380
Clark Nikdel Inc.	Creative Services	7/1/2018	6/30/2020	\$1,500,000	\$158,321
Clarke Environmental Mosquito Management Inc.	Mosquito Control Services	7/1/2016	6/30/2021	\$222,915	\$97,658
Creative Enterprise Solutions LLC	University Ticketing System	1/13/2017	1/31/2020	\$237,143	\$176,732
Elliance, Inc.	Creative Services	3/19/2018	3/18/2020	\$375,000	\$0
Hellmuth Obata and Kassabaum Inc	HOK - Applied Research Center	10/1/2017	5/30/2022	\$2,762,795	\$625,275
Indie Atlantic LLC	Creative Services	7/1/2018	6/30/2020	\$375,000	\$35,000
International Business Machines Corporation	IBM Implementation Services - Workday Student	5/15/2017	12/31/2019	\$2,584,494	\$299,293
Lakeland Regional Medical Center	Student Health Care Services	8/20/2014	8/20/2019	\$275,000	\$221,303
Liberty Lawn Care LLC	Grounds Maintenance	1/28/2016	1/27/2019	\$1,376,379	\$1,045,754
MG McGrath, Inc.	Pergola Repair	4/23/2018	until work completed	\$264,855	\$203,000
Potthast Studios, Inc.	Creative Services	4/24/2018	4/23/2020	\$375,000	\$8,503
Presidio Networked Solutions Inc	Cisco SmartNet; Network equipment repair and maintenance	12/15/2017	6/30/2019	\$274,633	\$274,633
SalesForce	Customer Relationship Management Software	10/1/2016	6/30/2019	\$338,131	\$239,027
Skanska USA Building Inc	Construction Manager for ARC Building/Preconstruction	7/1/2018	until work completed	\$310,000	\$32,000
S3Media Group	Creative Services	3/20/2018	3/19/2020	\$375,000	\$0
Safari Micro	VMWare (Software/Hardware/Implementation)	7/16/2018	7/15/2021	\$376,752	\$0
Super Transportation of Florida LLC	TransDev Services Inc - Student Transportation Services	8/12/2016	7/31/2019	\$418,022	\$296,085
Tinsley Creative	Creative Services	3/15/2018	3/14/2020	\$375,000	\$3,194
Tucker Hall Inc	Creative Services	6/5/2014	6/4/2019	As budget allows	\$208,532
WFF Facility Services	Custodial Services	1/25/2016	1/24/2019	\$839,440	\$593,771
Workday Inc	Workday Student (Subscription & Delivery Assurance)	7/29/2016	7/28/2021	\$1,371,867	\$566,056
Workday Inc	Workday HR Finance (Subscription & Delivery Assurance (Renewal)	4/30/2015	4/29/2021	\$2,132,537	\$1,462,561
Workday Inc.	Workday Training (All subscriptions)	4/30/2015	2/6/2020	\$268,640	\$268,640

NOTES

1. "As budget allows" means there was no firm fixed Total Value for the Agreement, only estimates based on budget availability.
2. Continuing Service Contracts for architectural, engineering, & construction services are based on multiple releases for minor projects and are limited to \$2 million

**Florida Polytechnic University
Finance and Facilities Committee
Board of Trustees
December 5, 2018**

Subject: Approval of Foundation Board of Director Nominees

Proposed Committee Action

Recommend approval to the Board of Trustees the following nominees to the Florida Polytechnic University Foundation, Inc. Board of Directors:

- Joshua McCoy
- Ivette O'Doski

Background Information

These nominees were unanimously approved by the Foundation Board of Directors during a meeting held on November 16, 2018. This matter now comes before the Board of Trustees for final approval.

Supporting Documentation: PowerPoint

Prepared by: Kevin Aspegren, CEO, Florida Polytechnic University Foundation, Inc.

Proposed Foundation Board of Directors

- **Joshua A. McCoy, SVP**

- SunTrust Bank – Government Commercial Banking
Team Lead



- 14 years of C&I, Institutional and Government banking
experience

- Corporate and consulting experience includes Internal Auditor at
The Limited, Inc., Project Controller at Accenture, and
Consolidated Corporate Financial Analyst at Tech Data

Proposed Foundation Board of Directors

- **Joshua A McCoy(cont.)**

- Education

- BS – Business Administration; University of Cincinnati
(double major in Finance and Treasure
Management)

- MBA – University of South Florida

- Community Service

- School Board President; St. Martha Catholic School

- Treasurer; Sarasota Opera Company Board of Trustees

- Board member; The Boys & Girls Club Sarasota County

- Foundation Board member; The Boys & Girls Club
Sarasota County

- Chair; United Way of Sarasota Healthcare

- Foundation Advisory Committee; University of Cincinnati

- Berlin Board member; Sarasota YMCA

Proposed Foundation Board of Directors

- **Ivette O'Doski**

- President; Ivetta O'Doski Consulting – Private and independent Government Relations firm founded in 2015.
- Practicing attorney
- 15 years experience working as government consultant with a focus on state and local affairs in Miami-Dade County
- Legal career
 - Began with Fowler, White, Burnett (Miami-Dade)
 - Senior Government Advisor – Buchanan Ingersoll and Rooney
 - Vice-President of Corporate, Government and Community Relations for Miami-Dade Beacon Council



Proposed Foundation Board of Directors

- **Ivette O'Doski (cont.)**
 - Community Service
 - Member of several professional associations
 - Board member; Florida Board of Architecture and Interior Design
 - Leadership Florida member
 - Education
 - University of Miami School of Law 1997-2000
 - Fluent in English and Spanish

**Florida Polytechnic University
Board of Trustees
Finance and Facilities Committee
December 5, 2018**

Subject: Facilities and Safety Services Update on Applied Research Center (ARC)

Proposed Committee Action

No action required – information only.

Background Information

- (1) Current Project Budget
- (2) Current Project Schedule
- (3) Phasing Strategies
- (4) Design Progress

Supporting Documentation:

PowerPoint Presentation - Facilities Update (ARC) 120518

Prepared by: David Calhoun



FLORIDA POLYTECHNIC
UNIVERSITY

Facilities and Safety Services Update (ARC)

David Calhoun

December 05, 2018

ARC Overview

- **Total project budget (\$38.7M)**
- **Prior funding**
 - PECO funding 16-17 (\$5.0M)
 - PECO funding 17-18 (\$2.0M)
 - CF funding 16-17 (\$5.0M)
 - CF funding 18-19 (\$15.9M)
- **Estimated project cost remainder (\$10.8M)**
- **Projected PO&M (\$2.0M)**
- **Proposed completion date (08/2021)**
- **Building size**
 - NAS (60,786)
 - GSF (85,100)

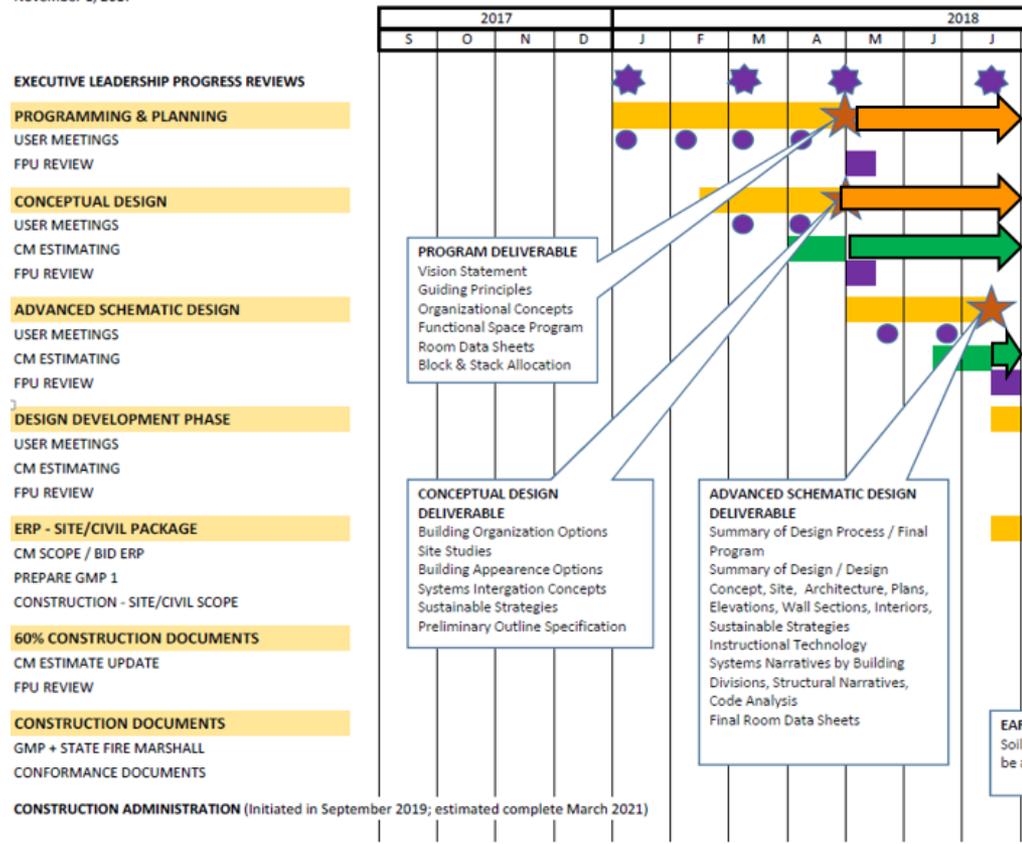


Design Progress

- **Programing and Planning**
 - 100% complete
- **Conceptual Design**
 - 100% Complete
- **Advanced Schematic Design**
 - 90% Complete
- **Design Development**
 - 15% Complete
- **Upcoming Progress**
 - Incorporate cost concessions
 - Program confirmation
 - Deploy Design Development

HOK PROPOSED DESIGN ACTIVITY SCHEDULE

November 1, 2017



Phasing Strategies

- BOG PECO Recommendation**

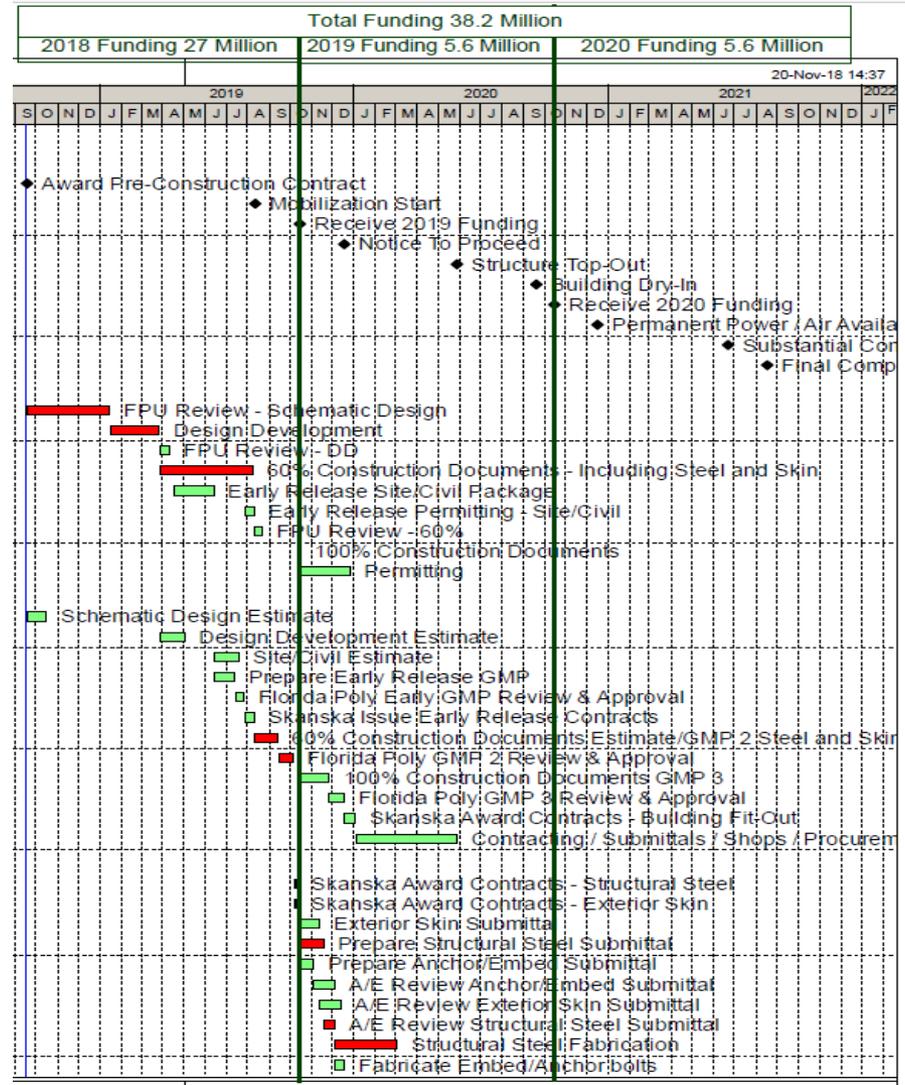
- 2019-20 = \$5,563,425
- 2020-21 = \$5,563,425

- Funded to Date**

- \$27,873,150

- Schedule**

- Includes milestones for two (2) funding opportunities
- Project will be phased/procured to maximize progress, and maintain scheduled completion date.



Phasing Strategies

- BOG PECO Recommendation**

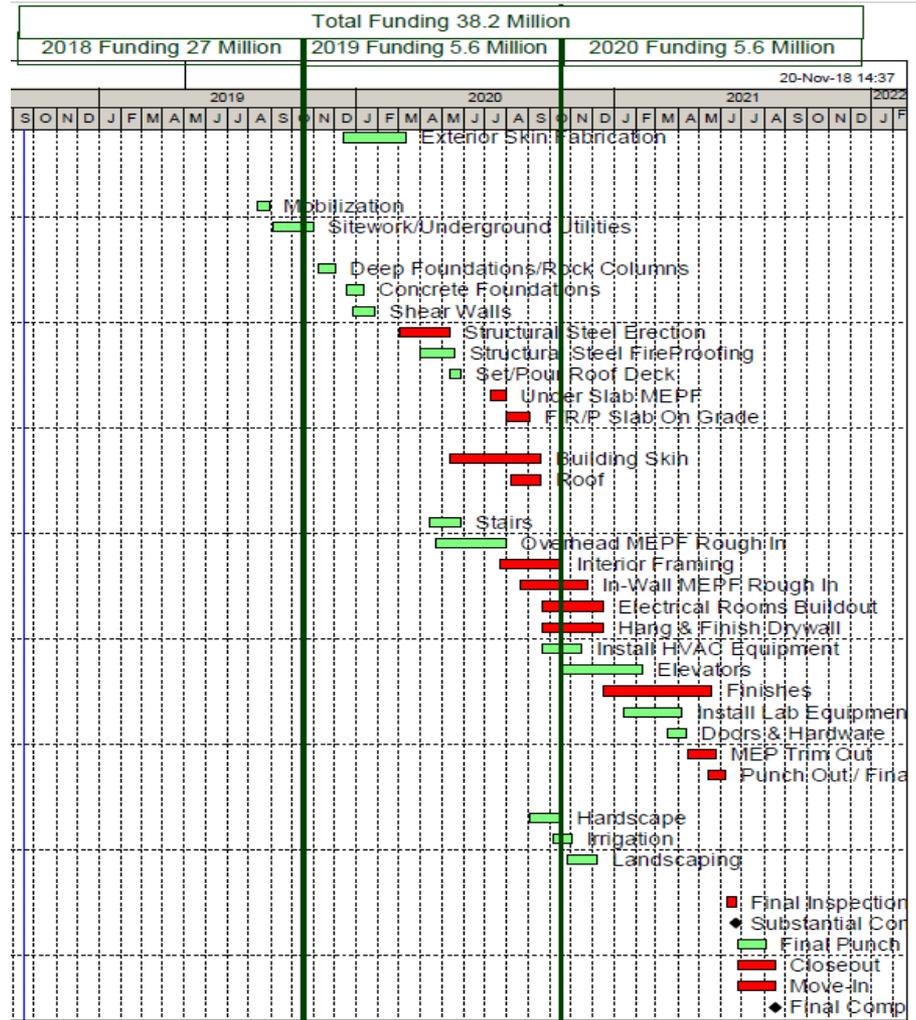
- 2019-20 = \$5,563,425
- 2020-21 = \$5,563,425

- Funded to Date**

- \$27,873,150

- Schedule**

- Includes milestones for two (2) funding opportunities
- Project will be phased/procured to maximize progress, and maintain scheduled completion date.



Summary

- **Summary Discussion**
- **Forthcoming Presentations**