



FLORIDA POLYTECHNIC  
UNIVERSITY

## Board of Trustees Finance & Facilities Committee Meeting

Tuesday, December 10, 2019

4:00 PM - 5:00 PM

*Or upon conclusion of the Governance committee meeting*

Florida Polytechnic University – Student Development Center  
4700 Research Way, Lakeland, FL 33805

Dial In Number: 1-415-655-0001 | Access Code: 314 356 552

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Frank Martin, Chair  
Dr. Victoria Astley

Henry McCance, Vice Chair  
Rear Admiral Philip Dur

Bob Stork  
Gary Wendt

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### AGENDA

- |   |                              |
|---|------------------------------|
| I. Call to Order  | Frank Martin, Chair          |
| II. Roll Call   | Edwina Hall                  |
| III. Public Comment   | Frank Martin, Chair          |
| IV. <a href="#">Approval of the September 11, 2019 Minutes</a><br><i>*Action Required*</i>                                | Frank Martin, Chair          |
| V. <a href="#">2018-2020 Finance and Facilities Committee Work Plan Review</a>  | Frank Martin, Chair          |
| VI. <a href="#">University and Foundation First Quarter 2019-2020 Financial Review</a>                                    | Mark Mroczkowski<br>VP & CFO |
| VII. <a href="#">University Annual Financial Report for Year-End June 30, 2019</a>  | Mark Mroczkowski<br>VP & CFO |
| VIII. <a href="#">Approval of Revised Carry Forward Budget for Previously Unbudgeted Costs</a> <i>*Action Required*</i>   | Mark Mroczkowski<br>VP & CFO |
| IX. <a href="#">Approval of Revision to Regulation FPU-4.003 Special Fees, Fines and Charges</a> <i>*Action Required*</i> | Mark Mroczkowski<br>VP & CFO |

- |       |   |   |
|-------|---|---|
| X.    | <a href="#"><u>Approval of Regulation FPU-1.0033 Unmanned Aircraft Systems (UAS) and Model Aircraft</u></a><br><i>*Action Required*</i> | Mark Mroczkowski<br>VP & CFO              |
| XI.   | <a href="#"><u>Review of Contracts Over \$200,000</u></a>   | Mark Mroczkowski<br>VP & CFO              |
| XII.  | <a href="#"><u>Applied Research Center (ARC) Update</u></a>   | David Calhoun<br>AVP, Facilities & Safety |
| XIII. | <a href="#"><u>Approval of Foundation Board Appointments</u></a><br><i>*Action Required*</i>  | Kathy Bowman<br>VP Advancement            |
|       | A. Travis Hills<br>B. Ryan Perez  |   |
| XIV.  | Closing Remarks and Adjournment   | Frank Martin, Chair                       |

Florida Polytechnic University  
Board of Trustees

**Finance & Facilities Committee Meeting**

**DRAFT MEETING MINUTES**

Wednesday, September 11, 2019  
12:45 PM – 1:45 PM

Florida Polytechnic University  
Student Development Center  
4700 Research Way, Lakeland, FL 33805- 8531

I. Call to Order

Committee Chair Frank Martin called the Finance and Facilities Committee meeting to order at 12:59 p.m.

II. Roll Call

Winnie Hall called the roll: Committee Chair Frank Martin, Committee Vice-Chair Henry McCance (call in), Trustee Bob Stork, Trustee Victoria Astley, Trustee Philip Dur, and Trustee Gary Wendt were present (Quorum).

Other trustees present: Board of Trustee Chair Don Wilson.

Staff present: President Randy Avent, Provost Terry Parker, Mr. Mark Mroczkowski, Mrs. Gina Delulio, Mrs. Maggie Mariucci, Mr. Bob Kennedy, Mr. David Blanton, Mr. David Calhoun, Mr. Derek Horton, Mr. John Sprenkle, Mr. David O'Brien, Mrs. Treasa McLean, Mrs. Kris Wharton, Mr. David Brunell, Mrs. Melaine Schmiz, and Mrs. Winnie Hall were present.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes the May 22, 2019 Minutes

**Trustee Bob Stork made a motion to approve the Finance and Facilities Committee meeting minutes of May 22, 2019. Trustee Philip Dur seconded the motion; a vote was taken, and the motion passed unanimously.**

V. 2018-2020 Finance and Facilities Committee Work Plan Review

The 2016-2018 Finance and Facilities Work Plan remains unchanged and no discussion occurred.

VI. University and Foundation Financial Review

Mr. Mark Mroczkowski presented the 2018-2019 Fourth Quarter Financial Review of the University's and the Foundation's financial results for the quarter ended June 30, 2019. The University's total revenue was up 18% and expenses were up significantly to 22%. Total assets remain stable at approximately \$220M. Liabilities are up slightly to approximately \$24M. The net position is incredibly strong at nearly \$197M. The primary reserve ratio remains high and both net income and return on net asset ratios are down slightly. The University's viability ratio remains exceptionally strong. The Foundation's net position is much improved at \$4.1M.

Committee Chair Frank Martin asked the committee members to reflect on the financial review and determine if they are comfortable with the presentation of the information, i.e. would they like to see additional information reported on, etc.

Trustee Gary Wendt asked that future financial information be presented in smaller portions so that it would be more easily discernable.

Discussion and questions ensued, but no further action was taken.

VII. Approval of Revised Carry Forward and Fixed Capital Outlay Budgets

Mr. Mroczkowski reviewed the University's fixed Capital Outlay Budget of \$22,628,683. In addition, he presented the revised Carryforward Budget to include \$2M for the Applied Research Center "ARC" and an adjustment to the previously estimated roll forward increasing the actual year end roll forward to \$7.3M, leaving an available carryforward balance of \$4.1M. The amendments include several technical changes to comply with Senate Bill (S.B.) 190 and revised BOG reporting requirements.

**Trustee Philip Dur made a motion to approve the amendments to the carry forward, fixed capital outlay, and operating budgets. Trustee Bob Stork seconded the motion; a vote was taken, and the motion passed unanimously.**

VIII. Approval of University Resources Used by the Foundation in 2018-19

Mr. Mroczkowski reviewed the University resources used by the Foundation in 2018-2019.

**Trustee Bob Stork made a motion to approve the University resources used by the Foundation in 2018-2019. Trustee Philip Dur seconded the motion; a vote was taken, and the motion passed unanimously.**

IX. Approval of Revision to Policy Number FPU-7.0001P Electronic Funds Transfer

Mr. Mroczkowski reviewed the revisions to Policy Number FPU-70001P Electronic Funds Transfer. This amendment will update the policy to remove obsolete procedures and references. As amended, this policy sets forth the procedures in which any funds under the University's control can be moved by electronic transfer for any purpose including direct deposit, withdrawal, investment, or wire transfer.

**Trustee Bob Stork made a motion to approve the revisions to Policy Number FPU-7.0001 Electronic Funds Transfer. Trustee Gary Wendt seconded the motion; a vote was taken, and the motion passed unanimously.**

X. Applied Research Center (ARC) Update

Mr. David Calhoun provided an update on the Applied Research Center (ARC) to the Committee. The total project budget is \$40.6M (design, permitting, inspections, and construction) and the estimated project cost is \$12.7M. The Guaranteed Maximum Price (GMP) for Phase I, which includes ground enhancement, foundations, and structure, is \$8.2M.

Discussion and questions ensued but no further action was taken.

XI. Approval of Contracts Over \$500,000

Mr. Mroczkowski presented two contracts in excess of \$500,000 to the Committee for board approval.

- A. Applied Research Center (ARC) – As part of its construction management agreement, Skanska has submitted the first of three incremental Guaranteed Maximum Price (GMP) proposals, GMP Phase I Sitework/Foundation/Structure at \$8.2M, for construction of the ARC.

Committee Chair Martin commented that, in the interest of time, he would like to ask the team aforementioned by Mr. Mroczkowski (Mr. David Calhoun, Mrs. Treasa McLean, Mr. David O'Brien, and Mr. David Brunell) to address additional questions regarding this contract at a future committee meeting.

**Trustee Bob Stork made a motion to approve the original construction management contract and the Phase I GMP for \$8.2M. Trustee Philip Dur seconded the motion; a vote was taken, and the motion passed unanimously.**

- B. University Dining Services - Compass Group, USA, Inc. (Chartwells), University Dining Operations Management vendor, has requested an amendment to our current contract to adjust commission rates and future capital contributions payable to the University. The amendment to this revenue producing contract was requested due to meal plan sales falling below original estimates.

Committee Chair Martin commented that due to this information being added at the last minute he would like more detailed information to be provided to the committee members.

**Trustee Bob Stork made a motion to approve the amendment to the current contract to adjust commission rates and future capital contributions payable to the University. Trustee Philip Dur seconded the motion; a vote was taken, and the motion passed unanimously.**

XII. Review of Contracts over \$200,000

Mr. Mroczkowski reviewed two new contracts in excess of \$200,000.

1. Tucker Hall: Public Relations and Communication Consultation Services
2. Capture, LLC: Recruitment Services and Enrollment Software

This item was for informational purposes only. No further action was requested or taken.

XIII. Approval of Foundation Board Reappointments

**Trustee Bob Stork made a motion to approve the reappointment of Trustee Alice Hunt for service to the Florida Polytechnic University Foundation, Board of Directors for a two-year term. Trustee Philip Dur seconded the motion; a vote was taken, and the motion passed unanimously.**

XIV. Closing Remarks and Adjournment

With no further business to discuss, the meeting adjourned at 2:00 p.m.

DRAFT

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

September 5 , 2018	December 5. 2018	March 13, 2019	May 21-22, 2019
<ul style="list-style-type: none"> <li>• University and Foundation Financial Update</li> <li>• Contract Review</li> <li>• Construction Update</li> </ul>	<ul style="list-style-type: none"> <li>• University and Foundation Financial Update</li> <li>• Contract Review</li> <li>• Construction Update</li> </ul>	<ul style="list-style-type: none"> <li>• Educational Plant Survey</li> <li>• University &amp; Foundation Financial Update</li> <li>• Contract Review</li> <li>• Construction Update</li> </ul>	<ul style="list-style-type: none"> <li>• 2018 Legislative Session Appropriations</li> <li>• 2019-2020 Legislative Budget Request (Operating and Fixed Capital Outlay)</li> <li>• 2019-2020 University Operating Budget</li> <li>• 2019-2020 Foundation Operating Budget</li> <li>• University &amp; Foundation Financial Update</li> <li>• Contract Review</li> <li>• Construction Update</li> </ul>
September 11, 2019	December 11, 2019	February, 2020	May, 2020
<ul style="list-style-type: none"> <li>• University &amp; Foundation Financial Update</li> <li>• Contract Review</li> <li>• Construction Update</li> </ul>	<ul style="list-style-type: none"> <li>• University &amp; Foundation Financial Update</li> <li>• Contract Review</li> <li>• Construction Update</li> </ul>	<ul style="list-style-type: none"> <li>• University and Foundation Financial Update</li> <li>• Contract Review</li> <li>• Construction Update</li> </ul>	<ul style="list-style-type: none"> <li>• 2019 Legislative Session Appropriations</li> <li>• 2020-2021 Legislative Budget Request (Operating and Fixed Capital Outlay)</li> <li>• 2020-2021 University Operating Budget</li> <li>• 2020-2021 Foundation Operating Budget</li> <li>• University &amp; Foundation Financial Update</li> <li>• Contract Review</li> <li>• Construction Update</li> </ul>
September, 2020	December, 2020		
<ul style="list-style-type: none"> <li>• University and Foundation Financial Update</li> <li>• Contract Review</li> <li>• Construction Update</li> </ul>	<ul style="list-style-type: none"> <li>• University and Foundation Financial Update</li> <li>• Contract Review</li> <li>• Construction Update</li> </ul>		

Florida Polytechnic University  
Board of Trustees  
Finance and Facilities Committee  
December 10, 2019

**Subject:** University and Foundation Financial Review

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**Proposed Committee Action**

No action required – information only.

**Background Information**

Mark Mroczkowski, Vice President and Chief Financial Officer will provide the Committee with the first quarter financial review of the University and the Foundation.

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**Supporting Documentation:** 2019-2020 Quarter 1 Financial Review for the University and the Foundation

**Prepared by:** Mark Mroczkowski, Vice President & CFO



**FLORIDA POLYTECHNIC**  
UNIVERSITY

**2019-2020**  
**1st Quarter Financial Review**

**Mark Mroczkowski**



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# University Financial Dashboard

## 3 Months YOY Summary

Revenue	\$19,494,462	+15.12%
Expenses	\$19,516,273	+11.03%
Net Loss	(\$21,811)	-96.00%
Assets	\$219,143,356	+0.78%
Liabilities	\$22,697,796	+3.73%
Net Position	\$196,445,560	+0.46%

## Financial Ratios

Metric	University	Benchmark*
Primary Reserve Ratio	270.29%	40%
Net Income Ratio	(0.11%)	2-4%
Return on Net Assets	0.46%	3-4%
Viability Ratio	14,118.81%	125-200%

Florida Poly has enjoyed financial growth and has sustainable financial strength with a composite financial index score of 125.64 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 Budget Update

## (receipts/revenues)

	Approved FY 20 Budget	3 Months Budget 9-30-2019	3 months Actuals 09-30-2019	Budget Variance
<b><u>Revenues</u></b>				
<b><u>Education &amp; General</u></b>				
General Revenue	37,347,306	9,336,827	9,391,422	0.58%
Lottery	363,360	90,840	90,840	0.00%
Student Tuition	2,054,602	513,651	1,158,119	125.47%
Phosphate Research	2,945,111	736,278	371,239	-49.58%
<b><u>Contracts &amp; Grants</u></b>				
Other US Grants	472,500	118,125	191,713	62.30%
<b><u>Auxiliaries</u></b>				
Sales of Goods/Services	5,019,143	1,254,786	1,957,389	55.99%
Concessions	35,000	8,750	1,532	-82.49%
<b><u>Local Funds</u></b>				
Fees	952,803	238,201	497,986	109.06%
Investment Income			1,085,011	
<b><u>Transfers</u></b>				
FIPR to General Revenue	200,421	50,105		-100.00%
Financial Aid	10,000,000	2,500,000	4,698,662	87.95%
Other Unrestricted	250,000	62,500	50,550	-19.12%
<b>Total Revenues</b>	<b>59,640,246</b>	<b>14,910,062</b>	<b>19,494,462</b>	<b>30.75%</b>



# University Budget Update (cont.)

## (Operating Expenditures)

	Approved FY 20 Budget	3 Months Budget 9-30-2019	3 months Actuals 09-30-2019	Budget Variance
<b><u>Operating Expenditures</u></b>				
<b><u>Education &amp; General</u></b>				
Salaries & Benefits	29,488,731	7,372,183	5,434,297	-26.29%
Other Personal Services	1,772,565	443,141	602,081	35.87%
Expenses	8,654,393	2,163,598	2,213,131	2.29%
Financial Aid	50,000	12,500	30,000	140.00%
Phosphate Research	2,945,111	736,278	538,437	-26.87%
<b><u>Contracts &amp; Grants</u></b>				
Expenses	472,500	118,125	114,103	-3.40%
<b><u>Auxiliaries</u></b>				
Salaries & Benefits	998,752	249,688	203,484	-18.50%
Other Personal Services	40,800	10,200	10,757	5.46%
Expenses	3,953,945	988,486	1,376,473	39.25%
<b><u>Local Funds</u></b>				
Salaries & Benefits	211,119	52,780	51,788	-1.88%
Other Personal Services	100,000	25,000	9,827	-60.69%
Expenses	702,330	175,583	136,220	-22.42%
<b><u>Transfers</u></b>				
Financial Aid	10,000,000	2,500,000	4,688,825	87.55%
Other Unrestricted	250,000	62,500	3,641	-94.17%
<b>Total Operating Expenditures</b>	<b>59,640,246</b>	<b>14,910,062</b>	<b>15,413,064</b>	<b>3.37%</b>



# University Budget Update (cont.)

## (Non-Operating Expenditures and Total)

	Approved FY 20 Budget	3 Months Budget 9-30-2019	3 months Actuals 09-30-2019	Budget Variance
<b><u>Non-Operating Expenditures</u></b>				
Fixed Capital Outlay (see note)	22,628,683	5,657,171	3,739,263	-33.90%
Carry Forward (OPS expenses)	10,010,778	2,502,695	363,946	-85.46%
<b>Total Non-Operating Expenditures</b>	<b>32,639,461</b>	<b>8,159,865</b>	<b>4,103,209</b>	<b>-49.71%</b>
<b>GRAND-TOTAL</b>	<b>92,279,707</b>	<b>23,069,927</b>	<b>19,516,273</b>	<b>-15.40%</b>

Note: Fixed Capital Outlay includes repair expenses in the amount of \$2.1 million and depreciation expense of \$1.6 million.



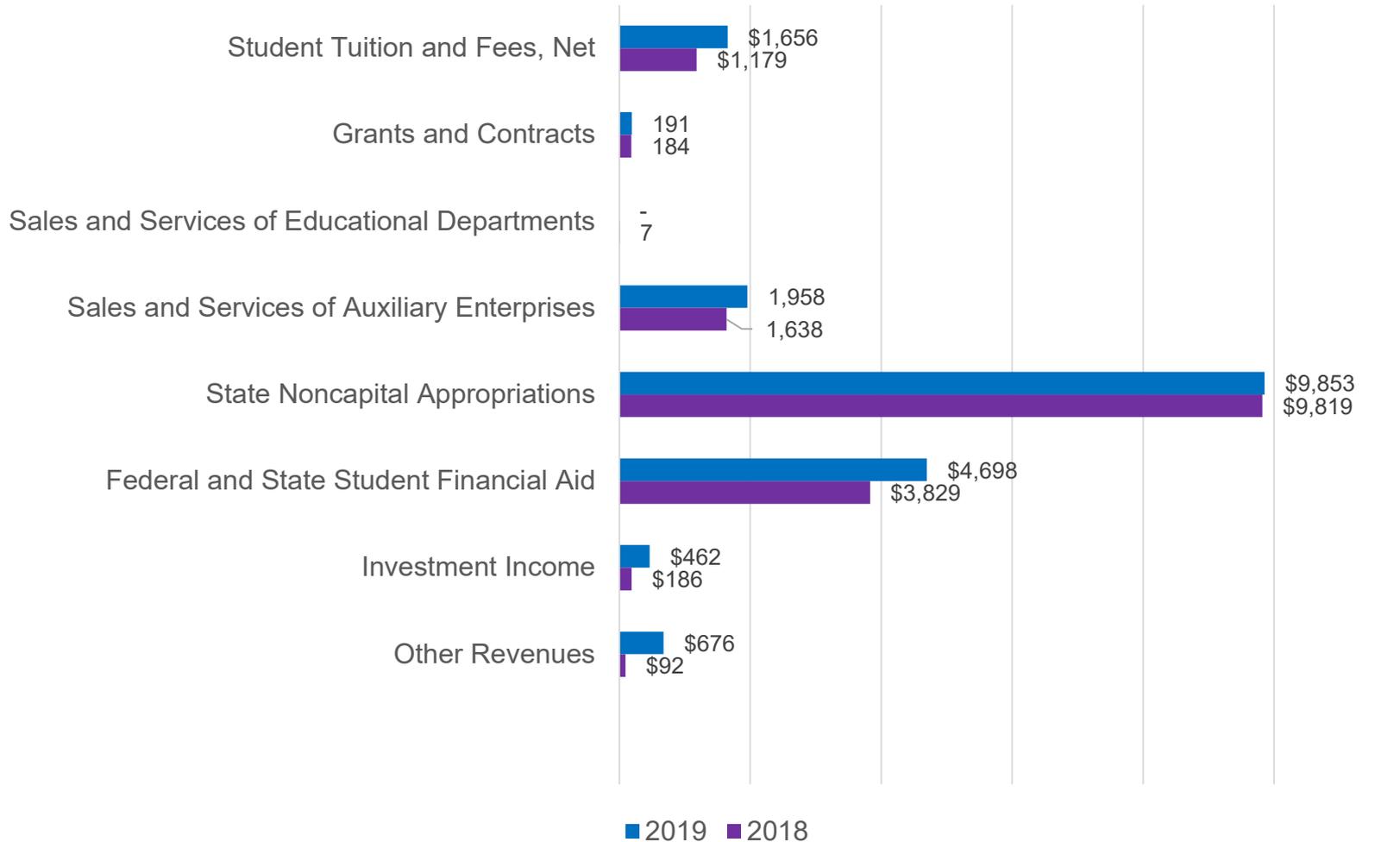
# University Revenues

(in thousands)

	<u>2019</u>	<u>2018</u>	<u>YOY Change</u>
Student Tuition and Fees, Net	\$ 1,656	\$ 1,179	40.46%
Grants and Contracts	191	184	3.80%
Sales and Services of Educational Departments	-	7	-100.00%
Sales and Services of Auxiliary Enterprises	1,958	1,638	19.54%
State Non-capital Appropriations	9,853	9,819	0.35%
Federal and State Student Financial Aid	4,698	3,829	22.70%
Investment Income	462	186	148.39%
Other	676	92	634.78%
<b>Total Revenues</b>	<u><u>\$ 19,494</u></u>	<u><u>\$ 16,934</u></u>	<u><u>15.12%</u></u>

# University Revenues

(in thousands)



# University Revenues

## (Analysis)

Changes in Revenues for the first quarter are primarily related to:

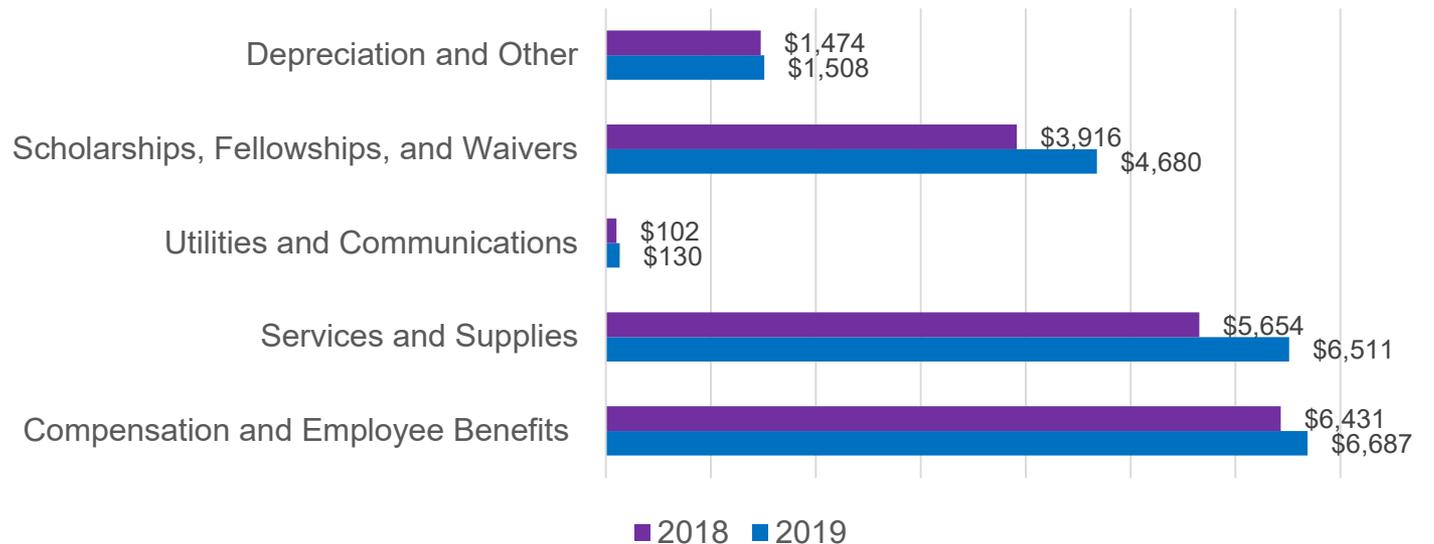
- Tuition and Fees increased \$477 thousand due to the timing of the collection of fees compared to the budget for the first quarter.
- Sales and Services of Auxiliary Enterprises decreased \$320 thousand due to changes in commissionable sales.
- Federal and State financial aid increased \$615 thousand due to increases in student loans and Florida Bright Futures recipients.
- Investment income increased \$276 thousand due to higher yields.
- Other revenues increased \$584 due to unrealized gains on the University's investment portfolio.



# University Expenses

(in thousands)

	2019	2018	YOY Change
Compensation and Employee Benefits	\$ 6,687	\$ 6,431	3.98%
Services and Supplies	6,473	5,654	14.49%
Utilities and Communications	130	102	27.45%
Scholarships, Fellowships, and Waivers	4,718	3,916	20.48%
Depreciation and Other	1,508	1,474	2.31%
<b>Total Expenses</b>	<b>\$ 19,516</b>	<b>\$ 17,577</b>	<b>11.03%</b>



# University Expenses

## (Analysis)

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Changes in Expenses for the first quarter are primarily related to:

- Compensation and benefits increased \$256 thousand due to increases in support personnel and OPS positions.
  - Services and supplies increased \$819 thousand due to IST Pergola repairs.
  - Scholarships, fellowships and waivers increased \$802 thousand due to increases in student loans and Florida Bright Futures recipients.
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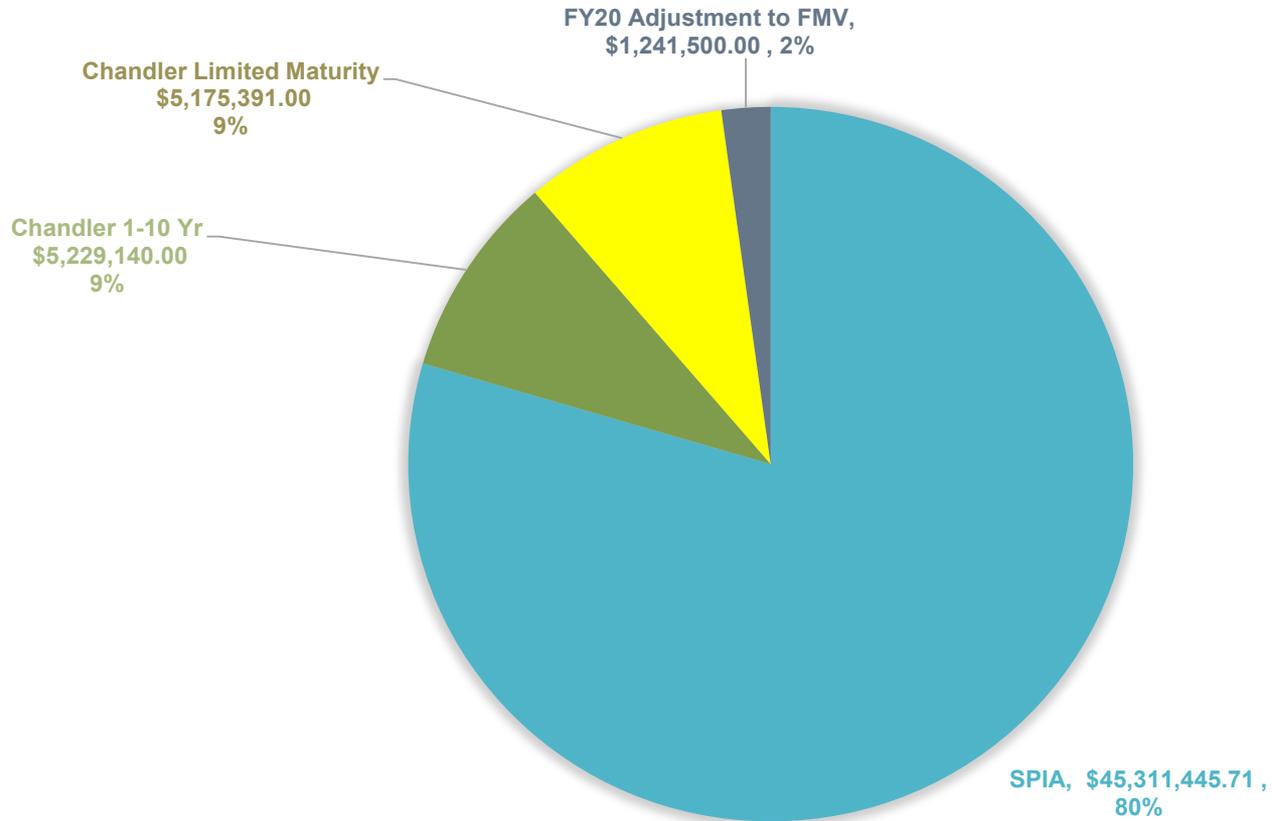
# University Q1 Balance Sheet

Florida Polytechnic University  
Condensed Statement of Net Position  
As of September 30, 2019

	9/30/2019	9/30/2018	\$ Change	% Change
<b>Assets:</b>				
Cash and Investments	\$ 57,363,911	\$ 46,148,380	\$ 11,215,531	24.30%
Receivables	7,993,258	13,389,989	(5,396,731)	-40.30%
Total Current Assets	65,357,169	59,538,369	5,818,800	9.77%
Property, Plant and Equipment (Net)	144,068,027	148,058,147	(3,990,120)	-2.69%
Other Non Current Assets	9,718,160	9,840,090	(121,930)	-1.24%
Total Non Current Assets	153,786,187	157,898,237	(4,112,050)	-2.60%
Total Assets	\$ 219,143,356	\$ 217,436,606	\$ 1,706,750	0.78%
<b>Liabilities:</b>				
Current Liabilities	\$ 1,634,610	\$ 2,692,150	\$ (1,057,540)	-39.28%
Non Current Liabilities	21,063,186	19,188,772	1,874,414	9.77%
Total Liabilities	22,697,796	21,880,922	816,874	3.73%
Net Position	196,445,560	195,555,683	889,877	0.46%
Total Liabilities and Net Position	\$ 219,143,356	\$ 217,436,605	\$ 1,706,751	0.78%

# Investment Analysis

## INVESTMENTS SUMMARY SEPTEMBER 2019





# Investment Analysis (cont.)

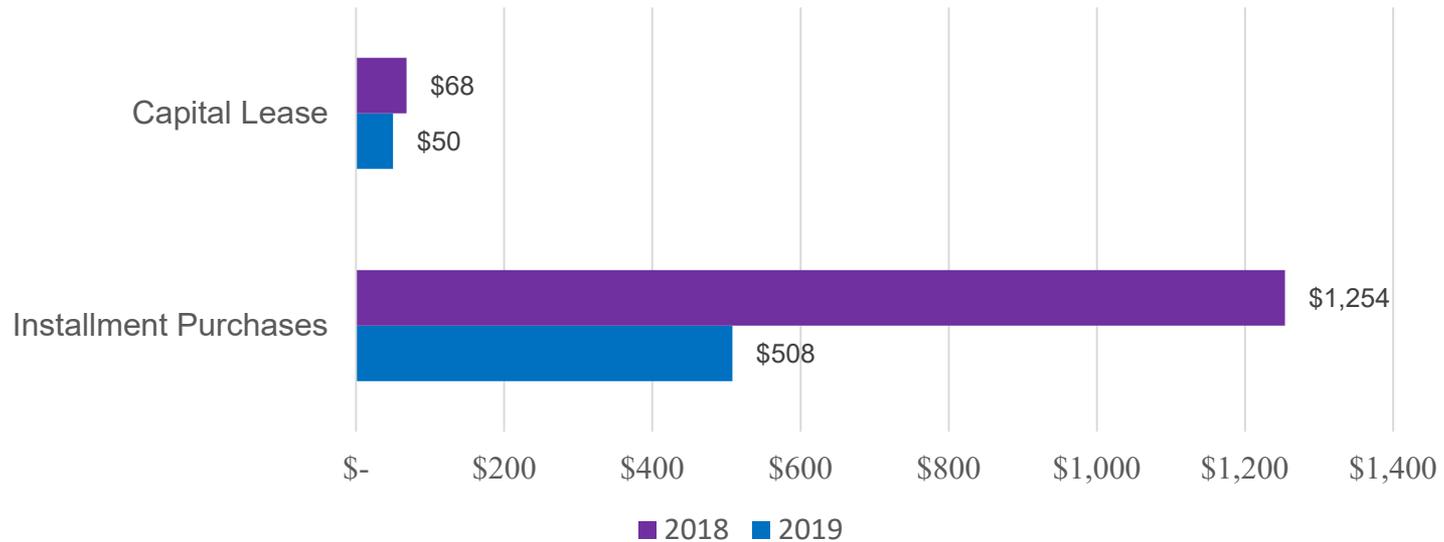
<u>Investment</u>	<u>Market Value</u>	<u>Average Rating</u>	<u>Maturity</u>	<u>Average Return YTD</u>
SPIA	\$ 46,389,857	AA	2.82 years	3.48%
Chandler Limited Maturity	\$ 5,221,802	AA	1.75 years	2.17%
Chandler 1-10 Year	<u>\$ 5,345,817</u>	AA-	4.66 years	3.52%
Total	<u><u>\$ 56,957,476</u></u>			



# University Debt Administration

(in thousands)

	<u>2019</u>	<u>2018</u>	<u>YOY Change</u>
Installment Purchases	\$ 508	\$ 1,254	-59.49%
Capital Lease	50	68	-26.47%
<b>Total Outstanding Debt</b>	<b>\$ 558</b>	<b>\$ 1,322</b>	<b>-57.79%</b>





# Balance Sheet Variance Analysis

Changes in the Condensed Statement of Net Position for the first quarter are primarily related to:

- Cash and Investments increased \$11.2 million primarily due to the insurance recovery for IST damage.
- Receivables consist of amounts due from students (\$261 thousand) less allowance for doubtful accounts (48 thousand), customers (\$228 thousand), interest and dividends receivable (\$188 thousand) and, amounts due from the State for PECO funds (\$7.4 million), This balance decreased \$5.4 million primarily due to the release of the Foundation's scholarship pledge.
- Current Liabilities decreased \$1.1 million due to the amortization of installment purchases and capital leases.
- Non-current liabilities increased 1.9 million due to the accrued amount of estimated future pension obligations.

# Outline

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



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# Foundation Financial Dashboard

Accrual Basis As of September 30, 2019			Cash Basis As of September 30, 2019		
<b>Revenue</b> (donations, investment income)	\$126,174	-38.17%	<b>Revenue</b> (donations, investment income)	\$133,477	-41.77%
<b>Operating Expenses</b> (advocacy, events, travel, etc..)	\$126,739	-87.07%	<b>Operating Expenses</b> (advocacy, events, travel, etc..)	\$95,216	+145.81%
<b>University Support</b> (scholarships, salaries)	\$70,912	-0.00%	<b>University Support</b> (scholarships, salaries)	\$0	-0.00%
<b>Investments</b> (TIAA)	\$6,070,722	+2.96%	<b>Investments</b> (TIAA)	\$6,070,722	+2.96%
<b>Permanently Restricted Funds</b> (endowments)	\$1,476,788	+3.82%	<b>Permanently Restricted Funds</b> (endowments)	\$1,476,788	+32.07%
<b>Temporarily Restricted Funds</b> (scholarships, health informatics)	\$1,161,621	+128.11%	<b>Temporarily Restricted Funds</b> (scholarships, health informatics)	\$3,845,329	+3.96%
<b>Unrestricted Funds</b>	\$1,399,775	+149.58%	<b>Unrestricted Funds</b>	\$1,601,380	-20.13%
<b>Total Net Position</b>	\$4,038,183	+566.82%	<b>Total Net Position</b>	\$6,601,197	+2.85%



# Foundation Q1 Budget Update

## REVENUE

	<b>FY 19-20 Budget</b>	<b>3 Months Budget 9-30-2019</b>	<b>3 Months Actuals 9-30-2019</b>	<b>Variance</b>	<b>3 Months Actuals 9-30-2018</b>	<b>YOY Change</b>
Donations	1,283,111	320,778	156,843	(59,243)	216,086	-27.42%
Investment Income	354,296	88,574	(23,366)	(36,512)	13,146	-277.74%
<b>Total Revenue</b>	<b>1,637,407</b>	<b>409,352</b>	<b>133,477</b>	<b>(95,755)</b>	<b>229,232</b>	<b>-41.77%</b>

## EXPENSES

	<b>FY 19-20 Budget</b>	<b>3 Months Budget 9-30-2019</b>	<b>3 Months Actuals 9-30-2019</b>	<b>Variance</b>	<b>3 Months Actuals 9-30-2018</b>	<b>YOY Change</b>
Salary & Benefits	424,407	106,102	-	-	-	
General Expense	500,000	125,000	95,216	56,481	38,735	145.81%
Scholarships	713,000	178,250	-	-	-	
<b>Total Expenses</b>	<b>1,637,407</b>	<b>409,352</b>	<b>95,216</b>	<b>56,481</b>	<b>38,735</b>	<b>145.81%</b>

Note: Statements are presented on a cash basis



# Foundation Q1 Balance Sheet

Florida Polytechnic University Foundation, Inc.  
Condensed Statement of Net Position  
As of September 30, 2019

	9/30/2019	9/30/2018	\$ Change	% Change
<b>Assets:</b>				
Cash and Investments	\$ 6,660,735	\$ 6,597,693	\$ 63,042	0.96%
Receivables	232,559	681,006	(448,447)	-65.85%
<b>Total Current Assets</b>	<b>6,893,294</b>	<b>7,278,699</b>	<b>(385,405)</b>	<b>-5.29%</b>
<b>Liabilities:</b>				
Current Liabilities	\$ 2,855,111	\$ 8,143,746	\$ (5,288,635)	-64.94%
<b>Total Liabilities</b>	<b>2,855,111</b>	<b>8,143,746</b>	<b>(5,288,635)</b>	<b>-64.94%</b>
<b>Net Position</b>	<b>4,038,183</b>	<b>(865,047)</b>	<b>4,903,230</b>	<b>-566.82%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,893,294</b>	<b>\$ 7,278,699</b>	<b>\$ (385,405)</b>	<b>-5.29%</b>



# Variance Analysis

- Cash and Investments increased \$63 thousand due to investment performance.
- The Foundation met the requirement for a change in accounting principle from FASB to GASB as a result of University oversight and control required by statute. Under Governmental Accounting Standards, the Foundation cannot record endowment pledges. Endowments are recorded as revenue only when received. This changed in accounting principle reduced accounts receivable \$320 thousand.
- Investment activity performed better than projected. However, due to the impact of a realized loss on a maturing investment, investment income decreased \$23 thousand.
- Liabilities decreased \$5.2 million primarily due to the release of scholarships pledged to the University.

# Outline

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

# Summary

- **University's composite financial index remains strong at 125.64.**
  - The primary reserve ratio is a strong 270% against a benchmark of 40% due to the University's strong net position.
  - The viability ration is 14,118% compared to the benchmark of 125-200% due the University's lack of debt
- **The Foundation is working towards improving its productivity.**

Florida Polytechnic University  
Board of Trustees  
Finance and Facilities Committee  
December 10, 2019

**Subject:** University Unaudited Annual Financial Report for Year-End June 30, 2019

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**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:

- Fiscal Year 2019 Unaudited Annual Financial Report
- 

**Supporting Documentation:** Fiscal Year 2019 Unaudited Annual Financial Report

**Prepared by:** Mark Mroczkowski, Vice President & CFO

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS***

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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, 2019, 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, 2019, and June 30, 2018.

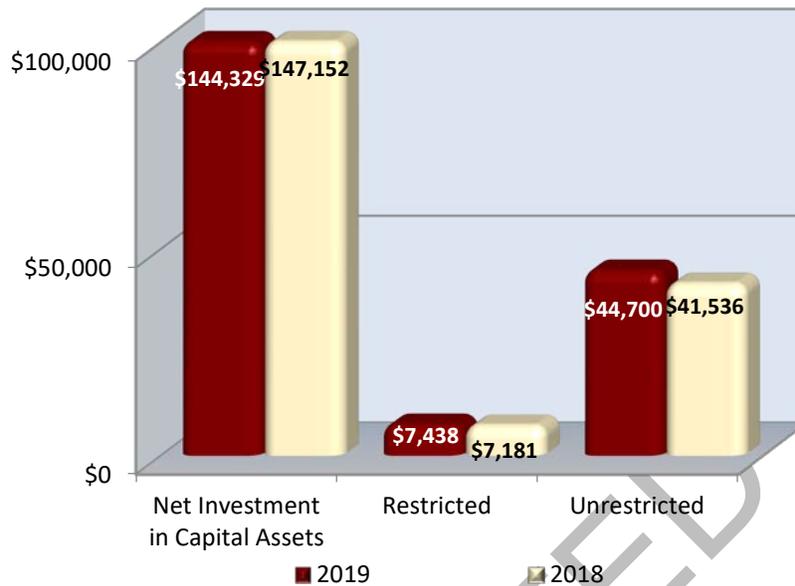
### FINANCIAL HIGHLIGHTS

The University's assets and deferred outflows of resources totaled \$221.9 million at June 30, 2019. This balance reflects a \$3.7 million, or 1.7 percent, increase as compared to the 2017-18 fiscal year, resulting primarily from an increase in investments due to insurance recovery for damage to the Innovation, Science and Technology (IST) building during hurricane Irma. Liabilities and deferred inflows of resources also increased by \$3.1 million, or 14.1 percent, totaling \$25.4 million at June 30, 2019, resulting primarily from an increase in deferred inflows related to pensions and other postemployment benefits as well as a temporary cash overdraft. As a result, the University's net position increased by \$599 thousand, resulting in a year-end balance of \$196.5 million.

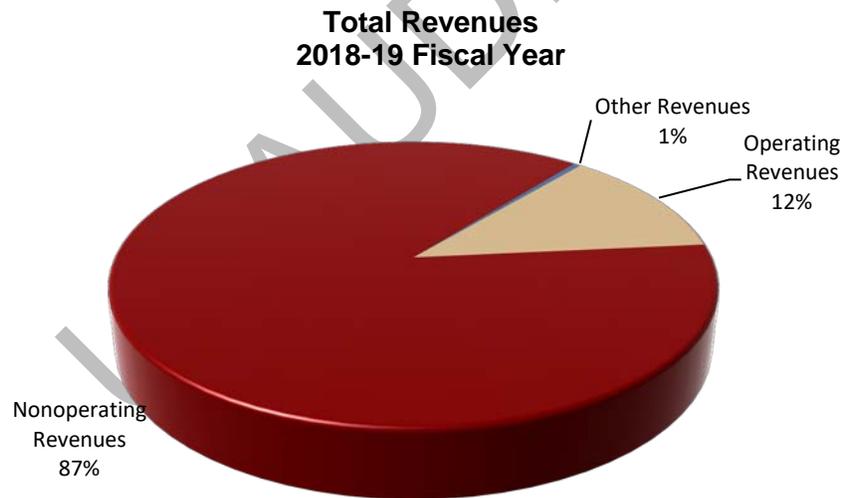
The University's operating revenues totaled \$8.3 million for the 2018-19 fiscal year, representing a 3.4 percent increase compared to the 2017-18 fiscal year due mainly an increase in student tuition and fees. Operating expenses totaled \$66.3 million for the 2018-19 fiscal year, representing an increase of 20.9 percent as compared to the 2017-18 fiscal year due mainly to the expense associated with the release of the scholarship pledge by the Foundation.

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, 2019, and June 30, 2018, is shown in the following graph:

**Net Position  
(In Thousands)**



The following chart provides a graphical presentation of University revenues by category for the 2018-19 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 unit's 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)

	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current Assets	\$ 47,990	\$ 34,765
Capital Assets, Net	145,044	148,763
Other Noncurrent Assets	19,571	24,848
<b>Total Assets</b>	<b>212,605</b>	<b>208,376</b>
<b>Deferred Outflows of Resources</b>	<b>9,249</b>	<b>9,751</b>
<b>Liabilities</b>		
Current Liabilities	5,269	3,419
Noncurrent Liabilities	17,989	17,685
<b>Total Liabilities</b>	<b>23,258</b>	<b>21,104</b>
<b>Deferred Inflows of Resources</b>	<b>2,129</b>	<b>1,154</b>
<b>Net Position</b>		
Net Investment in Capital Assets	144,329	147,152
Restricted	7,438	7,181
Unrestricted	44,700	41,536
<b>Total Net Position</b>	<b>\$ 196,467</b>	<b>\$ 195,869</b>

Assets increased \$4.2 million due to an increase in investments primarily due to insurance recovery for damage to the Innovation, Science and Technology (IST) building during hurricane Irma.

Liabilities increased \$2.1 million primarily due to a temporary cash overdraft.

Deferred inflows of resources increased \$1.0 million as a result of changes in assumptions for pensions, and other postemployment benefits.

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

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

The following summarizes the University's activity for the 2018-19 and 2017-18 fiscal years:

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

	<u>2018-19</u>	<u>2017-18</u>
Operating Revenues	\$ 8,281	\$ 8,008
Less, Operating Expenses	<u>66,316</u>	<u>54,831</u>
<b>Operating Loss</b>	(58,035)	(46,823)
Net Nonoperating Revenues	<u>58,336</u>	<u>46,551</u>
<b>Income (Loss) Before Other Revenues</b>	301	(272)
Other Revenues	<u>297</u>	<u>2,589</u>
<b>Net Increase In Net Position</b>	<u>598</u>	<u>2,317</u>
Net Position, Beginning of Year	195,869	196,903
Adjustment to Beginning Net Position (1)	<u>-</u>	<u>(3,351)</u>
<b>Net Position, Beginning of Year, as Restated</b>	<u>195,869</u>	<u>193,552</u>
<b>Net Position, End of Year</b>	<u>\$ 196,467</u>	<u>\$ 195,869</u>

(1) For the 2017-18 fiscal year, the University's beginning Net Position was decreased in conjunction with the implementation of GASB Statement No. 75.

## **Operating Revenues**

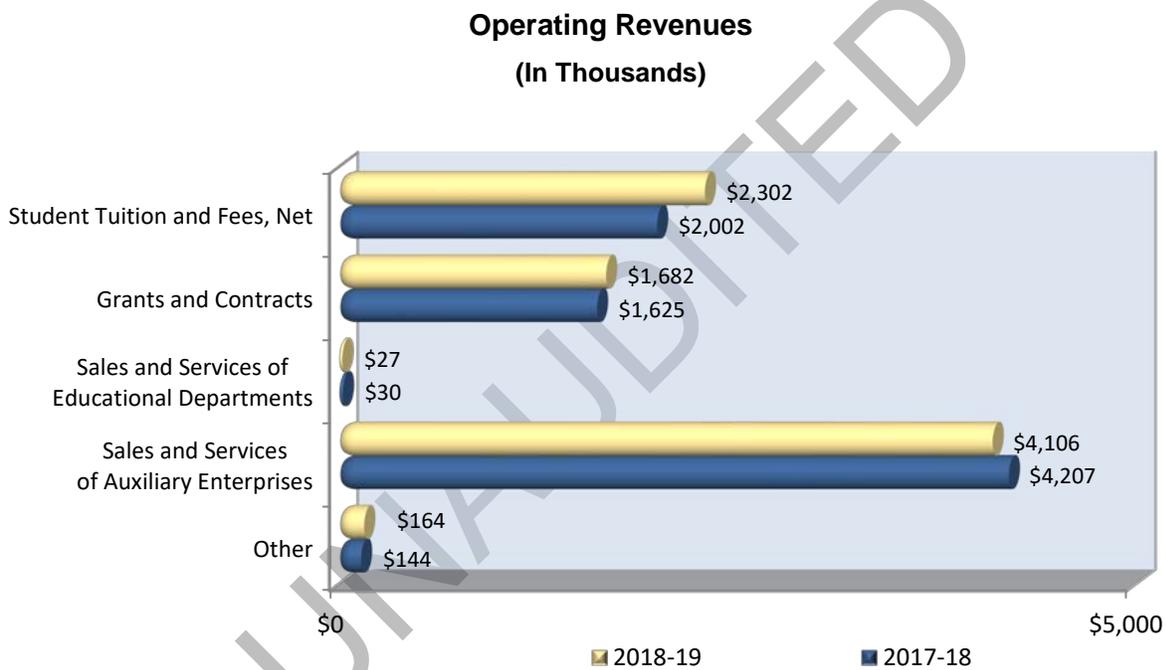
GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either gives or receives something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2018-19 and 2017-18 fiscal years:

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

	<u>2018-19</u>	<u>2017-18</u>
Student Tuition and Fees, Net	\$ 2,302	\$ 2,002
Grants and Contracts	1,682	1,625
Sales and Services of Educational Departments	27	30
Sales and Services of Auxiliary Enterprises	4,106	4,207
Other	164	144
<b>Total Operating Revenues</b>	<u>\$ 8,281</u>	<u>\$ 8,008</u>

The following chart presents the University's operating revenues for the 2018-19 and 2017-18 fiscal years:



University operating revenues were essentially unchanged in the current year.

**Operating Expenses**

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

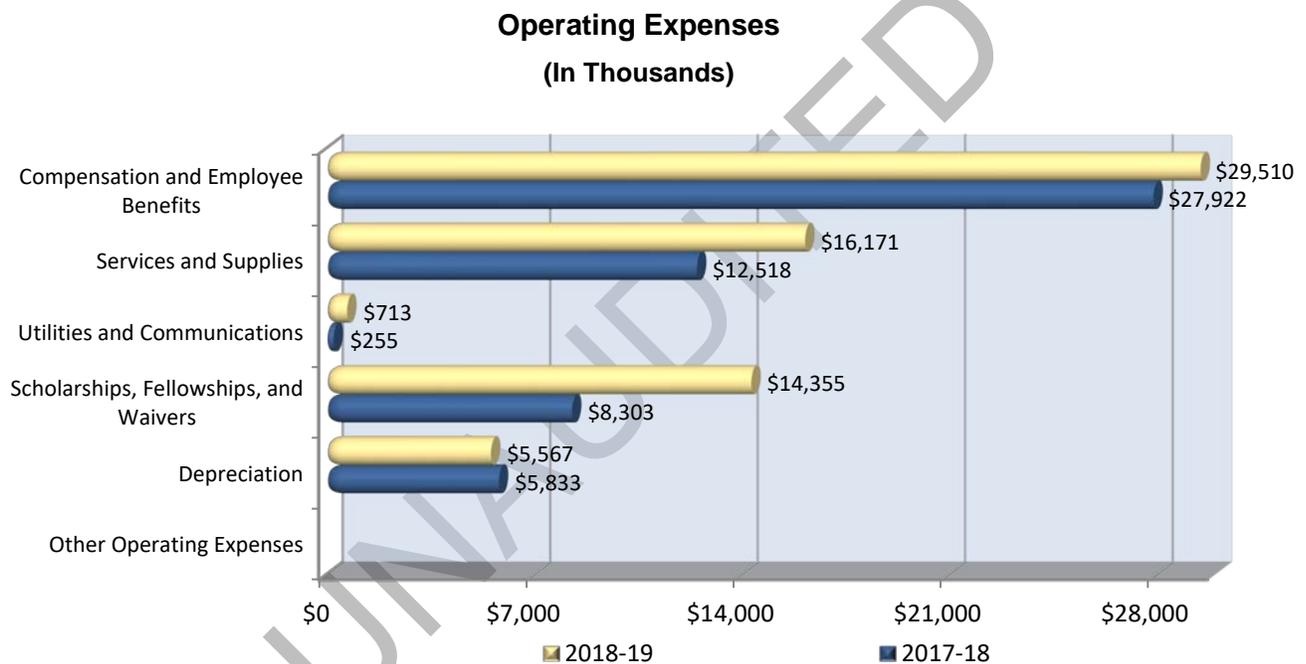
The following summarizes operating expenses by natural classification for the 2018-19 and 2017-18 fiscal years:

## Operating Expenses For the Fiscal Years

(In Thousands)

	2018-19	2017-18
Compensation and Employee Benefits	\$ 29,510	\$ 27,922
Services and Supplies	16,171	12,518
Utilities and Communications	713	255
Scholarships, Fellowships, and Waivers	14,355	8,303
Depreciation	5,567	5,833
<b>Total Operating Expenses</b>	<b>\$ 66,316</b>	<b>\$ 54,831</b>

The following chart presents the University's operating expenses for the 2018-19 and 2017-18 fiscal years:



Changes in operating expenses were the result of the following factors:

- Increase in compensation and benefits are mainly due to increased staffing levels and pension expense.
- Increase in services and supplies primarily due to increases in meal plan payments, contracted outside legal counsel, and facilities services due to the Student Development Center coming online.
- Increase in scholarship, Fellowships and Waivers primarily due to the release of the pledge from the Foundation for scholarships.

## **Nonoperating Revenues and Expenses**

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2018-19 and 2017-18 fiscal years:

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

	<b>2018-19</b>	<b>2017-18</b>
State Noncapital Appropriations	\$ 39,207	\$ 38,456
Federal and State Student Financial Aid	8,484	7,782
Investment Income	1,278	768
Unrealized Gain (Loss) on Investments	1,253	(282)
Other Nonoperating Revenues	8,170	386
Loss on Disposal of Capital Assets		(427)
Interest on Capital Asset-Related Debt	(38)	(98)
Other Nonoperating Expenses	(18)	(34)
<b>Net Nonoperating Revenues</b>	<b>\$ 58,336</b>	<b>\$ 46,551</b>

Net nonoperating revenues increased primarily due to the following factors:

- Federal and State financial aid increased due to the increased awarding of Federal and State financial aid programs
- Investment income increased due to higher yields. Unrealized gains increased as a result of market performance.
- Other nonoperating income increased due to the insurance recovery for damage to the Innovation, science and technology (IST) building during hurricane Irma.

## **Other Revenues**

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues for the 2018-19 and 2017-18 fiscal years:

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

	<b>2018-19</b>	<b>2017-18</b>
State Capital Appropriations	\$ 157	\$ 2,185
Capital Grants, Contracts, Donations, and Fees	140	404
<b>Total</b>	<b>\$ 297</b>	<b>\$ 2,589</b>

Other revenues decreased because no Public Educational Capital Outlay (PECO) funds were received for the Applied Research Center during the year ended June 30, 2019.

**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 2018-19 and 2017-18 fiscal years:

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

	<b>2018-19</b>	<b>2017-18</b>
Cash Provided (Used) by:		
Operating Activities	\$(46,417)	\$(38,965)
Noncapital Financing Activities	47,675	40,218
Capital and Related Financing Activities	7,545	(4,968)
Investing Activities	(9,090)	4,007
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(287)	292
Cash and Cash Equivalents, Beginning of Year	492	200
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 205</b>	<b>\$ 492</b>

Major sources of funds came from State noncapital appropriations (\$39.2 million), Federal and State financial aid (\$8.5 million), sales and services of auxiliary enterprises (\$4.1 million), net student tuition and fees (\$2.3 million), other receipts from insurance proceeds (8.3 million), and grants and contracts (\$1.6 million). Major uses of funds were for payments made to and on behalf of employees totaling (\$27.8) million; payments to suppliers totaling (\$18.6 million), and payments to and on behalf of students

for scholarships totaling (\$8.6 million). Changes in cash and cash equivalents were the result of increased payments to employees and receipt of insurance proceeds for hurricane damage.

<b>CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION</b>
--

**Capital Assets**

At June 30, 2019, the University had \$170.3 million in capital assets, less accumulated depreciation of \$25 million, for net capital assets of \$145.3 million. Depreciation charges for the current fiscal year totaled \$5.6 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)

	2019	2018
Land	\$ 18,156	\$ 18,156
Construction in Progress	1,211	590
Buildings	87,315	88,796
Infrastructure and Other Improvements	32,765	34,372
Furniture and Equipment	3,787	4,422
Library Resources	1	2
Other Capital Assets	1,809	2,425
<b>Capital Assets, Net</b>	<b>\$ 145,044</b>	<b>\$ 148,763</b>

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, 2019, were incurred on the Applied Research Center (ARC). The University's construction commitments at June 30, 2019, are as follows:

	<b>Amount (In Thousands)</b>
Total Committed	\$ 3,137
Completed to Date	1,211
<b>Balance Committed</b>	<b>\$ 1,926</b>

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

**Debt Administration**

As of June 30, 2019, the University had \$669 thousand in outstanding installment purchases payable and capital lease payable representing a decrease of \$907 thousand, or 57.6 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

### Long-Term Debt at June 30

(In Thousands)

	<u>2019</u>	<u>2018</u>
Installment Purchases	615	1,509
Capital Lease	<u>54</u>	<u>67</u>
<b>Total</b>	<u>\$ 669</u>	<u>\$ 1,576</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 2019-20 fiscal year provided a 1.5 percent increase for the State University System. The University's budget decreased .07 percent over the same period. The University expects revenues to remain consistent 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, Florida 33805-8531.

# BASIC FINANCIAL STATEMENTS

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

June 30, 2019

	<u>University</u>	<u>Component Unit</u>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 204,698	\$ 534,401
Investments	37,818,267	771,893
Accounts Receivable, Net	234,434	272,719
Interest Receivable	191,610	8,537
Due from State	7,157,026	-
Due from Component Unit	3,064	-
Other Current Assets	2,381,256	-
<b>Total Current Assets</b>	<u>47,990,355</u>	<u>1,587,550</u>
Noncurrent Assets:		
Restricted Investments	19,570,734	5,260,857
Depreciable Capital Assets, Net	125,676,098	-
Nondepreciable Capital Assets	19,367,488	-
Other Noncurrent Assets	-	21,470
<b>Total Noncurrent Assets</b>	<u>164,614,320</u>	<u>5,282,327</u>
<b>Total Assets</b>	<u>212,604,675</u>	<u>6,869,877</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	531,000	-
Pensions	8,716,145	-
<b>Total Deferred Outflows of Resources</b>	<u>9,247,145</u>	<u>-</u>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable	942,027	7,149
Construction Contracts Payable	11,818	-
Salary and Wages Payable	876,097	-
Deposits Payable	30,299	-
Due to University	-	3,064
Unearned Revenue	177,096	-
Other Current Liabilities	2,406,391	2,750,000
Long-Term Liabilities - Current Portion:		
Installment Purchases Payable	281,199	-
Capital Lease Payable	14,377	-
Compensated Absences Payable	149,236	-
Other Postemployment Benefits Payable	15,000	-
Net Pension Liability	365,857	-
<b>Total Current Liabilities</b>	<u>5,269,397</u>	<u>2,760,213</u>

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

June 30, 2019

	<b>University</b>	<b>Component Unit</b>
<b>LIABILITIES (Continued)</b>		
Noncurrent Liabilities:		
Installment Purchases Payable	334,084	-
Capital Lease Payable	39,539	-
Compensated Absences Payable	1,343,121	-
Other Postemployment Benefits Payable	4,206,000	-
Net Pension Liability	12,065,968	-
<b>Total Noncurrent Liabilities</b>	17,988,712	-
<b>Total Liabilities</b>	23,258,109	-
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Other Postemployment Benefits	1,037,000	-
Pensions	1,089,339	-
<b>Total Deferred Inflows of Resources</b>	2,126,339	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	144,329,397	-
Restricted for Nonexpendable:		
Endowment	-	1,422,338
Restricted for Expendable:		
Capital Projects	7,190,712	-
Grants and Programs	247,098	1,235,226
Unrestricted	44,700,165	1,452,100
<b>TOTAL NET POSITION</b>	<b>\$ 196,467,372</b>	<b>\$ 4,109,664</b>

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, 2019**

	<u>University</u>	<u>Component Unit</u>
<b>REVENUES</b>		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$5,541,003	\$ 2,302,187	\$ -
Federal Grants and Contracts	290,305	-
State and Local Grants and Contracts	1,017,435	-
Nongovernmental Grants and Contracts	375,001	-
Sales and Services of Educational Departments	27,181	-
Sales and Services of Auxiliary Enterprises	4,105,600	-
Contributions and Donations	-	663,752
Other Operating Revenues	163,646	385
<b>Total Operating Revenues</b>	<b>8,281,355</b>	<b>664,137</b>
<b>EXPENSES</b>		
Operating Expenses:		
Compensation and Employee Benefits	29,510,077	123,764
Services and Supplies	16,171,018	-
Utilities and Communications	713,061	-
Scholarships, Fellowships, and Waivers	14,354,566	932,155
Depreciation	5,566,928	-
Other Operating Expenses	-	220,597
<b>Total Operating Expenses</b>	<b>66,315,650</b>	<b>1,276,516</b>
<b>Operating Loss</b>	<b>(58,034,295)</b>	<b>(612,379)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Noncapital Appropriations	39,207,184	-
Federal and State Student Financial Aid	8,484,670	-
Unrealized Gains on Investments	1,253,151	-
Investment Income	1,277,542	328,434
Other Nonoperating Revenues	8,170,370	5,718,582
Interest on Capital Asset-Related Debt	(38,492)	-
Other Nonoperating Expenses	(18,585)	-
<b>Net Nonoperating Revenues</b>	<b>58,335,840</b>	<b>6,047,016</b>
<b>Income Before Other Revenues, Expenses, Gains, or Losses</b>	<b>301,545</b>	<b>5,434,637</b>
State Capital Appropriations	157,026	-
Capital Grants, Contracts, Donations, and Fees	140,000	-
<b>Increase in Net Position</b>	<b>598,571</b>	<b>5,434,637</b>
Net Position, Beginning of Year	195,868,801	(1,028,147)
Adjustment to Beginning Net Position	-	(320,202)
<b>Net Position, Beginning of Year, as Restated</b>	<b>195,868,801</b>	<b>(1,348,349)</b>
<b>Net Position, End of Year</b>	<b>\$ 196,467,372</b>	<b>\$ 4,086,288</b>

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, 2019**

	<b>University</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Student Tuition and Fees, Net	\$ 2,307,657
Grants and Contracts	1,682,741
Sales and Services of Educational Departments	27,181
Sales and Services of Auxiliary Enterprises	4,105,601
Payments to Employees	(27,787,091)
Payments to Suppliers for Goods and Services	(18,650,211)
Payments to Students for Scholarships	(8,635,984)
Other Operating Receipts	532,670
	<b>(46,417,436)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State Noncapital Appropriations	39,207,184
Federal and State Student Financial Aid	8,484,670
Non-Capital Contracts, Grants and Donations	1,000
Federal Direct Loan Program Receipts	2,164,141
Federal Direct Loan Program Disbursements	(2,164,141)
Net Change in Funds Held for Others	(28,422)
Other Nonoperating Receipts	10,883
	<b>47,675,315</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
State Capital Appropriations	266,858
Other Receipts for Capital Projects	8,287,624
Purchase or Construction of Capital Assets	(1,877,929)
Principal Paid on Capital Debt and Leases	907,185
Interest Paid on Capital Debt and Leases	(38,491)
	<b>7,545,247</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Proceeds from Sales and Maturities of Investments	41,319,044
Purchases of Investments	(51,472,074)
Investment Income	1,063,025
	<b>(9,090,005)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(286,879)</b>
Cash and Cash Equivalents, Beginning of Year	491,577
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 204,698</b>

**FLORIDA POLYTECHNIC UNIVERSITY**  
**A Component Unit of the State of Florida**  
**Statement of Cash Flows (Continued)**  
**For the Fiscal Year Ended June 30, 2019**

	<u>University</u>
<b>RECONCILIATION OF OPERATING LOSS</b>	
<b>TO NET CASH USED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$(58,034,295)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Release of Foundation Pledge	5,715,518
Depreciation Expense	5,566,928
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	401,052
Due from Component Unit	3,064
Other Assets	(1,930,497)
Accounts Payable	164,365
Salaries and Wages Payable	(27,991)
Deposits Payable	(2,515)
Compensated Absences Payable	67,436
Unearned Revenue	(24,042)
Other Postemployment Benefits Payable	(262,000)
Net Pension Liability	762,295
Deferred Outflows of Resources Related to Other Postemployment Benefits	(293,208)
Deferred Inflows of Resources Related to Other Postemployment Benefits	426,000
Deferred Outflows of Resources Related to Pensions	501,896
Deferred Inflows of Resources Related to Pensions	548,558
	<u>\$(46,417,436)</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES</b>	
Unrealized gains on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 1,253,151
The University entered into a financing agreement, which was recognized on the statement of net position, but is not a cash transaction for the statement of cash flows.	\$ 159,316

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

# **NOTES TO FINANCIAL STATEMENTS**

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## **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 entity wide 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 GASB standards of accounting and financial reporting.

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the difference between the stated charge for goods and services provided by the University and the amount that is actually paid by the student or the third-party making payment on behalf of the student. The University applied the "Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship allowances. Under this method, the University computes these amounts by allocating

the cash payments to students, excluding payments for services, using a ratio of total aid to aid not considered third-party aid.

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

**Cash and Cash Equivalents.** Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

**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 other 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 lease 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. Adjustment to Beginning Net Position – Component Unit**

The beginning net position of the Foundation was decreased by \$320,201 due to a change in accounting principles. During the 2018-19 fiscal year, the Foundation no longer reported under the *Financial Accounting Standards* and began reporting under *Government Accounting Standards*. GASB Statement

No. 33 states that all providers and recipients of permanently restricted promises to give should not recognize liabilities or receivables for these type transactions. Since the Foundation had \$320,201 of endowed promises to give at June 30, 2018, the financial statements for the prior fiscal year have been restated to eliminate the recognition of \$320,201 in receivables.

### **3. Investments**

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA) and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The 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, 2019, are valued using quoted market prices (Level 1 inputs), with the exception of obligations of United States government agencies and instrumentalities, and corporate equity securities 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, 2019, are reported as follows:

Investments by fair value level	Amount	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
External Investment Pool:				
State Treasury Special Purpose Investment Account	\$ 46,941,968	\$ -	\$ -	\$ 46,941,968
United States Treasury Securities	3,397,381	3,397,381	-	-
Obligations of United States Government				
Agencies and Instrumentalities	2,922,954	-	2,922,954	-
Stocks and Other Equity Securities	3,871,976	-	3,871,976	-
Money Market Funds	254,722	254,722		
<b>Total investments by fair value level</b>	<b>\$ 57,389,001</b>	<b>\$ 3,652,103</b>	<b>\$ 6,794,930</b>	<b>\$ 46,941,968</b>

### **External Investment Pools.**

The University reported investments at fair value totaling \$46,941,968 at June 30, 2019, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities.

Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of AA-f by Standard & Poor's, had an effective duration of 2.71 years, and fair value factor of 1.0103 at June 30, 2019. 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 and money market fund totaling \$10,447,033 at June 30, 2019. The following risks apply to those 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, 2019 were as follows:

<u>Intestment Type</u>	<u>Investment Maturities (In Years)</u>			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1-5</u>	<u>6-10</u>
Obligations of United States Government				
Agencies and Instrumentalities	\$ 2,922,954	\$ 997,640	\$ 1,925,314	\$ -
United States Treasury Securities	3,397,381	373,756	2,494,916	528,709
Corporate Equity Securities	3,871,976	324,323	2,300,498	1,247,155
Money Market Funds	254,722	254,722		
Total investments by fair value level	<u>\$ 10,447,033</u>	<u>\$ 1,950,441</u>	<u>\$ 6,720,728</u>	<u>\$ 1,775,864</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, 2019, the University had \$3,397,381 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, 2019, 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	\$ 2,922,954	\$ 2,723,737	\$ 199,217	\$ -
Corporate Equity Securities	3,871,976	750,633	1,568,989	1,552,354
Total investments by fair value level	<u>\$ 6,794,930</u>	<u>\$ 3,474,370</u>	<u>\$ 1,768,206</u>	<u>\$ 1,552,354</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.

### **Component Unit Investments.**

The Foundation's investments at June 30, 2019 are reported at fair value 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)
<b>Investments by Fair Value level:</b>				
Money Market Account	\$ 209,264	\$ 209,264	\$ -	\$ -
Corporate Bonds	473,713	473,713	-	-
Foreign Bonds	124,653	124,653	-	-
U.S. Government Bonds	549,559	549,559	-	-
Mutual Funds				
Equity	3,911,270	3,911,270	-	-
Bonds	764,291	764,291	-	-
Total investments by fair value level	<u>\$ 6,032,750</u>	<u>\$ 6,032,750</u>	<u>\$ -</u>	<u>\$ -</u>

*Interest Rate Risk:* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Foundation had no policy on interest rate risk. As of June 30, 2019, the Foundation had the following investments in debt securities and related maturities:

Investment Type	Investment Maturities (in Years)			
	Fair Value	Less than 1	1 - 5	> 5
Corporate Bonds	\$ 473,713	\$ 25,949	\$ 204,113	\$ 243,651
Foreign Bonds	124,653	42,851	81,802	-
U.S. Government Bonds	549,559	108,189	240,270	201,100
Mutual Funds - Bonds	764,291	764,291	-	-
Mutual Funds - Equity	3,911,270	3,911,270	-	-
Total Investments by Fair Value Level	<u>\$ 5,823,486</u>	<u>\$ 4,852,550</u>	<u>\$ 526,185</u>	<u>\$ 444,751</u>

*Credit Risk:* Credit risk is the risk that an issuer of an investment will not fulfill its obligations. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. State law does not limit investment options of the Foundation. The Foundation had no policy on credit risk. Presented below is the actual rating as of June 30, 2019 for each type of investment.

Investment Type	Rating	Fair Value
Corporate Bonds	A - BBB+	\$ 473,713
Foreign Bonds	AA+ - AAA	124,653
U.S. Government Bonds	AA+	549,559
Mutual Funds - Bonds	NR	764,291
Mutual Funds - Equity	NR	3,911,270
Total Investments by Fair Value Level		<u>\$ 5,823,486</u>

The Foundation's investment policy allows investment in cash equivalents, fixed income, and equity securities.

*Custodial Credit Risk - Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Foundation's deposits may not be returned to it. At June 30, 2019, the carrying amount of the

Foundation's cash deposits was \$534,401 and the bank balance was \$552,620. All deposits maintained at one institution are insured with the FDIC up to \$250,000.

*Concentration of Credit Risk:* The Foundation's investment policy states that allocation range for each asset class will be: cash and cash equivalents 0-5%, fixed income 24-44%, and equity 55-75%. As of June 30, 2019, the Foundation was in compliance with the investment policy.

#### 4. 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, and interest accrued on investments. As of June 30, 2019, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Investment Interest	\$ 191,610
Student Tuition and Fees	110,161
Contracts and Grants	74,618
Sales and Services	49,655
<b>Total Accounts Receivable</b>	<b>\$ 426,044</b>

**Allowance for Doubtful Receivables.** Allowances for doubtful accounts is 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 \$47,224 at June 30, 2019.

No allowance has been accrued for contracts and grants receivable, investment interest receivable, and sales and services. University management considers these to be fully collectible.

#### 5. Due from State

The amount due from State primarily consists of \$ 7,157,026 of Public Education Capital Outlay (PECO) due from the State to the University for construction of University facilities.

#### 6. Due from Component Unit

The \$3,064 amount due from component unit consists of amounts owed to the University by the Florida Polytechnic University Foundation, Inc. (Foundation) for expense reimbursements.

#### 7. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2019, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets:				
Land	\$ 18,156,039	\$ -	\$ -	\$ 18,156,039
Construction in Progress	590,389	1,260,725	639,665	1,211,449
<b>Total Nondepreciable Capital Assets</b>	<b>\$ 18,746,428</b>	<b>\$ 1,260,725</b>	<b>\$ 639,665</b>	<b>\$ 19,367,488</b>
Depreciable Capital Assets:				
Buildings	\$ 96,628,344	\$ 639,665	\$ -	\$ 97,268,009
Infrastructure and Other Improvements	41,035,547	-	-	41,035,547
Furniture and Equipment	7,771,707	594,659	27,811	8,338,555
Library Resources	16,358	-	-	16,358
Other Capital Assets	4,038,722	-	-	4,038,722
<b>Total Depreciable Capital Assets</b>	<b>149,490,678</b>	<b>1,234,324</b>	<b>27,811</b>	<b>150,697,191</b>
Less, Accumulated Depreciation:				
Buildings	7,832,092	2,120,568	-	9,952,660
Infrastructure and Other Improvements	6,663,585	1,606,743	-	8,270,328
Furniture and Equipment	3,349,716	1,230,377	27,811	4,552,282
Library Resources	14,349	1,581	-	15,930
Other Capital Assets	1,614,512	615,381	-	2,229,893
<b>Total Accumulated Depreciation</b>	<b>19,474,254</b>	<b>5,574,650</b>	<b>27,811</b>	<b>25,021,093</b>
<b>Total Depreciable Capital Assets, Net</b>	<b>\$ 130,016,424</b>	<b>\$ (4,340,326)</b>	<b>\$ -</b>	<b>\$ 125,676,098</b>

## 8. Other Current Liabilities

The University maintained an account with a local bank to process general operating expenses and payroll transactions. Funds in excess of current need, including float, were invested. As a result, the University's records showed a temporary cash overdraft for the amount of outstanding checks not presented as of June 30, 2019. This did not, however, represent an overdraft in the University's depository account.

## 9. Unearned Revenue

Unearned revenue at June 30, 2019, includes student tuition and fees received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2019, the University reported \$177,096 as unearned revenue.

## 10. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2019 include installment purchases payable, capital lease payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2019, is shown in the following table:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Installment Purchases Payable	\$ 1,508,849	\$ 159,316	\$ 1,052,882	\$ 615,283	\$ 281,199
Capital Lease Payable	67,535	-	13,619	53,916	14,377
Compensated Absences Payable	1,424,919	319,053	251,616	1,492,356	149,236
Other Postemployment Benefits Payable	4,483,000	241,000	503,000	4,221,000	15,000
Net Pension Liability	11,669,531	10,528,893	9,766,599	12,431,825	365,857
<b>Total Long-Term Liabilities</b>	<b>\$ 19,153,834</b>	<b>\$ 11,248,262</b>	<b>\$ 11,587,716</b>	<b>\$ 18,814,380</b>	<b>\$ 825,669</b>

**Installment Purchases Payable.** The University has entered into several installment purchase agreements for the purchase of equipment reported at \$5,018,051. The stated interest rates ranged from 1.21 percent to 5.59 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2019, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ 325,326
2021	268,256
2022	46,065
<b>Total Minimum Payments</b>	<b>639,647</b>
Less, Amount Representing Interest	24,364
<b>Present Value of Minimum Payments</b>	<b>\$ 615,283</b>

**Capital Lease Payable.** Vehicles in the amount of \$75,082 is being acquired under a capital lease agreement. The stated interest rate is 5.45 percent. Future minimum payments under the capital lease agreement(s) and the present value of the minimum payments as of June 30, 2019, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2020	\$ 17,025
2021	17,025
2022	17,025
2023	8,512
<b>Total Minimum Payments</b>	<b>59,587</b>
Less, Amount Representing Interest	5,671
<b>Present Value of Minimum Payments</b>	<b>\$ 53,916</b>

**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, 2019, the estimated liability for

compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$1,492,356. The current portion of the compensated absences liability, \$149,236, 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 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 meet 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 \$4,221,000 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date. At June 30, 2019, 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	2.6 percent
Salary increases	3.25 percent, average, including inflation
Discount rate	3.87 percent
Healthcare cost trend rates	
PPO Plan	8.8 percent for 2019, decreasing to an ultimate rate of 3.8 percent for 2076 and later years
HMO Plan	6.2 percent for 2019, to an ultimate rate of 3.8 percent for 2076 and later years
Retirees' share of benefit-related costs	100 percent of projected health insurance premiums for retirees

The discount rate was based on the 20-year Municipal Bond rate as if June 30, 2018.

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

The demographic actuarial assumptions for retirement, disability incidence, and withdrawal used in the June 30, 2017 valuation were based on the 2014 Experience Study prepared by Milliman on September 8, 2014. Updated assumptions for the FRS July 1, 2016, Actuarial Valuation were approved by the 2016 FRS Actuarial Assumptions Conference.

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, 2017, valuation were based on a review of recent plan experience done concurrently with the June 30, 2018, valuation.

The following change has been made since the prior valuation:

- The discount rate as of the measurement date for GASB 75 purposes was changed to 3.87 percent. The prior GASB 75 report used 3.58%. The current GASB 75 discount rate is based on the 20-year municipal bond rate as of June 30, 2018.

*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 (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

	<b>1% Decrease (2.87%)</b>	<b>Current Discount Rate (3.87%)</b>	<b>1% Increase (4.87%)</b>
University's proportionate share of the total OPEB liability	\$5,133,000	\$4,221,000	\$3,510,000

*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:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
University's proportionate share of the total OPEB liability	\$3,414,000	\$4,221,000	\$5,303,000

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

For the fiscal year ended June 30, 2019, the University recognized OPEB expense of \$181,000. At June 30, 2019, 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 in assumptions and other inputs	\$ -	\$ 1,037,000
Changes in proportion and differences between University benefit payments and proportionate share of benefit payments	514,000	-
Transactions subsequent to the measurement date	17,000	-
<b>Total</b>	<u>\$ 531,000</u>	<u>\$ 1,037,000</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, 2020. 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>
2020	\$ (52,400)
2021	(52,400)
2022	(52,400)
2023	(52,400)
2024	(52,400)
Thereafter	(262,000)
<b>Total</b>	<u>\$ (524,000)</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, 2019, the University's proportionate share of the net pension liabilities totaled \$12,431,825. 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](http://www.dms.myflorida.com)).

The University's FRS and HIS pension expense totaled \$2,944,615 for the fiscal year ended June 30, 2019.

### **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:

<b><u>Class, Initial Enrollment, and Retirement Age/Years of Service</u></b>	<b><u>% Value</u></b>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
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
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
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
<b>Senior Management Service Class</b>	2.00
<b>Special Risk Class</b>	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 2018-19 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	8.26
FRS, Senior Management Service	3.00	24.06
FRS, Special Risk	3.00	24.50
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	14.03
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 \$957,925 for the fiscal year ended June 30, 2019.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2019, the University reported a liability of \$9,098,750 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The University's proportionate share of the net pension liability was based on the University's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the University's proportionate share was 0.030207815 percent, which was an increase of 0.001713571 from its proportionate share measured as of June 30, 2017.

For the year ended June 30, 2019, the University recognized pension expense of \$2,305,368. 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	\$ 770,801	\$ 27,976
Change of assumptions	2,973,029	-
Net difference between projected and actual earnings on FRS Plan investments	-	702,989
Changes in proportion and differences between University contributions and proportionate share of contributions	1,976,440	-
University FRS contributions subsequent to the measurement date	957,925	-
<b>Total</b>	<b>\$ 6,678,195</b>	<b>\$ 730,965</b>

The deferred outflows of resources totaling \$957,925, 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, 2020. 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>
2020	\$ 1,912,241
2021	1,372,586
2022	435,184
2023	740,244
2024	457,269
Thereafter	71,781
<b>Total</b>	<b>\$ 4,989,305</b>

*Actuarial Assumptions.* The total pension liability in the July 1, 2018, 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	7.00 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, 2018, 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%
<b>Total</b>	<b>100%</b>			
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 7.00 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 2018 valuation was updated from 7.10 percent to 7.00 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 7.00 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 (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

	<b>1% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
University’s proportionate share of the net pension liability	\$16,605,601	\$9,098,750	\$2,863,867

*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, 2019, 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, 2019, 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 \$173,940 for the fiscal year ended June 30, 2019.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.* At June 30, 2019, the University reported a liability of \$3,335,968 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, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017, and update procedures were used to determine liabilities as of July 1, 2018. The University's proportionate share of the net pension liability was based on the University's 2017-18 fiscal year contributions relative to the total 2017-18 fiscal year contributions of all participating members. At June 30, 2018, the University's proportionate share was 0.031518639 percent, which was an increase of 0.001206400 from its proportionate share measured as of June 30, 2017.

For the fiscal year ended June 30, 2019, the University recognized pension expense of \$639,247. 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>
Change of assumptions	\$ 371,001	\$ 352,706
Difference between expected and actual actual experience	51,072	5,668
Net difference between projected and actual earnings on HIS Plan investments	2,014	
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	1,439,923	-
University HIS contributions subsequent to the measurement date	173,940	-
<b>Total</b>	<b>\$ 2,037,950</b>	<b>\$ 358,374</b>

The deferred outflows of resources totaling 173,940 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, 2020. 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>
2020	\$ 436,922
2021	436,752
2022	339,850
2023	204,659
2024	70,835
Thereafter	16,618
<b>Total</b>	<b>\$ 1,505,636</b>

*Actuarial Assumptions.* The total pension liability at July 1, 2018, 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	3.87 percent

Mortality rates were based on the Generational RP-2000 with Projection 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 3.87 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 2018 valuation was updated from 3.58 percent to 3.87 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 3.87 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 (2.87 percent) or 1 percentage point higher (4.87 percent) than the current rate:

	<u>1% Decrease (2.87%)</u>	<u>Current Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
University's proportionate share of the net pension liability	\$3,788,472	\$3,335,968	\$2,949,611

*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 2018-19 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. Non-vested 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, 2019, 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 \$311,874 for the fiscal year ended June 30, 2019.

**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, 3.5 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 8.65 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 \$642,277, and employee contributions totaled \$406,484 for the 2018-19 fiscal year.

### 13. Construction Commitments

The University's construction commitment at June 30, 2019, is as follows:

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Applied Research Center	\$ 3,137,795	\$ 1,211,449	\$ 1,926,346

### 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 2018-19 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 \$78 million for named windstorm and flood through February 14, 2019 and decreased to \$68.5 million starting February 15, 2019. 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, with the exception of out-of-state workers' compensation, are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. The State Risk Management Trust Fund purchases an insurance policy for out-of-state workers' compensation coverage. 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	\$ 9,266,435
Research	4,334,845
Public Services	190,362
Academic Support	9,098,299
Student Services	4,073,824
Institutional Support	12,105,645
Operation and Maintenance of Plant	3,489,048
Scholarships and Waivers	14,574,155
Depreciation	5,566,928
Auxiliary Enterprises	<u>3,616,109</u>
<b>Total Operating Expenses</b>	<b><u>\$ 66,315,650</u></b>

## 17. Subsequent Event

On September 11, 2019, the Florida Polytechnic University Board of Trustees approved the Skanska construction management contract and the Guaranteed Maximum Price (GMP) proposal for Phase 1 of the Applied Research Center (ARC) in the amount of \$8.2 million. This contract was signed and fully executed on September 24, 2019.

## OTHER REQUIRED SUPPLEMENTARY INFORMATION

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

	2018	2017
University's proportion of the total other postemployment benefits liability	0.04%	0.04%
University's proportionate share of the total other postemployment benefits liability	\$ 4,221,000	\$ 4,483,000
University's covered-employee payroll	\$ 17,932,326	\$ 15,360,481
University's proportionate share of the total other postemployment benefits liability as a percentage of its covered-employee payroll	23.54%	29.19%

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

	2018 (1)	2017 (1)	2016 (1)
University's proportion of the FRS net pension liability	0.030207815%	0.028494244%	0.022832875%
University's proportionate share of the FRS net pension liability	\$ 9,098,750	\$ 8,428,407	\$ 5,765,319
University's covered payroll (2)	\$ 16,978,875	\$ 15,360,481	\$ 11,660,838
University's proportionate share of the FRS net pension liability percentage of its covered payroll	53.59%	54.87%	49.44%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	84.26%	83.89%	84.88%
	2015 (1)	2014 (1)	2013 (1)
University's proportion of the FRS net pension liability	0.019998331%	0.009648015%	0.000813120%
University's proportionate share of the FRS net pension liability	\$ 2,583,054	\$ 588,671	\$ 139,974
University's covered payroll (2)	\$ 8,912,958	\$ 4,212,980	\$ 348,928
University's proportionate share of the FRS net pension liability percentage of its covered payroll	28.98%	13.97%	40.12%
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	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

	<u>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>
Contractually required FRS contribution	\$ 957,925	\$ 860,898	\$ 741,775
FRS contributions in relation to the contractually required contribution	\$ (957,925)	\$ (860,898)	\$ (741,775)
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 17,932,326	\$ 16,978,875	\$ 15,360,481
FRS Contributions as a percentage of covered payroll	5.34%	5.07%	4.83%

	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Contractually required FRS contribution	\$ 563,074	\$ 487,576	\$ 211,332
FRS contributions in relation to the contractually required contribution	\$ (563,074)	\$ (487,576)	\$ (211,332)
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 11,660,838	\$ 8,912,958	\$ 4,212,980
FRS Contributions as a percentage of covered payroll	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 plan members, and members in DROP because total employer contributions are determined on a uniform basis (blended rate) as required by Part III of Chapter 121, Florida Statutes.

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

	<u>2018 (1)</u>	<u>2017 (1)</u>	<u>2016 (1)</u>
University's proportion of the HIS net pension liability	0.031518639%	0.030312239%	0.024197096%
University's proportionate share of the HIS net pension liability	\$ 3,335,968	\$ 3,241,124	\$ 2,820,072
University's covered payroll (2)	\$ 9,805,704	\$ 9,232,755	\$ 7,298,830
University's proportionate share of the HIS net pension liability percentage of its covered payroll	34.02%	35.10%	38.64%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	2.15%	1.64%	0.97%
	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
University's proportion of the HIS net pension liability	0.018486835%	0.009545059%	0.000943115%
University's proportionate share of the HIS net pension liability	\$ 1,885,366	\$ 892,486	\$ 82,111
University's covered payroll (2)	\$ 5,391,296	\$ 2,508,042	\$ 55,192
University's proportionate share of the HIS net pension liability percentage of its covered payroll	34.97%	35.58%	148.77%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	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>2019 (1)</u>	<u>2018 (1)</u>	<u>2017 (1)</u>
Contractually required HIS contribution	\$ 173,940	\$ 170,926	\$ 160,241
HIS contributions in relation to the contractually required contribution	<u>\$ (173,940)</u>	<u>\$ (170,926)</u>	<u>\$ (160,241)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 10,262,946	\$ 9,805,704	\$ 9,232,755
HIS Contributions as a percentage of covered payroll	1.69%	1.74%	1.74%

	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>
Contractually required HIS contribution	\$ 121,161	\$ 70,668	\$ 32,698
HIS contributions in relation to the contractually required contribution	<u>\$ (121,161)</u>	<u>\$ (70,668)</u>	<u>\$ (32,698)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
University's covered payroll (2)	\$ 7,298,830	\$ 5,391,296	\$ 2,508,042
HIS Contributions as a percentage of covered payroll	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 meet the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

*Changes of Assumptions.* The discount rate as of the measurement date for GASB 75 purposes was changed to 3.87%. The prior GASB +75 report used 3.58%. The current GASB 75 discount rate is based on the 20-year municipal bond rate as of June 28, 2018.

**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 7.10 percent to 7.00 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 3.58 percent to 3.87 percent.

UNAUDITED

Florida Polytechnic University  
Board of Trustees  
Finance and Facilities Committee  
December 10, 2019

**Subject:** 2019-20 University Amended Carryforward Budget

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**Proposed Committee Action**

Recommend approval of the following additions totaling \$115,403 to the University's Carryforward Budgets for the 2019-2020 fiscal year to the Board of Trustees.

- |  |          |
|--|----------|
| • Replace a broken window in the IST building -        | \$38,000 |
| • Enhance the blue light (emergency) poles on campus - | \$40,000 |
| • Enhance the Wi-Fi coverage at the IST building -     | \$37,403 |

**Background Information**

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

- Updated 2019-2020 fiscal year Carryforward spend plan
- 

**Supporting Documentation:** 2019-20 Amended Carryforward Budget

**Prepared by:** Mark Mroczkowski, Vice President and CFO



**FLORIDA POLYTECHNIC UNIVERSITY**  
**Education and General**  
**Carryforward Spending Plan Summary**  
**Approved by University Board of Trustees**  
**September 1, 2019**

	<u>University E&amp;G</u>	<u>Special Unit or Campus (FIPR)</u>
<b>A. Beginning E&amp;G Carryforward Fund Balance - July 1, 2019 :</b>		
Cash	\$ 503,969	\$ 88,776
Investments (a)	\$ 11,646,951	\$ 6,438,839
Accounts Receivable	\$ -	\$ -
Less: Accounts Payable	\$ -	\$ -
Less: Deferred Student Tuition & Fees	\$ -	\$ -
<b>Beginning E&amp;G Fund Balance (Net of Payables/Receivables/Deferred Fees) :</b>	<b>\$ 12,150,920</b>	<b>\$ 6,527,615</b>
<b>7% Statutory Reserve Requirement</b> (per SB 190, 1011.45(1) F.S.)	\$ 2,614,311	\$ -
<b>E. E&amp;G Carryforward Fund Balance Less 7% Statutory Reserve Requirement</b> ( Amount Requiring Approved Spending Plan ) :	<b>\$ 9,536,609</b>	<b>\$ 6,527,615</b>
<b>F. * <u>Restricted/ Contractual Obligations</u></b>		
Restricted by Appropriations	\$ 250,000	\$ 6,527,615
University Board of Trustees Reserve Requirement	\$ -	\$ -
<b>Restricted by Contractual Obligations :</b>		
Compliance Program Enhancements	\$ -	\$ -
Audit Program Enhancements	\$ -	\$ -
Campus Security and Safety Enhancements	\$ -	\$ -
Student Services, Enrollment, and Retention Efforts	\$ 100,000	\$ -
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	\$ -	\$ -
Utilities	\$ -	\$ -
Information Technology (ERP, Equipment, etc.)	\$ 2,289,103	\$ -
Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	\$ -	\$ -
USF St. Pete Restricted Reserve-USC Funding Guarantee	\$ -	\$ -
PECO Projects - Supplemental Funds to Complete Projects That Received Previous Appropriation (SB 190)	\$ -	\$ -
Completion of Renovation, Repair, or Maintenance Project up to \$5M (SB 190)	\$ 1,400,000	\$ -
Replacement of Minor Facility (< or = 10,000 gsf) up to \$2M (SB 190)	\$ 155,864	\$ -
Complete Survey-Recommended Remodeling or Infrastructure Project (Including DRS Schools) up to \$10M (SB 190)	\$ -	\$ -
<b>Total Restricted Funds :</b> (Should agree with restricted column total on "Planned Expenditure Details" tab)	<b>\$ 4,194,967</b>	<b>\$ 6,527,615</b>
<b>G. * <u>Commitments</u></b>		
<b>Compliance, Audit, and Security</b>		
Compliance Program Enhancements	\$ -	\$ -
Audit Program Enhancements	\$ -	\$ -
Campus Security and Safety Enhancements	\$ -	\$ -

**FLORIDA POLYTECHNIC UNIVERSITY**  
**Education and General**  
**Carryforward Spending Plan Summary**  
**Approved by University Board of Trustees**  
**September 1, 2019**

	<u>University E&amp;G</u>	<u>Special Unit or Campus (FIPR)</u>	
<b>Academic and Student Affairs</b>			
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	\$ -	\$ -	-
<b>Facilities, Infrastructure, and Information Technology</b>			
Utilities	\$ -	\$ -	-
Information Technology (ERP, Equipment, etc.)	\$ -	\$ -	-
PECO Projects - Supplemental Funds to Complete Projects That Received Previous Appropriation (SB 190)	\$ -	\$ -	-
Completion of Renovation, Repair, or Maintenance Project up to \$5M (SB 190)	\$ 115,403	\$ -	-
Replacement of Minor Facility (< or = 10,000 gsf) up to \$2M (SB 190)	\$ -	\$ -	-
Complete Survey-Recommended Remodeling or Infrastructure Project (Including DRS Schools) up to \$10M (SB 190)	\$ -	\$ -	-
<b>Other UBOT Approved Operating Requirements</b>			
Other Operating Requirements (University Board of Trustees-Approved That Support the University Mission)	\$ 1,201,500	\$ -	-
<b>Total Commitments :</b> (Should agree with committed column total on "Planned Expenditure Details" tab)	<b>\$ 1,316,903</b>	<b>\$ -</b>	<b>-</b>
<b>H. Available E&amp;G Carryforward Balance as of September 1, 2019 :</b>	<b>\$ 4,024,739</b>	<b>\$ -</b>	<b>-</b>
(a) Estimated amount rolled over from FY 2018-19. Incl in Investment amt.	\$ 7,307,603		

\* Please provide supplemental **detailed descriptions** for these multiple-item categories in sections F and G using Board of Governors template (use worksheet tab "Planned Expenditure Detail" included with this file).

**Notes :**

1. Florida Polytechnic University amounts include the Phosphate Research Trust Fund.
2. **2019 Senate Bill 190 amends 1011.45 F.S.** regarding university Education & General carryforward minimum reserve balances, reporting requirements, and allowable uses. 1011.45(2) states that "*Each university that retains a state operating fund carry forward balance in excess of the 7 percent minimum shall submit a spending plan for it's excess carry forward balance. The spending plan shall be submitted to the university's board of trustees for review, approval, or if necessary, amendment by September 1, 2020, and each September 1 thereafter. The Board of Governors shall review, approve, and amend if necessary, each university's carry forward spending plan by October 1, 2020, and each October 1 thereafter.*" 1011.45(3) adds "*A university's carry forward spending plan shall include the **estimated cost per planned expenditure and a timeline for completion of the expenditure.***" An additional tab is provided with this file to allow reporting of university detailed expenditure plans for each planned expenditure, a completion timeline, and amount budgeted for expenditure during the current fiscal year.

# State University System

## Education & General Carryforward Spending Plan

### Reporting Definitions

#### I. Definitions for Use With Carryforward Spending Plan Template

- |     |   |   |
|-----|---|---|
| 1.  | Expenditures to Date  | Actual disbursements of E&G carryforward funds during the period July 1 through the spending plan reporting date.   |
| 2.  | Encumbrances to Date  | Unpaid balances remaining in active purchase orders, travel authorizations, etc., to be paid using E&G carryforward funds. May also include nonrecurring employee compensation amounts through the end of the current fiscal year.  |
| 3.  | 7% Statutory Reserve Requirement                                      | Required E&G reserve requirement per 2019 Senate Bill 190 and 1011.45 F.S. - amends previous 1011.40 F.S. requirement. Based on percentage of state operating budget.   |
| 4.  | Restricted/Contractual Obligations                                    | Should generally be supported by documentation that memorializes an agreement with another party (e.g. contract, offer letter, construction contract/project number, etc.).   |
| 5.  | Commitments   | Monies designated for a specific purpose which are not yet encumbered/contracted/restricted. Discretion may still be exercised with respect to the use of these funds.  |
| 6.  | 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. |
| 7.  | Restricted by Appropriations  | Funds appropriated by the Legislature for a specific purpose or intended use as identified by law or through legislative work papers.   |
| 8.  | 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.  |
| 9.  | Audit Program Enhancements  | Initiatives associated with implementing audit programs of the institution.   |
| 10. | 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.  |
| 11. | 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.  |
| 12. | Student Financial Aid   | Funds aimed to reduce student costs and provide the opportunity to obtain a degree in an affordable and timely fashion.   |
| 13. | 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.   |
| 14. | 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.  |
| 15. | Library Resources   | Materials and database access required to support programs of study and research.   |
| 16. | Utilities   | Support of utility costs throughout the university.   |
| 17. | 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.   |
| 18. | Other Operating Requirements  | Other expenditures/projects that support the university's mission, are <b>nonrecurring</b> in nature, and are approved by the university board of trustees.   |

# State University System

## Education & General Carryforward Spending Plan

### Reporting Definitions

- |     |   |   |
|-----|---|---|
| 19. | PECO Projects - Supplemental Funds to Complete Projects That Received Previous Appropriation (SB 190)         | Commitment of funds to a public education capital outlay project for which an appropriation has previously been provided that requires additional funds for completion and which is included in the list required by 1001.706(12)(d) F.S.   |
| 20. | Completion of Renovation, Repair, or Maintenance Project up to \$5M (SB 190)                                  | For projects that are consistent with the provisions of 1013.64(1), up to \$5 million per project. Refer to Board of Governors Regulation 9.007(3) for the definitions of renovation, repair, and maintenance.  |
| 21. | Replacement of Minor Facility (< 10,000 gsf) up to \$2M (SB 190)  | Replacement of minor facility project that does not exceed 10,000 gross square feet in size, up to \$2 million.   |
| 22. | Complete Survey-Recommended Remodeling or Infrastructure Project (Including DRS Schools) up to \$10M (SB 190) | Completion of a remodeling or infrastructure project, including a project for a developmental research school, up to \$10 million per project, if such project is survey recommended pursuant to 1013.31 F.S. Refer to Board of Governors Regulation 9.007(3) for the definition of remodeling. |

#### **II. Definitions for Use With Planned Expenditure Details Worksheet**

- |                      |   |   |
|----------------------|---|---|
| 1.                   | Spending Plan Category  | Functional category brought forward from the Carryforward Spending Plan reporting template.   |
| 2.                   | Specific Expenditure/ Project Title                             | Detailed title of planned expenditure item or project, with sufficient details to be tracked individually through the expenditure cycle to completion.  |
| <b><u>Budget</u></b> |   |   |
| 3.                   | Estimated/Planned Total Cost to be Funded From E&G Carryforward | The grand total estimated cost to be paid from E&G carryforward funds for the specific expenditure item or project. Should agree with Total Project Cost on the Fixed Capital Outlay Budget if classified as fixed capital project.         |
| 4.                   | Remaining Balance as of September 1, 2019                       | The remaining balance of the specific expenditure or project as of the date of the report. The sum total of this column should equal the total of sections F and G of the University Board of Trustees-Approved Carryforward Spending Plan. |
| 5.                   | Amount Budgeted for Expenditure FY 2019-2020                    | This column represents the current budgetary year's estimated disbursement of E&G carryforward towards the total planned expenditure item or project.   |

#### **Estimated Timeline for Completion**

- |    |   |  |
|----|---|--|
| 6. | Estimated Completion Date   | Estimated target date (month and year) for the full expenditure of E&G carryforward funds for the specific expenditure plan item or project. |
| 7. | Expenditure Year, #   | The current year in the project completion timeline, e.g. year 2 of a 4 year project. Input is number only.                                  |
| 8. | Total Years of Expenditure / Project, #                                   | The total number of years over which the expenditure item / project will span.   |
| 9. | Project included in FY 2019-2020 University Fixed Capital Outlay Budget ? | Is this project reflected as being funded by E&G carryforward funds (in whole or part) on the current year Fixed Capital Outlay Budget ?     |

#### **Comments**

- |     |                       |  |
|-----|-----------------------|--|
| 10. | Comments/Explanations | Additional information including, but not limited to, a description of the expenditure item / project and how it supports the university's mission and operations. |
|-----|-----------------------|--|

**Florida Polytechnic University  
Board of Trustees  
Finance & Facilities Committee  
December 10, 2019**

**Subject: Revisions to Regulation FPU-4.003 Special Fees, Fines, and Charges.**

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**Proposed Action**

Recommend approval of the proposed revisions to University Regulation FPU-4.003 Special Fees, Fines, and Charges to the Board.

**Background Information**

University regulations FPU-4.003 Special Fees, fines, and Charges provides the amounts for various fees fines and charges, including a convenience fee. Currently, the convenience fee is set at 2.3% of the transaction amount on each web-originated financial transaction when the payment is made by credit card, charge card, or debit card. The regulation is being revised to remove the reference to 2.3%, as the percentage charged by the payment processor may fluctuate.

If the revisions are approved, the convenience fee assessed will be the actual amount imposed by the payment processor and will not be greater than the transaction cost for accepting such payments.

A student making a web-originated financial transaction is given notice of the amount of the convenience fee prior to the completion of the financial transaction, so the student may discontinue the transaction and pay via a different method to avoid the convenience fee. Students who pay by check or who pay by credit card in person at the Student Business Services office are not charged a convenience fee.

As required by Section 1009.24(20), Florida Statutes, the notice of amendment for this regulation was posted on the University's website on October 20, 2019; the notice was emailed to all students on November 4, 2019; and the notice was issued in a press release on November 6, 2019.

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**Supporting Documentation: DRAFT FPU-4.003 Special Fees, Fines, and Charges**

**Prepared by: Melaine Schmiz, Assistant General Counsel**

## THE FLORIDA POLYTECHNIC UNIVERSITY BOARD OF TRUSTEES

### **FPU-4.003 Special Fees, Fines and Charges.**

#### (1) Orientation Fee

The orientation fee is \$35.00.

#### (2) Security/Access/Identification Cards

Annual cost of card –\$10.00

Replacement card –\$15.00

#### (3) Miscellaneous Health-Related Charges

The University charges miscellaneous health-related fees at cost for services provided by the University's health center which are not covered by the student health fee.

#### (4) Housing Rental Rates and Miscellaneous Charges

The Board of Trustees approves the basic rates for housing rental and the miscellaneous housing charges. The rates and charges are published on the University's website.

#### (5) Library Fees and Fines

The University charges fees and fines for damaged and lost library materials, overdue reserve library books, overdue books, interlibrary loans, and literature searches etc. Such fees and fines shall be at a reasonable cost which is approved by the University President and made available at the University Library.

#### (6) Duplicating, Copying, Binding etc. Services

The University charges reasonable fees to persons receiving duplicating, photocopying, binding, microfilming, and copyright services. Such fees shall be approved by the University President and published on the University's website.

#### (7) Standardized Testing

The University charges fees to persons taking standardized tests. Such fees shall be reasonable and approved by the University President.

#### (8) Incidental Non-Academic Services Fees

The University charges reasonable fees for incidental non-academic services provided directly to individuals, such as fees for lost keys, copyright material, breakage, or library loans. Such fees shall be approved by the University President. If items are lost or broken, the charge will be the cost of repair or replacement, however, if items are damaged or lost as a result of misconduct disciplinary action may also be imposed.

#### (9) Equipment Use Fees and Fines

The University charges reasonable fees for the use, late return, loss, or damage of facilities and equipment. Such fees shall be approved by the University President.

#### (10) ERCCD Fee for Child Care and Services

The University charges reasonable fees for child care and services offered by the center. Such fees shall be approved by the University President.

#### (11) Transient Student Fee

The University charges each transient student a fee of \$5.00 per course to cover the University's costs in accepting and processing the student's admissions application.

(12) International Student Service Fee

The University charges an international student service fee of \$50.00 per semester to each foreign student enrolled in the University who is not currently a U.S. Citizen or Permanent Resident of the United States. This fee covers the University's costs associated with reporting requirements of the Student and Exchange Visitor Information System administered by the Department of Homeland Security for F-Visa and J-Visa degree seeking students.

(13) Convenience Fee

The University charges a nonrefundable convenience fee ~~of 2.3% of the transaction amount~~ on each web-originated financial transaction when the payment is made by credit card, charge card, or debit card. The fee shall be no greater than the transaction cost for accepting such payment.

(14) Service Charge on Loans in Lieu of Interest and Administrative Handling Charges

The University assesses a service charge of \$10.00 on each university loan in lieu of interest and administrative handling.

(15) Collection of Overdue Accounts

The University assesses a reasonable charge for the cost of collection efforts to effect payment for each overdue account.

(16) Returned-Check Fee

The University assesses a service charge in accordance with Florida Statutes section 832.07(1) for each unpaid check returned to the University.

(17) Transcript Fee

The University charges a fee of \$10.00 per transcript.

(18) Diploma Replacement Fee

The University charges a fee of \$10.00 for replacement diplomas.

*Authority: Florida Board of Governors Regulations 1.001, 7.001, and 7.003*

*History- New 7.15.13., revised*

Florida Polytechnic University  
Facilities & Finance Committee  
Board of Trustees  
December 10, 2019

**Subject: Proposed FPU-1.0033 Unmanned Aerial Systems (UAS)/Model Aircraft (“Drone”) Regulation**

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**Proposed Committee Action**

Recommend approval of Regulation FPU-1.0033 Unmanned Aircraft Systems (UAS)/Model Aircraft

**Background Information**

University, faculty and staff regularly wish to fly Unmanned Aircraft Systems (UAS) (colloquially “drones”) over the campus for research and educational purposes. University Relations often seeks to fly UAS, or commission others to fly UAS for creating communications and marketing pieces. Further, the University regularly receives requests to use UAS, colloquially referred to as drones on our campus, for commercial purposes, in part due to our iconic campus and facilities. University Police and Facilities and Safety Services may also use UAS to further their respective responsibilities. Finally, both students and local residents often want to fly UAS as a hobby, taking advantage of the Federal Aviation Authority’s permission to allow hobbyist drone use.

Due to competing demands for University airspace, the need to ensure safety and risk management, and to notify UAS users that we are in an airport’s airspace (Fantasy of Flight), the University seeks to establish this regulation. The regulation would apply to the University community as well as visitors and the public. The regulation would establish a committee to govern UAS use and would ensure permissions and insurances are obtained as needed.

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**Supporting Documentation:** Proposed Regulation FPU-1.0033 Unmanned Aircraft Systems (UAS)/Model Aircraft

**Prepared by:** David J. Brunell, Assistant General Counsel  
John Trecastelli, Director, Facilities and Safety Services

## **THE FLORIDA POLYTECHNIC UNIVERSITY BOARD OF TRUSTEES**

### **FPU-1.0033 Unmanned Aircraft Systems (UAS)/Model Aircraft**

#### **A. APPLICABILITY/ACCOUNTABILITY:**

This regulation applies to all members of the University Community including but not limited to University employees and students operating Unmanned Aerial Systems (UAS), commonly known as drones, in any location as part of their employment or as part of any University research, program or activity; the operation by any private individual or entity of UAS or Model Aircraft on or above University Property; the operation of a UAS in connection with a University sponsored event; the operation by UAS by commercial entities, and; the purchase of UAS with funding through the University, including University grants or accounts.

#### **B. OVERVIEW:**

Florida Polytechnic University is committed to providing an academically vigorous, safe, and secure environment for all individuals and organizations. The University seeks to permit UAS/Model Aircraft to be utilized in a manner that fully meets institutional, legal, public safety and ethical responsibilities. The purpose of this document is to identify and specify minimum requirements for the safe operation of UAS/Model Aircraft.

All UAS/Model Aircraft operations taking place on University Property, or at any University- sponsored event shall be in full compliance with FAA regulations and relevant federal, state, and local laws, regardless of whether the UAS is owned by the University or a third-party individual or organization. **Individual operators of UAS/Model Aircraft are personally responsible for complying with FAA regulations and all applicable laws.**

#### **C. DEFINITIONS:**

##### **Commercial Use**

Any commercial use in connection with a business, including selling photos or videos taken from a UAS, using UAS to provide contract services (such as industrial equipment or factory inspection, mapping or surveys), or using UAS to provide professional services (such as security or telecommunications). University use that would otherwise be included is excluded.

##### **Mission-Related Activities**

Activities directly related to a faculty or staff member's teaching, research, or outreach work, or directly related to a staff member's responsibilities. For students, these are activities directly related to coursework in an enrolled class or research conducted for credit.

##### **Model Aircraft**

An unmanned aircraft (1) capable of sustained flight in the atmosphere; (2) flown within visual line of sight of the person operating the aircraft; and (3) flown only for hobby or recreational purposes.

##### **Program Plan**

Document submitted for review that specifies when, where, and for what purpose a UAS will be flown on University property or in University airspace.

##### **Teaching, Research, or Outreach Activities**

The work of University students, faculty, or staff which directly delivers the institution's academic mission, as defined by the Provost, or designee.

### **UAS Operator**

Person(s) in direct control and command of a UAS.

### **Unmanned Aircraft (UA)**

The flying portion of an Unmanned Aircraft System (UAS), flown by a pilot via a ground control system, or autonomously through use of an on-board computer, communication links and any additional equipment that is necessary for the UA to operate safely. (The University recognizes that the term “unmanned” is not gender-inclusive, but has adopted the term for clarity and in alignment with federal regulations. As this terminology evolves in statute, this policy will be revised.)

### **Unmanned Aircraft System (UAS)**

An unmanned aircraft (UA) and all of the associated support equipment, control station, data links, telemetry, communications and navigation equipment, etc., necessary to operate the unmanned aircraft.

### **UAS Safety Board (UASSB)**

The body charged with reviewing program plans for safety and/or awareness considerations. The UASSB is a subcommittee of the University Safety committee and is chaired by a representative of Facilities and Safety Services. The chair is a voting member; a representative from the Office of General Counsel also serves as a non-voting member. The UASSB must include both a student representative who may vote and a representative from student affairs who may vote or not at the discretion of the University Safety Committee.

## **D. General Scope**

### **1. Use for Mission-Related Activities and Operations**

- a. UAS used for mission-related activities (teaching, research, or outreach) is permitted, provided it does not interfere with or interrupt the operations of the University and complies with federal and state law. In addition, indoor use of UAS in public spaces must be limited to locations and times where the use will not interfere with student, faculty, and staff use of facilities. UAS operators planning to launch, land, or fly a UAS on University property or in airspace over University property must submit a program plan to the UASSB. The plan will be reviewed, and additional provisions may be required to ensure safety of people and property.
- b. Student activities that includes use of a UAS on University property or in University airspace must be submitted to Student Affairs; if Student Affairs approves, it will request UASSB approval for the activity.
- c. UAS are also permitted for uses related to facility maintenance and construction or university marketing with approval from the UASSB.

### **2. Use for Public Relations, Communications, or Commercial Purposes**

UAS operators requesting use of UAS on University property or in airspace over University property for public relations, communications, or commercial reasons on behalf of the University must submit a request to the UASSB in accordance with UASSB procedures. The request will be reviewed and approved or denied by University Relations and Facilities and Safety Services, which may consult with University Police as needed. Commercial operators must have completed all required federal, state, and local registration and/or licensure requirements. Commercial operators must also submit proper proof of insurance to be approved and filed with the UASSB, which must provide general liability coverage with a \$2,000,000 per occurrence limit and name the "Florida Polytechnic University Board of Trustees, its officers, employees, and agents" as additional insured.

### **3. Use for Public Safety**

Nothing in this policy prohibits use for public safety purposes that are in alignment with federal or state law and approved by the Chief of University Police or designee.

#### **4. Restrictions on Use**

In compliance with FAA regulations, there are restrictions on UAS use in relation to airports and helipads. The University is within three miles of an airport: all operators are required to file required notices with all required airports and towers. No UAS may be operated inside any occupied or covered facility unless such facility is designated, for the specific purpose of operating a UAS or the operator has express written permission of the UASSB and the Assistant Vice President for Facilities and Safety Services or designee.”

#### **5. Accidents and Injuries**

UAA Operators are responsible for the immediate reporting of accident or injuries incurred during usage. All incidents must be reported to the UASSB within 24 hours after an incident has occurred that is likely to result in injury or property damage and to the FAA within 10 days, if required by FAA regulation.

#### **6. Use of Drones Off University Property**

University students, faculty, or staff who use UAS off university property for teaching, research, or outreach activities do not need UASSB approval, but must comply with all applicable laws in force where the UAS is operated.

#### **7. Compliance with Laws, Regulations, and University Policy**

Students, faculty, staff, volunteers, and visitors must comply with all laws, licensing, certification, and regulations governing UAS, including but not restricted to those issued by the Federal Aviation Administration (FAA), the Florida Department of Transportation, and other government agencies. All UAS, regardless of ownership, must be registered with the FAA and any relevant state offices and display the registration number as required by law. Certain operations may require a *Public Certificate of Waiver or Authorization (COA)* from the FAA.

#### **8. Authority to Terminate UAS Use**

The University may, at its discretion, suspend any UAS activity deemed as dangerous, interfering with, or interrupting the operations of the University. Should a discrepancy between University regulation and FAA regulations exist, the more restrictive will govern.

### **E. MODEL AIRCRAFT OPERATION REQUIREMENTS**

Conditioned on approval by the UASSB, Model Aircraft may be operated on University property or in connection with a University sponsored event subject to the following time, place, and manner restrictions.

#### Model Aircraft:

1. May not be used for any commercial or research applications,
2. Must not exceed a weight of 55 pounds,
3. Must only be operated in a manner which does not interfere with the flight path or operation of other manned aircraft,
4. Must not be flown within 5 nautical miles of an airport unless the airport is first notified of the activity,

5. Must be flown under 400 feet above ground level, and remain well clear of all surrounding obstacles such as utility lines, buildings, and other structures,
6. Must be flown in line of sight of the UAS Operator,
7. Must not be flown over or above groups of people,
8. UAS Operators may not recklessly attempt to perform maneuvers that could result in injury or damage,
9. May not be operated during low-light or nighttime conditions,
10. Must be operated in accordance with any applicable community-based safety guidelines,
11. Must not be used for the unapproved recording of individuals, performances, or campus events, or for any unlawful purpose, and
12. May not be used to take a photograph or video for compensation of any kind.

#### **F. PROCEDURE:**

The UASSB will create procedures further governing the permission and use of UAS and will make them available upon request and on the University's website. The procedures developed under this authority are incorporated into this regulation to the maximum extent possible and violations of those procedures constitute a violation of this regulation.

#### **G. VIOLATIONS**

Any individual or organization in violation of their FAA-approved status, any federal, state and local laws or regulations, or any applicable University regulation or policy, may be directed by an authorized University representative to cease operations immediately and unless or until approval is obtained. Violations of this policy by an individual will be dealt with in accordance with applicable University policies and regulations, which may include disciplinary actions up to and including termination; students may be held in violation of the student code of conduct. Legal prohibitions regarding physical presence on campus/trespassing and other legal action may also be pursued against third parties who operate UAS in violation of this regulation.

Fines or damages incurred by individuals or entities who do not comply with this regulation will not be paid by Florida Polytechnic University and will be the sole responsibility of those persons involved.

#### **H. ADDITIONAL RESOURCES**

1. B4UFly is the official FAA mobile app for UAS operation.
2. The FAA maintains a [website](#) for a certificate of waiver or authorization (COA).
3. Airmap is a free app that includes a module to notify local airports of a UAS Operator's flight.

The University does not endorse the app or the company that created it and provides this reference simply for convenience given the proximity of the University to an airport.

Authority: BOG regulation 1.001(7)(g); §§ 330.41, 934.50, 1013.10, Fla. Stat.

History: New: 5.15.18.

**Florida Polytechnic University  
Board of Trustees  
Finance and Facilities Committee  
December 10, 2019**

**Subject: Review of Contracts over \$200,000**

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**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.
  2. Report on existing and active procurement contracts in excess of \$200,000 with spend-to-date information.
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**Supporting Documentation:**

1. New Contracts \$200K - \$500K
2. Active Contracts in Excess of \$200,000

**Prepared by:** Mark Mroczkowski, Vice President and CFO

**Florida Polytechnic University**  
**Contracts for disclosure between \$200,000 and \$500,000**  
**Approximate Spend to Date**  
**Oct-19**

Vendor	Contract Type	Start Date	End Date	Original Amt	Revised Contract Amt	Spend
Adobe Inc.	Software - Adobe Pro and Adobe Sign; new contract combined b	10/26/2019	10/27/2022	\$202,322.10	N/A	\$67,440.70

Adobe Pro and Adobe Sign are proprietary software solutions currently used by the University. Previously, these Adobe products were contracted separately, but are now combined into one agreement. Adobe Pro provides graphic design, video editing, web development, photography, and cloud services. Adobe Sign is a cloud-based e-signature service that allows users to sign documents electronically. Sole source was the procurement method used to acquire these software subscriptions based on BOG Regulation which states commodities or contractual services available from a single source may be exempted from the competitive solicitation process.

CampusLogic, LLC	Comprehensive student financial success platform	7/29/2019	6/30/2022	\$284,200.00	N/A	\$0
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CampusLogic is a comprehensive student financial success platform. In order to provide the best student experience, the solution must be easy, mobile, and personalized. It must also meet all product functionality and technical requirements including easy Integration with our student information system and imaging system. Florida Poly has determined that CampusLogic is the only company that provides a student financial services platform with all product functionality and technical requirements needed. Sole source was the procurement method used to acquire this product based on BOG Regulation which states commodities or contractual services available from a single source may be exempted from the competitive solicitation process.

**Florida Polytechnic University**  
**All active contracts in excess of \$200,000**  
**Oct-19**

Vendor	Contract Type	Start Date	End Date	Original Amt	Spend
Adobe, Inc.	Software - Adobe Pro and Adobe Sign; new contract combined both licenses	10/26/2019	10/27/2022	\$202,322	\$67,441
Ardaman & Associates Inc.	Leaching Study - Water - Deep Injection Well	10/25/2016	no cost extension	\$234,839	\$234,839
Bright House Networks LLC	High Speed Communications Service	10/28/2013	10/27/2023	\$1,444,400	\$624,623
Campus Logic	Comprehensive student financial success platform	7/29/2019	6/30/2022	\$284,200	\$0
Capture LLC	Recruitment Services	7/29/2019	6/30/2022	\$204,912	\$65,000
Clark Nikdel Inc.	Creative Services	7/1/2018	6/30/2023	\$1,500,000	\$660,986
Clarke Environmental Mosquito Management Inc.	Mosquito Control Services	7/1/2016	6/30/2021	\$222,915	\$137,995
Elliance, Inc.	Creative Services	3/19/2018	3/18/2023	\$375,000	\$73,450
Global University Systems (GUS)	International Student Recruitment (5 year)	12/6/2018	12/5/2023	\$3,047,682	\$0
Hall Arbery Gilligan Roberts and Shanlever LLP	Legal consultant for OGC's Office	7/1/2018	6/30/2019	\$340,000	\$332,417
Hellmuth Obata and Kassabaum Inc.	HOK - Applied Research Center	10/1/2017	5/30/2022	\$2,762,795	\$1,406,133
Higher One, Inc. (CashNet)	Cashiering functionality for the University	5/15/2018	5/14/2021	\$336,716	\$36,612
Indie Atlantic LLC	Creative Services	7/1/2018	6/30/2023	\$375,000	\$133,425
International Business Machines Corporation	IBM Implementation Services - Workday Student	5/15/2017	12/31/2020	\$2,584,494	\$685,115
Lakeland Regional Medical Center	Student Health Care Services	8/20/2014	8/20/2019	\$275,000	\$283,728
Lakeland Regional Medical Center	Student Health Care Services	8/21/2019	8/20/2022	\$225,386	\$0
Liberty Lawn Care LLC	Grounds Maintenance	1/28/2016	1/26/2020	\$2,317,965	\$1,703,997
NuPark by Passport	University Parking Management System	3/28/2019	3/27/2026	\$215,100.00	\$17,650
Potthast Studios, Inc.	Creative Services	4/24/2018	4/23/2020	\$375,000	\$16,003
Presidio Networked Solutions Inc.	Cisco SmartNet; Network equipment repair and maintenance	7/1/2019	6/30/2020	\$131,951	\$53,763
Skanska USA Building Inc.	Construction Manager for ARC Building/Preconstruction	7/1/2018	until work completed	\$310,000	\$227,000
Skanska USA Building, Inc.	Applied Research Center Foundation and Structure GMP	9/11/2019	8/13/2021	\$8.2M	\$0
Skanska USA Building Inc.	IST Building Reconstruction	5/22/2019	until work completed	\$9,600,000	\$2,289,715
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	\$96,699
Super Transportation of Florida LLC	TransDev Services Inc. - Student Transportation Services	8/12/2016	6/30/2020	\$558,002	\$404,932
Tinsley Creative	Creative Services	3/15/2018	3/14/2020	\$375,000	\$14,114
Tucker Hall Inc.	Public Relations	6/7/2019	6/6/2024	\$450,000	\$25,022
WFF Facility Services	Custodial Services	1/1/2019	2/15/2022	\$920,243	\$236,398
Workday Inc.	Workday Student (Subscription & Delivery Assurance)	7/29/2016	7/28/2021	\$1,371,867	\$850,461
Workday Inc.	Workday HCM & Finance (Subscription & Delivery Assurance (Renewal)	4/30/2015	4/29/2021	\$2,132,537	\$2,132,537

**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  
Board of Trustees  
Finance and Facilities Committee  
December 10, 2019

**Subject:** Applied Research Center (ARC) Update

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**Proposed Committee Action**

No action required – information only.

**Background Information**

Design, schedule, construction and budget update on the Applied Research Center.

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**Supporting Documentation:** PowerPoint presentation

**Prepared by:** David Calhoun, Assistant Vice President of Facilities and Safety Services



**FLORIDA POLYTECHNIC  
UNIVERSITY**

## **Facilities & Applied Research Center Update (ARC)**

**David Calhoun**

**December 10, 2019**



# ARC Overview

- **Total project budget (\$42.6M)**
- **Funded to Date**
  - PECO funding 16-17 (\$5.0M)
  - PECO funding 17-18 (\$2.0M)
  - CF funding 16-17 (\$5.0M)
  - CF funding 18-19 (\$15.9M)
  - CF funding 19-20 (\$2.0M)
- **Est. project cost remainder (\$12.7M)**
- **Est. PO&M (\$2.0M)**
- **Proposed completion date 08/2021**
- **Building size**
  - New NAS (66,861) vs. (60,786)
  - New GSF (96,600) vs. (85,100)



# ARC Budget Update

- **Building Cost Estimates**
  - Schematic Design (9/18/18)
  - Revised Schematic Design (11/2/18)
  - Advanced Schematic Design (12/12/18)
  - Design Development (7/5/19)
- **Design Development Construction Estimate**
  - Current Estimate = \$34,606,562
  - Target Value = \$34,999,652
  - Below target value \$393,090
- **Concurrent IST/ARC Planning Effort**
  - In progress
  - Objective is to align both buildings with the Academic Mission.

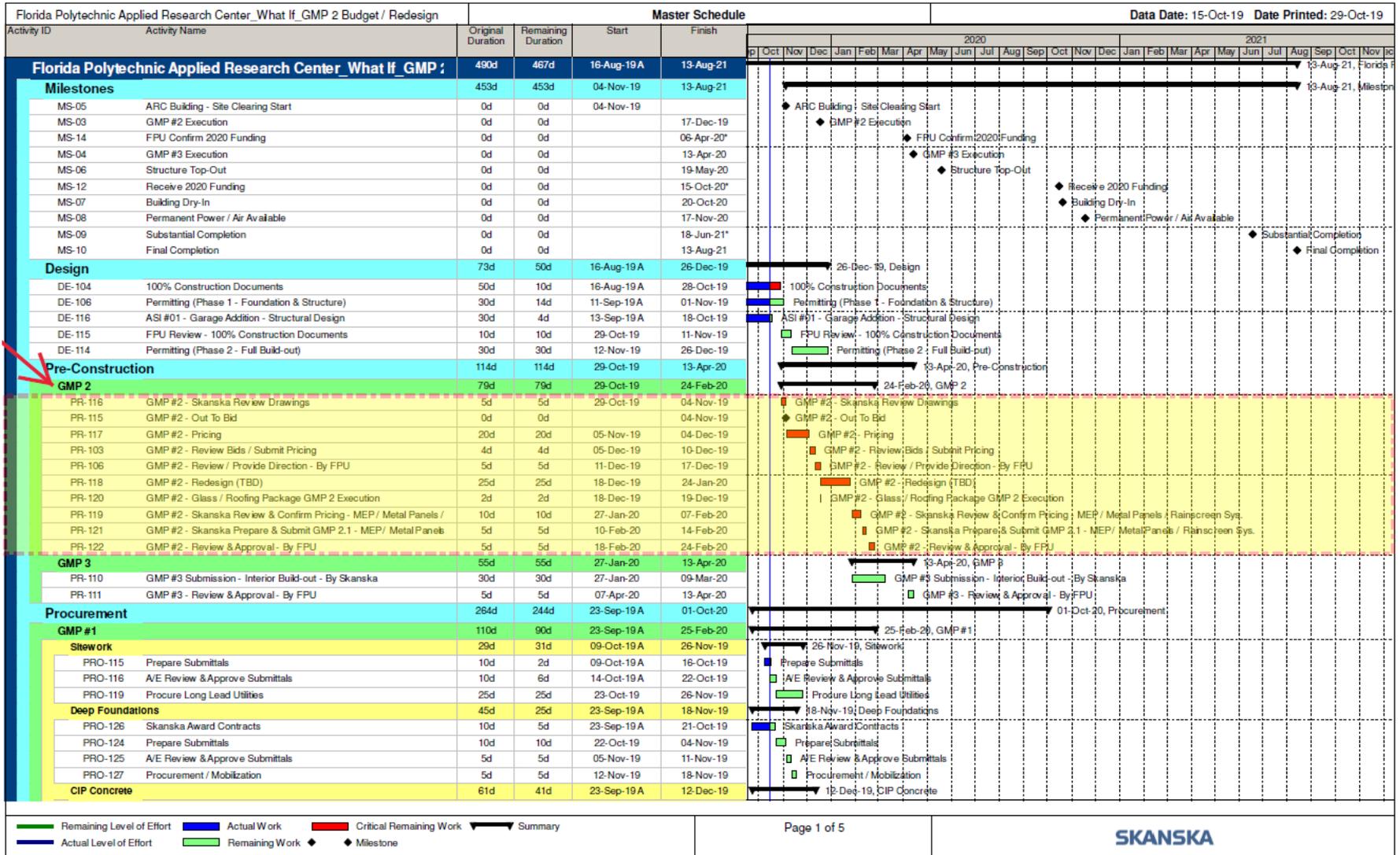
# ARC Phased Construction

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- **Construction Manager Contract**
- **Phase 1 – Ground Enhancement, Foundations, & Structure**
  - GMP Approved
- **Phase 2 – Building Shell**
  - GMP – approval by 2/26/2020
- **Phase 3 – Interior Build Out**
  - GMP - Interior Build Out To Be Determined



# ARC Project Schedule

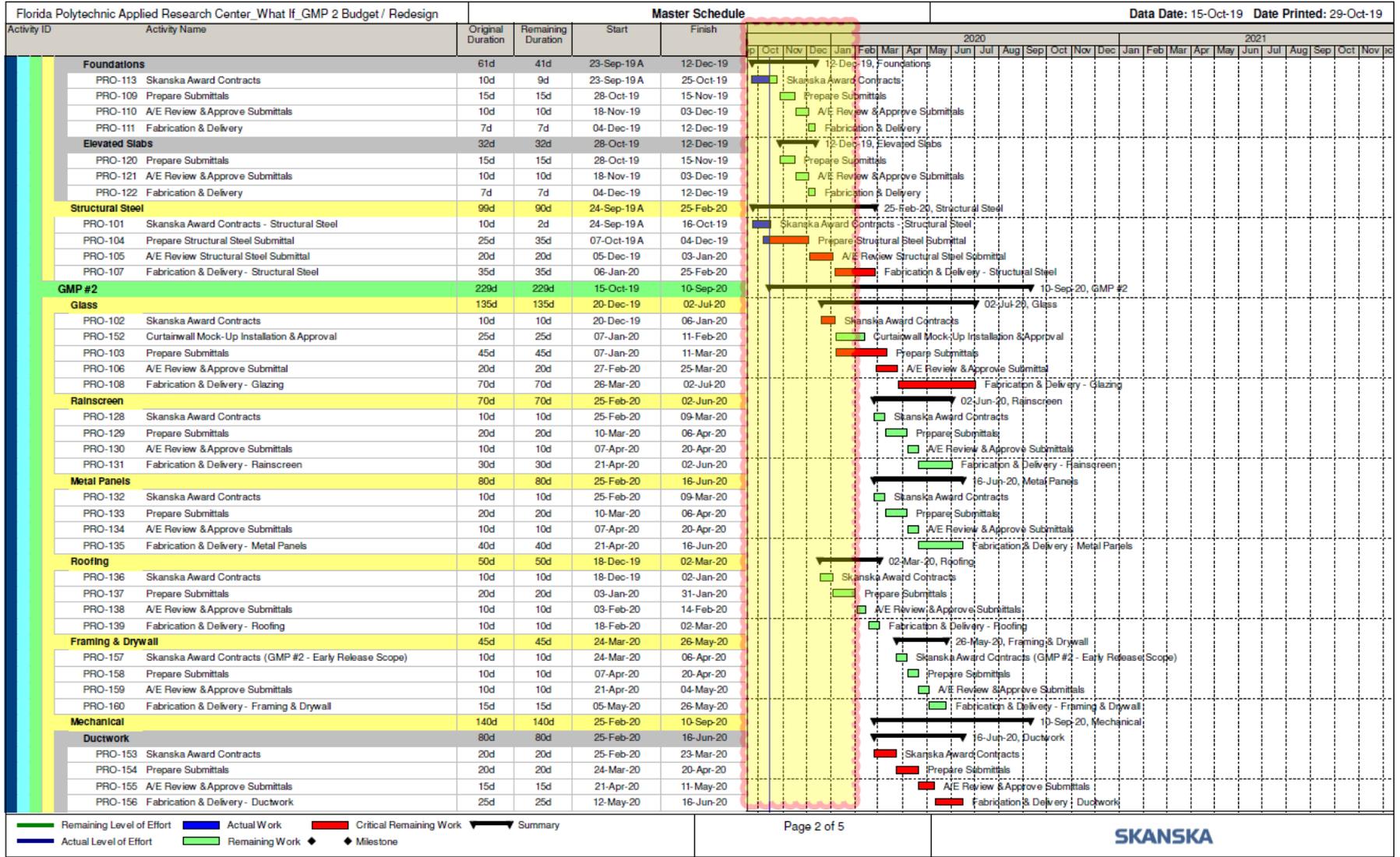


█ Remaining Level of Effort   
 █ Actual Work   
 █ Critical Remaining Work   
 ▬ Summary  
▬ Actual Level of Effort   
 █ Remaining Work   
 ◆ ◆ Milestone





# ARC Project Schedule

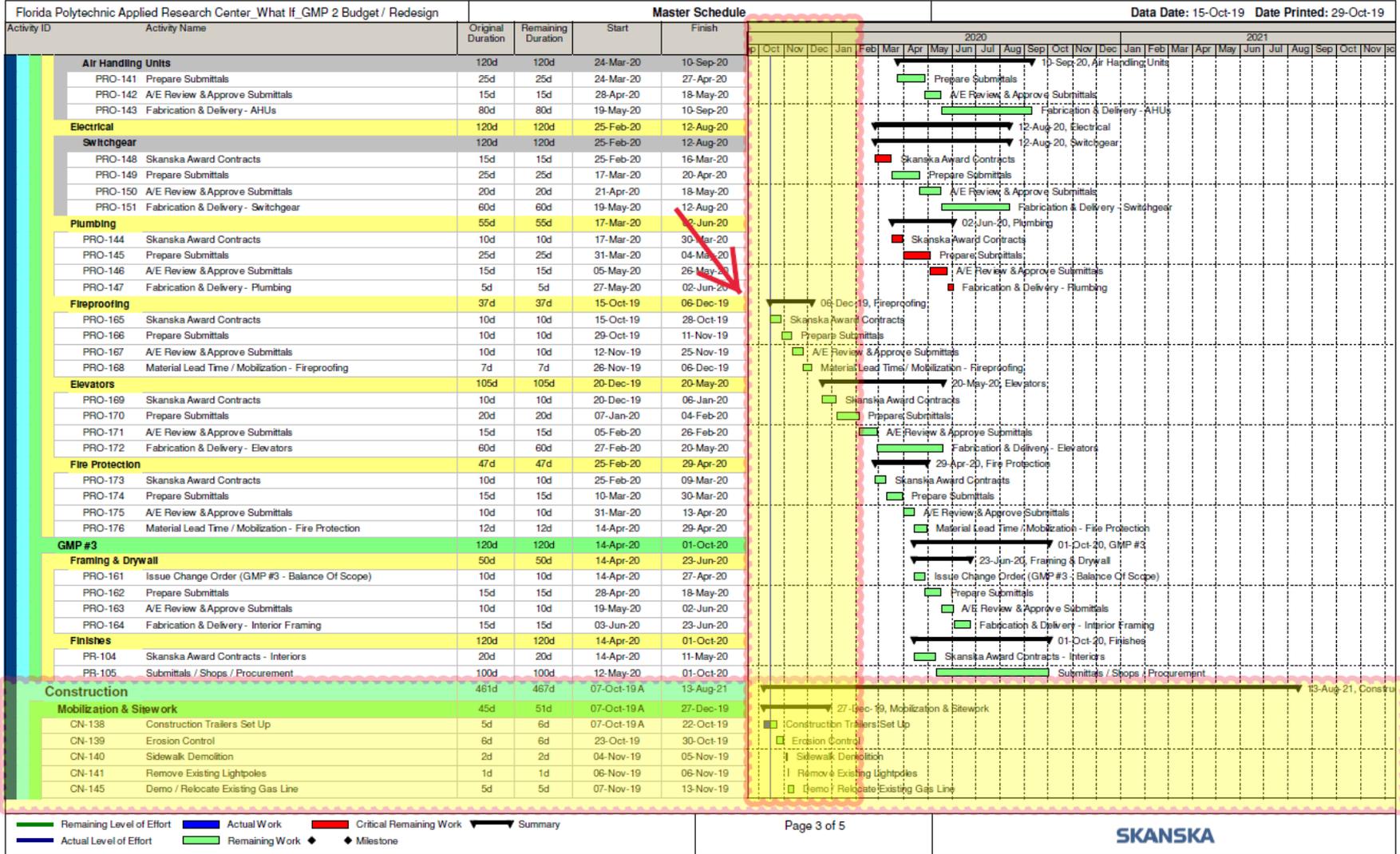


█ Remaining Level of Effort   
 █ Actual Work   
 █ Critical Remaining Work   
  Summary  
█ Actual Level of Effort   
 █ Remaining Work   
 ◆ Milestone



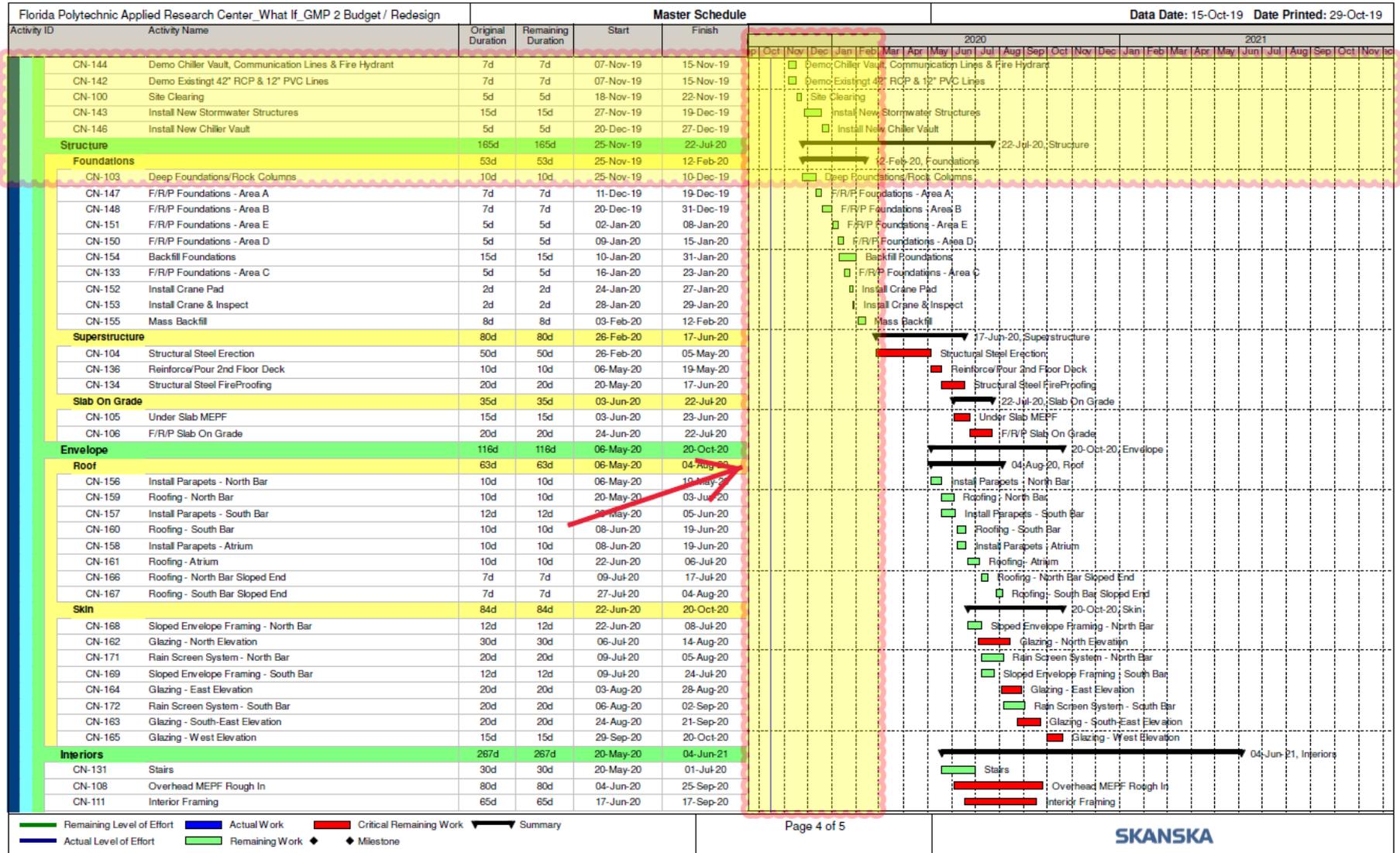


# ARC Project Schedule





# ARC Project Schedule



**Florida Polytechnic University  
Finance and Facilities Committee  
Board of Trustees  
December 10, 2019**

**Subject: Approval of Foundation Board Appointments**

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**Proposed Committee Action**

Request approval of the following nominees to a two-year term to the Florida Polytechnic University Foundation, Inc. Board of Directors:

- Ryan Perez
- Travis Hills

**Background Information**

These nominees were unanimously approved by the Foundation Nomination Committee and Foundation Board of Directors during a meeting held on September 27, 2019. This matter now comes before the Board of Trustees for confirmation.

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**Supporting Documentation:** PowerPoint presentation; Draft Foundation Minutes 09.27.19

**Prepared by:** Kathy Bowman, VP of Advancement and CEO, Florida Polytechnic University Foundation



**FLORIDA POLYTECHNIC**  
UNIVERSITY

# **Approval of New Foundation Board of Directors**

**Kathy Bowman**

**December 10, 2019**

# New Foundation Board of Directors

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## **Ryan Perez**

- Request confirmation of a two-year term

## **Travis Hills**

- Request confirmation of a two-year term

# Ryan Perez Bio



Ryan Perez is a Senior at Florida Poly majoring in Mechanical Engineering and currently serves as the President of the Student Government Association.

Ryan's projects while attending Florida Poly have included Pumpkin Chunkin (Team Manager) – created a mechanism to throw a pumpkin the furthest, NASA Big Idea Competition (Team Manager) – designed a rover that can survive on Mars' surface during sandstorms and maintain power, and Bok Tower Gardens (Designer) – challenged to create a robot that floats and collects duckweed on the surface of a pond to reduce invasive species.

Ryan's experiences while at Florida Poly have included Mechanical Engineering Intern for Tom Evans Environmental, Resident Assistant for Florida Polytechnic Student Living, and Orientation Leader. He also held the position of Campus Activities Board President.

Ryan was born and raised in Miami, FL, and upon graduation would like to be part of the teams to expand space travel to make rockets more fuel efficient and expand knowledge of the universe we live in.



# Travis Hills Bio



Travis Hills is an experienced software developer and systems analyst with a demonstrated history of working in commercial and higher education industries. He is a 2019 graduate of Florida Polytechnic University with a Bachelor of Science Degree in Computer Science – Cyber Security. He is currently employed by Saddle Creek Logistic Services as an Information Security Analyst.

While attending Florida Poly, Travis was an intern for three years with Saddle Creek Logistics Services, served as an IS Department Intern for 3 years, Media Assistant for one year, and Student Government Association Senator for three years and Student Body President for one. Additionally, he served on the University's Board of Trustees.

Travis resides in Lakeland, has a strong relationship with Florida Poly and a love for the University as a whole. As an alumni, Travis wants to see the school continue to grow.

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## Nomination Committee Minutes

September 27, 2019 • 8:00 a.m. (EST)

Florida Polytechnic University • Student Development Center

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**DRAFT**

I. Call to Order

Jack Harrell, Committee Chair, called the Foundation Nomination Committee meeting to order at 8:11 a.m.

II. Roll Call

Kim Kennedy called the roll: Committee Chair, Jack Harrell, Alice Hunt, Kathy Mizereck, Donna Slyster, and Vic Story were present (Quorum).

Other Board members present were: Todd Baylis, Phillipa Greenberg, Michael Lawley, Ivette O’Doski, Marlene O’Toole, Cliff Otto, and Blake Paul.

Staff members present were: President, Randy K. Avent, Gina Delulio, Bob Kennedy, Larry Locke and Kim Kennedy

III. Public Comment

Kim Kennedy stated there were no requests received for public comment.

IV. Approval of Minutes

***Blake Paul made a motion to approve the Nomination Committee meeting minutes of April 5, 2019. Donna Slyster seconded the motion; a vote was taken, and the motion passed unanimously.***

V. Approval of Foundation Board of Directors Nominee

Alice Hunt presented the candidates to the Committee – first was Ryan Perez.

***Donna Slyster made a motion to approve the nomination of Ryan Perez to a two year term to the Florida Polytechnic University Foundation, Inc. Board of Directors and to move his nomination to the full Board for approval and then to the Board of Trustees for final confirmation at their next scheduled meeting. Alice Hunt seconded the motion, a vote was taken, and the motion passed unanimously.***

The second nominee for consideration was Travis Hills.

***Blake Paul made a motion to approve the nomination of Travis Hills to a two year term to the Florida Polytechnic University Foundation, Inc. Board of Directors and to move his nomination to the full Board for approval and then to the Board of Trustees for final confirmation at their next scheduled meeting. Alice Hunt seconded the motion, a vote was taken, and the motion passed unanimously.***

With no further business to discuss, the Foundation Nomination Committee meeting adjourned at 8:17 a.m.

DRAFT