



FLORIDA POLYTECHNIC
UNIVERSITY

**BOARD OF TRUSTEES
FINANCE & FACILITIES COMMITTEE MEETING**

Tuesday, October 31, 2017
9:30 AM

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

Bob Stork, Chair
Dr. Jim Dewey
Gary Wendt

Henry McCance, Vice-Chair
Dr. Sandra Featherman

Mark Bostick
Cliff Otto

AGENDA

- | | | |
|-------|---|---|
| I. | Call to Order | Bob Stork, Chair |
| II. | Roll Call | Maggie Mariucci |
| III. | Public Comment | Bob Stork, Chair |
| IV. | Approval of June 7, 2017 Minutes | Bob Stork, Chair |
| V. | 2016-2018 Finance and Facilities Committee Work Plan | Bob Stork, Chair |
| VI. | Revised Regulation:
FPU-1.003 Use of University Facilities
and Property
Action Required | Gina DeIulio |
| VII. | Financial Review | Mark Mroczkowski |
| VIII. | Deep Dive- Annual Financial Report | Frank Martin, Board Chair
Bob Stork, Committee Chair
Mark Mroczkowski |
| IX. | Workday ERP Update | Mark Mroczkowski |

- | | |
|---|---------------------------|
| X. Florida Polytechnic University Foundation | Kevin Aspegren |
| XI. University Police Department Update | Chief Rick Holland |
| XII. Construction Progress and Facilities | David Calhoun |
| XIII. Closing Remarks and Adjournment | Bob Stork, Chair |

DRAFT

**FLORIDA POLYTECHNIC UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND FACILITIES COMMITTEE
MEETING MINUTES
Florida Industrial and Phosphate Research Institute
1855 W. Main St., Bartow, FL 33830
June 7, 2017 @ 9:30 AM**

I. Call to Order

Acting Committee Chair Sandra Featherman called the meeting to order at 9:30 a.m.

II. Roll Call

Maggie Mariucci called the roll: Trustee Mark Bostick, Trustee Jim Dewey, Trustee Sandra Featherman, and Board Chair Frank Martin were present (Quorum). Board Chair Martin served on the committee in order to establish quorum.

Other Trustees present: Trustee Don Wilson, Trustee Philip Dur, Trustee Dick Hallion, and Trustee Jacob Livingston.

Staff present: President Randy Avent, Dr. Terry Parker, Mr. Kevin Aspegren, Ms. Gina DeJulio, Mrs. Maggie Mariucci, Mr. Rick Maxey, Mr. David Calhoun, and Mr. Mark Mroczkowski.

III. Public Comment

There were no requests received for public comment.

IV. Approval of Minutes

Trustee Philip Dur made a motion to approve the Finance and Facilities Committee meeting minutes of March 15, 2017. Trustee Mark Bostick seconded the motion. A vote was taken, and the motion passed unanimously.

Trustee Dur made a motion to approve the Finance and Facilities Committee meeting minutes of June 1, 2017. Trustee Bostick seconded the motion. A vote was taken, and the motion passed unanimously.

V. 2016-2018 Finance and Facilities Committee Work Plan

Mr. Mark Mroczkowski stated there have been no changes to the Committee Work Plan since the March meeting and there was no discussion by the Committee.

VI. Legislative Budget Request for 2018-2019

Mr. Rick Maxey stated that the Legislative Budget Request (LBR) is required of every University by law. It is a request to the Legislature for additional money to enhance operations or delivery of existing programs and services or to establish new programs.

The Board of Governors has two priorities as they review the SUS LBRs: 1. shared resources that are common to multiple universities and 2. university-specific issues. The Board of Governors added a new component this year by requesting each institution present three initiatives to increase efficiency within the university.

A. Operating Budget Request

Florida Polytechnic University's LBR includes three items:

1. Institute for Intelligent Mobility: \$15 million in recurring funds, \$5 million in non-recurring funds for a total of \$20 million.

The Institute for Intelligent Mobility is the evaluation and certification arm of SunTrax. This program is unique to Florida Poly as it focuses on standardizing the testing methods for autonomous vehicles vs. building and testing the autonomous vehicles themselves.

2. Sustainability for Economic Growth: \$3,993,400 in recurring funds, \$500,000 in non-recurring funds for a total of \$4,493,400.

This research center will focus on three key resources of food, energy and water. The center will provide Florida Poly an opportunity to expand existing markets with new technologies.

3. Technology Education Model Program: \$3,500,500 in recurring funds, \$1,000,000 in non-recurring funds for a total of \$4,500,000.

Dr. Rahul Razdan is leading research in this area with a goal to create the next generation of efficiency for online delivery of courses. Florida Poly should be a leader in developing new ways to approach education in pedagogy, use of technology in the classroom and how the University develops talent, ensuring students graduate better prepared for the business side of industry.

Trustee Frank Martin clarified that these three budget requests are for the 2018-2019 cycle. Should the University receive these funds, directors will be hired to oversee these projects. Mr. Maxey stated the University is proceeding to develop these three centers already, including developing summer programs and working with the local school board and industry.

B. Capital Improvement Plan

The Capital Improvement Plan (CIP) requests funding from the State of Florida as well as other sources. For 2018-2019, Florida Poly seeks \$22 million, specifically for the Applied Research Center (ARC).

There are three eligible PECO projects: the Applied Research Center, the Student Achievement Center and the Faculty Staff Office Building. Mr. Maxey stated that it normally takes three to four years to obtain funding for a new building. If Florida Poly does not receive all funding for the ARC in four years, the University will add another year to complete the project.

Regarding the Faculty Staff Office Building: the Educational Plant Survey (EPS) was conducted in fall 2016 and approved by the Board in March 2017. The Board of Governors will review the survey at their meeting in June. According to the BOG's formula, Florida Poly does not have enough students to warrant building an office building. The BOG prefers that universities include office space as part of buildings built to provide programs for students.

Also in the CIP are two parking structures and two additional dorms; however, the State will not fund those buildings. The University will need to fund them through other resources.

Trustee Martin inquired if private funding is obtained to support these three facilities, can Florida Poly expedite construction? Mr. Maxey replied in the affirmative. Mr. Kevin Aspegren stated that Advancement is working on major gifts from individuals and companies to assist in expediting construction. Mr. Maxey also stated that P3s are an option for funding.

Trustee Frank Martin made a motion to recommend approval of the Legislative Budget Request for 2018-19 for the Operating Budget to the Board of Trustees. Trustee Mark Bostick seconded the motion. A vote was taken, and the motion passed unanimously.

Trustee Mark Bostick made a motion to recommend approval of the Legislative Budget Request for 2018-19 for the Capital Improvement Plan to the Board of Trustees. Trustee Frank Martin seconded the motion. A vote was taken, and the motion passed unanimously.

VII. Financial Review

Mr. Mroczkowski gave the financial report for the quarter ending March 31, 2017. There have been no dramatic changes from the prior quarter and the University is tracking ahead of budget. The total net position is \$192 million. Total income for the quarter was \$39 million, the majority coming from State appropriation.

Mr. Mroczkowski reviewed the E&G variance by cost center for the first three quarters of this fiscal year. Each cost center is ahead of budget.

Trustee Martin requested going forward, Mr. Mroczkowski provide one to two pages of narrative analysis at the front of the reports.

Investments are still with the State treasury. The University and the Florida Poly Foundation now have separate investment companies so the Foundation funds will be transferred to TIAA-CREF. Firms were selected through the competitive bidding process and chosen based on performance.

Trustee Martin inquired if the competitive bid process included the investment policy that the Board of Trustees approved last year, and Mr. Mroczkowski replied in the affirmative. The contract can be terminated at any time. The University and the Foundation have separate investment advisors because each has a separate set of requirements. Trustee Martin asked Mr. Maxey to prepare a report for a future meeting that outlines the impact that changing legislation will have on solicitation and use of funds. Mr. Aspegren stated that the Florida Poly Foundation is

seeking financial donations from other foundations and resources and having an investment firm can open those doors.

Mr. Mroczkowski reviewed four key projects that are underway:

1. Workday Student implementation: \$4 million project over two years. IBM was selected to be the implementation partner.
2. Dining Services: Chartwells is the new food service provider on campus. They have agreed to a \$5.5 million capital investment over a ten-year contract. There is a guaranteed net commission of \$500,000 each year for the first three years.
3. ARC design services: HOK is the architecture firm selected to design the ARC.
4. International Student Recruitment: Global University Systems (GUS) was selected to assist the University with international student recruitment. The minimum goal is to enroll 100 international students by the end of first contract year. Trustee Featherman asked if the University is within the framework of the law on this contract. Yes, legal reviewed the contract and approves. Trustee Dur inquired about the profitability of the agreement. Mr. Mroczkowski stated that these students would pay full tuition and fees unlike in-state students who receive waivers and scholarships. Trustee Featherman expressed concern about recruiting large numbers of foreign students vs. focusing on recruiting American students who need this kind of training at a public institution that is funded by U.S. taxpayers.

Mr. Mroczkowski stated that Workday Student will replace a program called CAMS and is the last major initiative for an integrated infrastructure. Clarification was given on the difference between CAMS, Canvas, Blackboard and Workday.

VIII. Increase Waiver Authority

Mr. Mroczkowski requested an increase from \$2.4 million to \$4.5 million in waiver authority due to the fourth cohort of students entering the University in August 2017. He reviewed several documents providing details on scholarships awarded by cohort, a list of estimated scholarships and other waivers along with \$2 million in contributions from the Florida Poly Foundation. Mr. Mroczkowski also reviewed a forecast of tuition, waivers, support and discount rate.

Trustee Featherman asked about the impact of this waiver on the bottom line and the plan to reduce the waiver. Mr. Mroczkowski stated this amount has been included in the budget based on State appropriation. There is a ten-year plan for reducing the discount rate and waiver while, hopefully, donations from the Florida Poly Foundation will increase.

Trustee Martin asked Florida Poly Foundation Board Chair Ford Heacock to share what the Foundation Board is doing to meet a higher philanthropic goal in order to meet their commitment to the University. Mr. Heacock stated there is an active effort to expand the board with national members and industry partners. Mr. Aspegren also responded that there is a plan in place for the Advancement team to raise funds from outside of Polk County, to build the endowment and to increase major gifts for naming opportunities.

Trustee Mark Bostick made a motion to recommend approval of the increase waiver authority from \$2.4 million to \$4.5 million to the Board of Trustees. Trustee Frank Martin seconded the motion. A vote was taken, and the motion passed unanimously.

IX. 2017-18 Operating and Capital Budget

Mr. Mroczkowski reviewed the operating and capital budget. Additional information has been included in the report that shows estimated actuals for fiscal year end compared to last year's budget. The net effect shows the University will have an estimated \$6 million left over which will move into carryforward. While there appear to be inconsistencies from last year's budget, this is due to reorganizing cost centers which are more in line with how the University actually does business. Trustee Martin again stated the need for written detailed narrative to explain structural and staff changes. President Avent answered questions about staff restructuring. Trustee Featherman asked for a current organizational chart, which Mr. Mroczkowski will provide out of Workday. Trustee Martin expressed a strong desire that the University hire a Chief Information Officer (CIO) to assist with upcoming projects such as SunTrax.

Mr. Mroczkowski reviewed the proposed budget by cost center, providing explanation on department budgets that increased or decreased from the previous year. The total budget request for FY 2017-2018 is \$46,611,958. Total budgeted revenues for FY 2017-2018 is projected at \$49,190,826.

Capital projects were reviewed. Total expenses projected for capital projects is \$5,659,107, which will be funded with carryforward funds. Projects at FIPR Institute will be covered by their own funding. Renovations to the food service area will be funded with Auxiliary funds. Any work relating to the Applied Research Center is funded by PECO funds.

Trustee Mark Bostick made a motion to recommend approval of the 2017-18 Operating and Capital Budget, revised on June 5, 2017, to the Board of Trustees. Trustee Jim Dewey seconded the motion. A vote was taken, and the motion passed unanimously.

X. 2017-18 Florida Polytechnic University Foundation Budget

Mr. Mroczkowski stated the Foundation budget has been presented to and approved by the Foundation board. The budget is similar to last year's budget except for two items: financial aid and scholarship is decreased from \$5 million to \$2 million, and the addition of \$617k in component unit transfer to Florida Poly.

Trustee Jim Dewey made a motion to recommend approval of the 2017-18 Florida Polytechnic University Foundation Budget to the Board of Trustees. Trustee Mark Bostick seconded the motion. A vote was taken, and the motion passed unanimously.

XI. Naming Opportunity

Mr. Aspegren shared that Vestcor gave a donation in December 2016. IST Lab 1056 will be named the "Vestcor Research Lab" as a result of their gift.

Trustee Frank Martin made a motion to recommend approval of the naming of Lab 1056 in the Innovation, Science and Technology Building of Florida Polytechnic University as the "Vestcor Research Lab" to the Board of Trustees. Trustee Jim Dewey seconded the motion. A vote was taken, and the motion passed unanimously.

XII. Campus Development Agreement

Mr. Tim Campbell, attorney from Clark, Campbell, Lancaster and Munson, assisted the University with preparation and negotiation of the Campus Development Agreement (CDA). Pursuant to Florida statutes, the Board adopted the updated campus master plan on September 7, 2016. The state now requires the Board to adopt the Campus Development Agreement. The CDA tracks the progress of the master plan and any impacts development has on city infrastructure and transportation. No additional impacts have been identified other than the interconnection of the Auburndale and Lakeland redundant water supply. No additional contributions are required. The City of Lakeland will hold two public hearings on this issue. The first was on Monday, June 5 and received no comments. The second hearing will be on June 19. The Campus Master Plan and the Campus Development Agreement must be updated every five years.

Trustee Frank Martin made a motion to recommend approval of the Campus Development Agreement to the Board of Trustees. Trustee Jim Dewey seconded the motion. A vote was taken, and the motion passed unanimously.

XIII. Construction Progress and Facilities

Mr. David Calhoun provided information on current construction progress as well as an update on the Applied Research Center (ARC). Wellness Center Phase 2 has several programming updates which include adding five offices in addition to the original two that were planned. The pool was redesigned to increase the ability to support multiple different functions and to allow for community outreach opportunities.

Mr. Calhoun reviewed the RFQ selection process for the architecture firm that will design the ARC. Seventeen quotes were received and a selection committee of five people reviewed each quote. A weighted scoring matrix was used and five finalists were selected. After in-person presentations, the committee selected the firm HOK who has designed over 15 higher ed lab and research facilities and are known for their iconic structures. Discussion occurred regarding the need to make sure that the architecture of all future buildings is consistent.

XIV. Process and Recommendation of the Applied Research Center Architect

This topic was covered in XIII above.

XV. Educational Plant Survey

Mr. Maxey referenced a small technical change the Board of Governors made regarding how office space is calculated. This factor changed Florida Poly's square footage from 25k to 30k that the BOG says Florida Poly will need in the next five years. The University currently has 12,000 square feet of office space. The EPS will be on the Board of Governors June meeting agenda.

XVI. Closing Remarks and Adjournment

Acting Committee Chair Featherman adjourned the meeting at 12:40 p.m.

AGENDA ITEM: V

**Florida Polytechnic University
Finance and Facilities Committee
Board of Trustees
October 31, 2017**

Subject: 2016-2018 Finance and Facilities Committee Work Plan Review

Proposed Committee Action

No action required- Information only

Background Information

At the December 7, 2016, Finance and Facilities Committee meeting, the committee reviewed and voted on the committee work plan. The work plan has been updated to include their recommendations.

Supporting Documentation:

2016-2018 Revised Finance and Facilities Work Plan

Prepared by: Mark Mroczkowski, CFO and Vice President

Florida Polytechnic University
Finance & Facilities Committee
Work Plan 2016-2018

Finance and Facilities Committee Work Plan
2016-18

March 15, 2017	June 7-8, 2017	September 13, 2017	December 6, 2017
<ul style="list-style-type: none"> • Workday Student Module • Development and University Foundation Planning • Educational Plant Survey • University Financial Update • Foundation Financial Update • SUS Performance Funding • CDA Draft • Facilities and campus build out 	<ul style="list-style-type: none"> • 2017 Legislative Session Appropriations • 2018-2019 Legislative Budget Request (Operating and Fixed Capital Outlay) • 2017-2018 University Operating Budget • 2017-2018 Foundation Operating Budget • University Financial Update • Foundation Financial Update • SUS Performance Funding • CDA Approval • Facilities and campus build out 	<ul style="list-style-type: none"> • Financial Workshop • University Financial Update • Foundation Financial Update • SUS Performance Funding • Facilities and campus build out 	<ul style="list-style-type: none"> • University Financial Update • Foundation Financial Update • SUS Performance Funding • Facilities and campus build out
¹ March 14, 2018	¹ June 6-7, 2018	¹ September 12, 2018	¹ December 5, 2018
<ul style="list-style-type: none"> • University Financial Update • Foundation Financial Update • SUS Performance Funding • Facilities and campus build out 	<ul style="list-style-type: none"> • 2019-2020 Legislative Budget Request (Operating and Fixed Capital Outlay) • 2018-2019 University Operating Budget • 2018-2019 Foundation Operating Budget • SUS Performance Funding • Facilities and campus build out 	<ul style="list-style-type: none"> • University Financial Update • Foundation Financial Update • SUS Performance Funding • Facilities and campus build out 	<ul style="list-style-type: none"> • University Financial Update • Foundation Financial Update • SUS Performance Funding • Facilities and campus build out
¹ Tentative until approved by the Board of Trustees			

AGENDA ITEM: VI

**Florida Polytechnic University
Finance and Facilities Committee
October 31, 2017**

Subject: FPU-1.003 Use of University Facilities and Property

Proposed Action

Recommend approval of revised regulation **FPU-1.003 Use of University Facilities and Property**.

Background Information

University regulation **FPU-1.003** was initially approved by the Board of Trustees on May 15, 2014.

This regulation sets the scheduling priorities for the use of University Facilities and Property and the applicable conditions that must be agreed to by those using the Facilities. This regulation is being revised primarily to reflect that the Government Relations staff must be consulted before contacting or inviting any elected official to an event sponsored by the University or a University Affiliated Group. Definitions for “Affiliated Organizations”, “Affiliated Activities” and “Elected Official” were added to provide clarity.

The Notice of Proposed Amended Regulation was published on the University’s website on August 4, 2017. No comments were received during the review and comment period.

Supporting Documentation:

DRAFT revised regulation FPU-1.003

Prepared by: Gina DeIulio, General Counsel

THE FLORIDA POLYTECHNIC UNIVERSITY BOARD OF TRUSTEES

FPU-1.003 Use of University Facilities and Property

(1) **Purpose.** Facilities are scheduled on a priority basis to serve university needs and, when available, to accommodate non-university groups and the general public. The purpose of this regulation is to set priorities for Facility use and to establish authority for determining scheduling procedures and setting charges.

(2) **Definitions.**

(a) **Facilities.** Physical space and grounds that are under the University's operating authority.

(b) **Facility Administrators.** Individuals with designated responsibility for the management of one or more Facilities, appointed by the President or designee.

(c) **Student Group.** Student groups, clubs or organizations that have received official recognition from the Office of Student Affairs.

~~(d)~~ **University Affiliated Groups.** The University's Direct Support Organizations, institutes, and centers.

~~(e)~~ **Affiliated Organizations.** University Departments or Units, University Affiliated Groups, Student Groups and University Partners.

~~(d)(f)~~ **Affiliated Activities.** Activities hosted by Affiliated Organizations that are related to University business.

~~(e)(g)~~ **Unaffiliated Activities.** Activities hosted by Unaffiliated Groups or activities hosted by any other groups or individuals when such activities are not related to University business.

~~(h)~~ **Unaffiliated Groups.** Groups or individuals other than University Departments or Units, University Affiliated Groups, Student Groups or University Partners.

~~(g)(i)~~ **University Departments or Units.** Component parts of the University.

~~(j)~~ **University Partners.** Institutions and organizations with which the University has formal written agreements for mission-relevant joint efforts, for example: industry partners and state colleges.

~~(k)~~ **Elected Official.** Individuals serving in an elected position at the local, state, or national level.

(3) **Access.** There are some areas of the University where access of the Facilities by the general public is permitted, and in many cases, encouraged. However, in order to foster an atmosphere and environment in which the University's educational mission can be carried out, some areas such as classrooms, laboratories, academic offices, and other academic and research areas are not open to the general public. For the most part, the academic and research areas are limited to the use of faculty, staff, students, and invited guests who have business related to the mission of the University.

(4) **Priority.** The following order of priorities will be observed by Facility Administrators when scheduling Facilities:

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- (a) Credit Instruction. The highest priority for the use of the Facilities is reserved for academic scheduling, i.e., the use of classrooms, laboratories, and other Facilities for teaching and instructional programs for credit.
- (b) Other Academic Use (Research and Essential Support Services). These are mission-essential academic activities including sponsored and non-sponsored research projects and support services. These include but are not limited to library services, technology support, recruiting events, art exhibits, performances needed to fulfill the academic mission, registration services, counseling and tutoring, and Student Group meetings.
- (c) Non-Credit Instruction and Academic Outreach. This includes academic offerings that are not degree-related or credit-generating (i.e., certain continuing education programs).
- (d) Affiliated Organization and University Partner events related to the University mission.
- (e) Unaffiliated Activities. On a resources-available basis, the University may grant use of its Facilities for Unaffiliated Activities when such use:
 - a. Complies with University rules, regulations, policies and charge schedules;
 - b. Does not compete with University programs;
 - c. Does not interfere with other proper functions of the University; and
 - d. Does not result in the deterioration of Facilities without reimbursement to the University.

Tax exempt organization activities will generally be given priority in scheduling over commercial activities.

- (5) **Scheduling.** When scheduling use of Facilities or equipment, priority shall be given to University programs and functions. Requests for scheduling events in Facilities, except for instructional space, should be directed to the appropriate Facilities Administrator for the Facility. Scheduling of instructional space shall be determined by the Registrar.

(6) **Charges.**

- (a) Rental Fees. The President or designee will establish standard Facility/Equipment Use Fees. These fees may correlate to the number of attendees per event and may include:
 - (i) Space rental fee;
 - (ii) Equipment use, maintenance or replacement fee;
 - (iii) Cost recovery charges; and
 - (iv) Processing fees.
- (b) Cost Recovery. Cost recovery may include, but is not limited to, expenses incurred for:
 - (i) Event-specific security;
 - (ii) Event-specific traffic control;
 - (iii) Parking for event guests or visitors;
 - (iv) Use of technology;
 - (v) Set up;
 - (vi) Clean-up; and
 - (vii) Processing.

- (c) Distribution of Rental Fee and Cost Recovery. All fees collected will be distributed to the appropriate service areas and Facilities or as directed by the President or designee.
- (d) Facility/Equipment Use Fee. The President or designee will establish a standard Facility use fee schedule. The President or designee may waive or reduce fees for the use of Facilities when appropriate. Applicants requesting a Facilities/Equipment use fee waiver must submit written documentation with the basis for the waiver to the Facilities Administrator or Registrar, as appropriate, for consideration.

(7) Conditions.

- (a) Laws and Policies. All use of Facilities and equipment shall be governed by all applicable state and federal laws and by University rules, regulations, and policies. Security and traffic control for all events held on or in Facilities are under the jurisdiction of the University and all event attendees are subject to University traffic and parking rules.
- (b) Licenses for the use of the Facilities shall include appropriate insurance provisions. All non-governmental groups not directly a part of the University or Student Groups must provide proof of insurance coverage in the appropriate amount as determined by risk management.
- (c) If a University Department or Unit, Student Group, or governmental group holding an event utilizes an outside vendor to provide services for the event, the vendor must be required, by contract, to have and maintain types and amounts of insurance that cover the vendor's exposure in performing the services.
- (d) Unaffiliated Activities Sponsored by University Departments or Units. The University sponsor is responsible for:
 - i. Submitting all required applications for the proposed use as required;
 - ii. Being on site to supervise the activity or event;
 - iii. Assuring that the Facilities are used for the purposes for which they were scheduled;
 - iv. Being fiscally responsible for the event;
 - v. Ensuring that all (on-campus and off-campus) promotion and advertising of such events shall identify the University Department or group that is the sponsor and all groups involved in funding the event;
 - vi. Taking all reasonable steps to ensure that use of the Facilities complies with local, state, and federal laws, and University rules, policies and regulations.
- ~~vi.~~ (e) Before contacting or inviting any elected official to an event sponsored by the University or a University Affiliated Group, the Government Relations staff must be consulted.

- (8) **Fronting.** A University Department or Unit or Student Group may not reserve space on behalf of or for the use by an Unaffiliated Group so that the Facility can be used at a reduced rate. This conduct constitutes "fronting" and is prohibited.

- (9) **Refusal, Reassignment or Cancellation.** The reservation and use of Facilities or equipment is a privilege and not a right. The University reserves the right to refuse a request for use of Facilities or equipment or to reassign or cancel any reservation by any person or group. The

requestor will be notified, as soon as practicable, of any decision refusing the request for use of space or equipment, or the reassignment or cancellation of a reservation.

- (10) **Employees Protected Right to Engage in Concerted Activities.** This regulation in no way limits or restricts employees' protected rights to self-organization and to engage in other concerted activities for the purpose of collective bargaining or other mutual aid or protection.

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

History: New: 5.15.14. Amended:

AGENDA ITEM: VII

**Florida Polytechnic University
Board of Trustees
Finance and Facilities Committee
October 31, 2017**

Subject: Financial Review

Proposed Board Action

No Action Required – Information Only

Background Information

Quarterly and annual review of the University's financial position and results of operations.

Supporting Documentation:

1. PowerPoint Presentation
2. October BOT Finance and Facilities Packet

Prepared by: Mark Mroczkowski



Financial Review

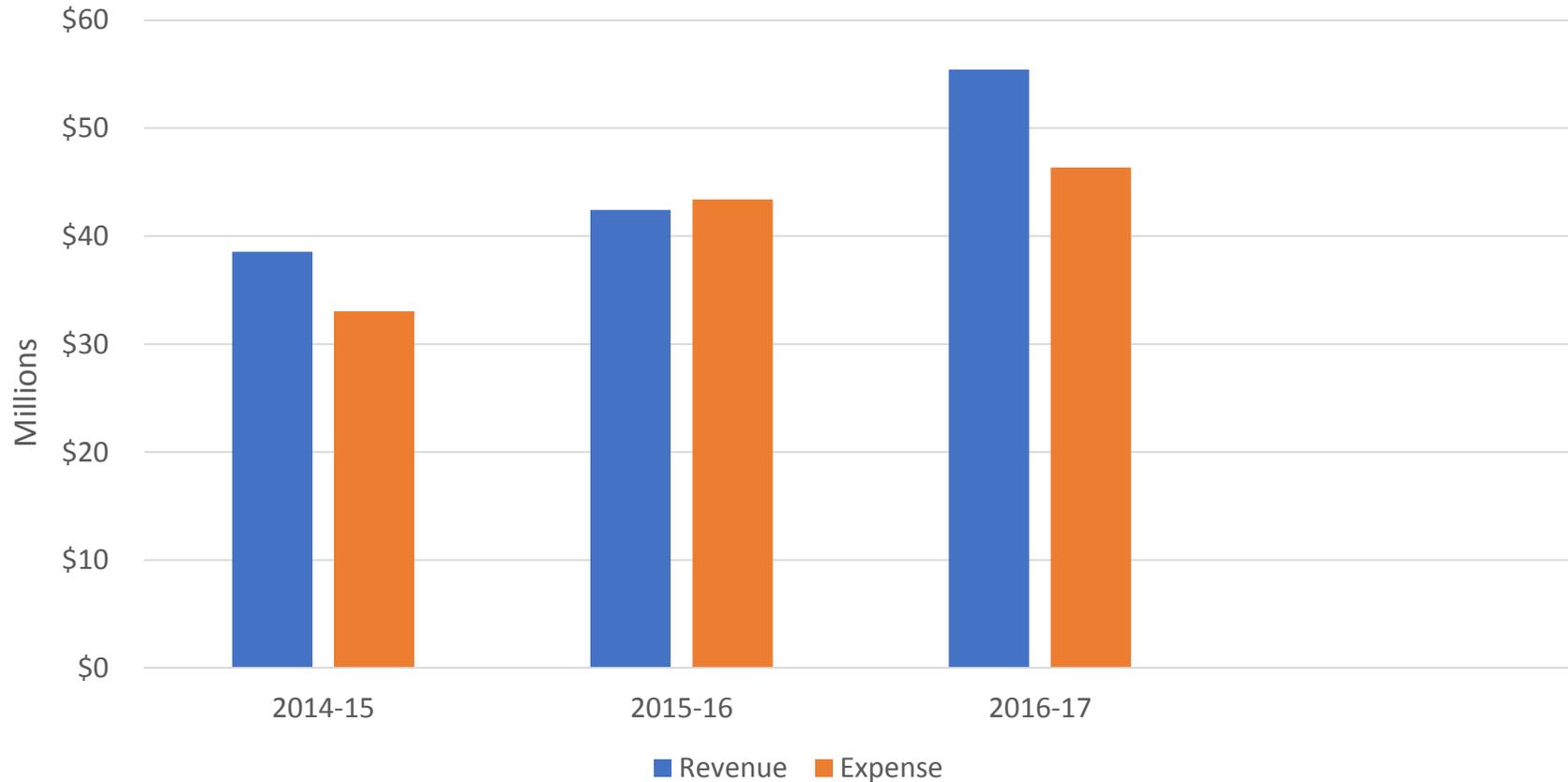
Mark Mroczkowski

October 31, 2017



REVENUE OVER EXPENSE

YOY Comparison





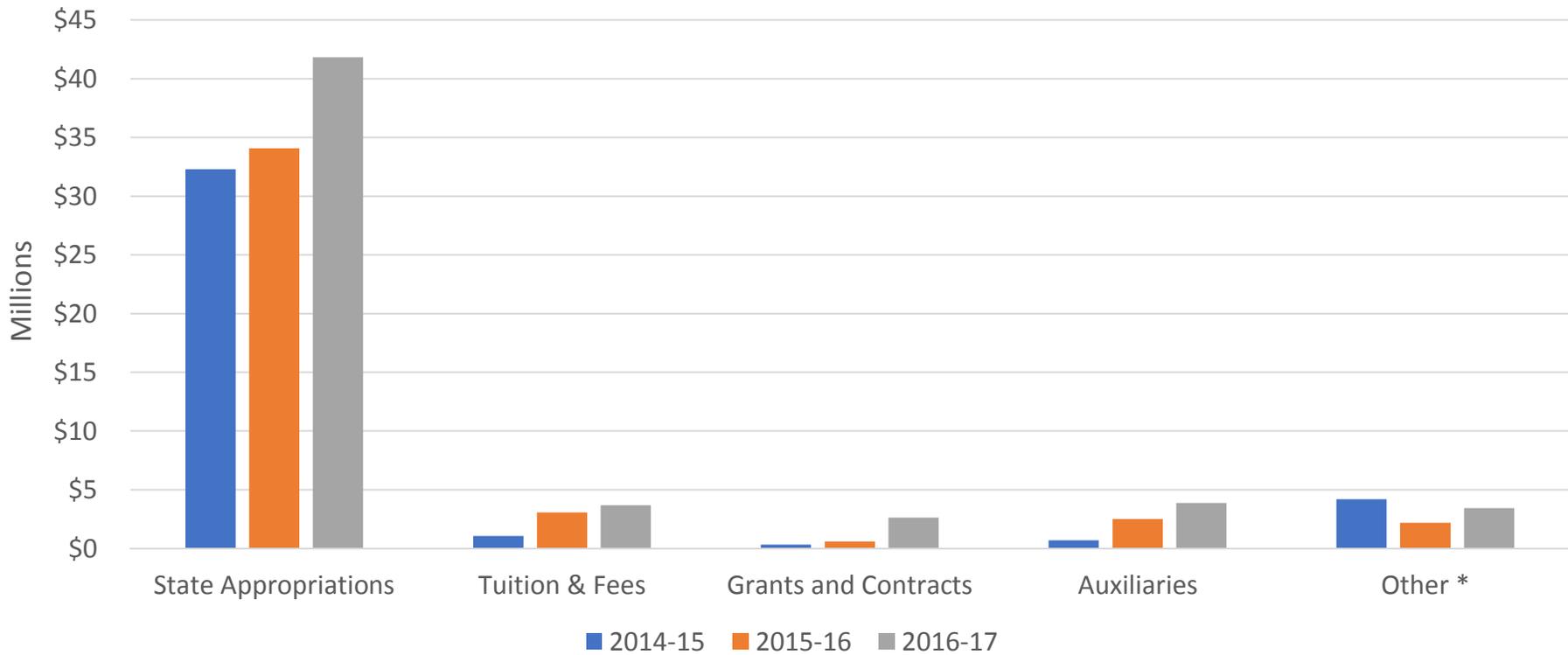
OPERATIONS OUTLINE

- Introduction
- Operating Results
 - Revenue over Expense
 - Revenues
 - Expenses
- Tuition & Fees
 - Cost of Attendance
 - Scholarships & Waivers
- Investments
 - By Source of Funds
 - Portfolio



REVENUES

YOY Comparison by Fund Source



*Other revenue for FY15 includes a one-time contribution of \$3.4 million from the County



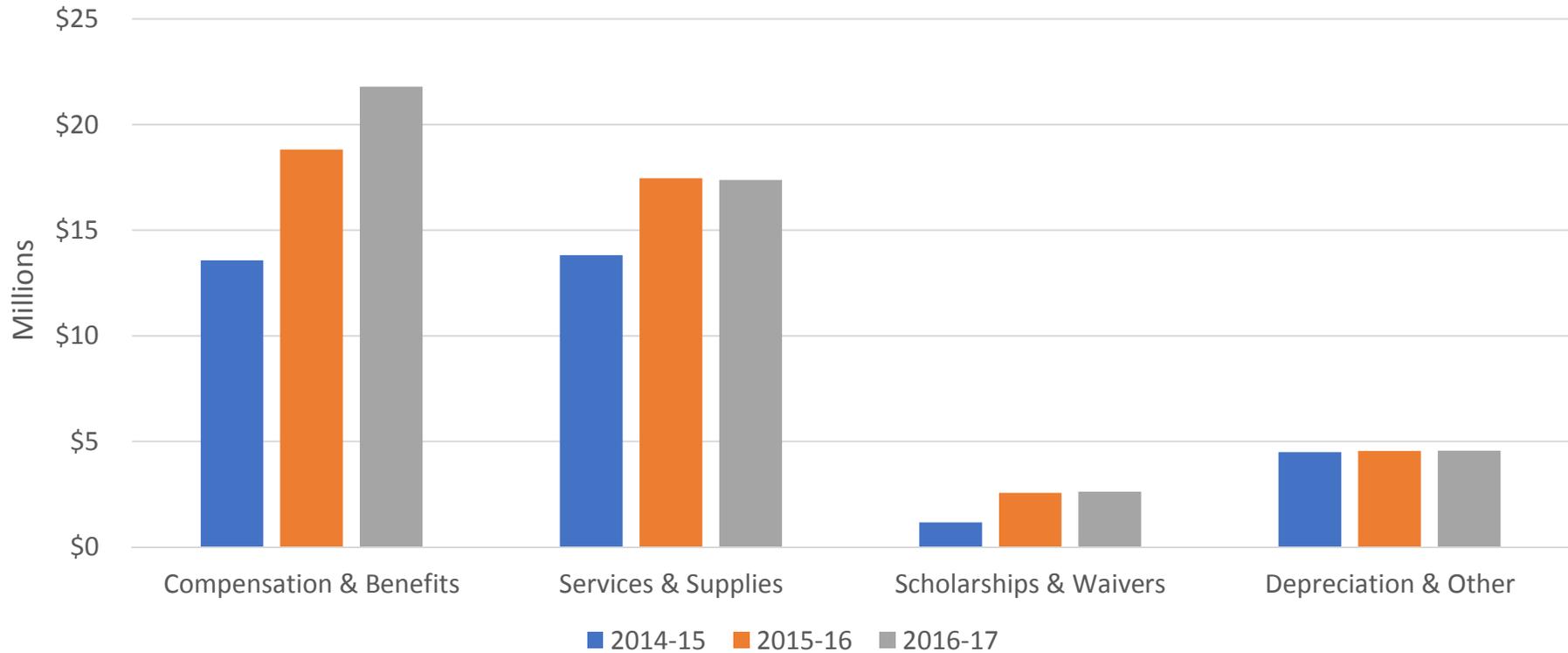
REVENUES

Source	Opportunities	Challenges
State Appropriations	Funding grew by approximately 5.5% for FY18	Difficulty projecting out future years due to changes in legislative priorities
Tuition & Fees	Continues to grow as enrollment increases	We have begun to move to a more sustainable discount model
Grants & Contracts	Accreditation and faculty hiring	Competitive federal and private funding
Auxiliaries	New dining contract coupled with increased population is key to profitability	Transportation fee remains below market
Other	New investment strategy could produce better ROI	Market conditions



EXPENSES

YOY by Major Categories





EXPENSES

Source	Opportunities	Challenges
Compensation & Benefits	Compensation study New faculty hiring	Recruiting high quality faculty within budget
Services & Supplies	Better control due to new ERP system	No significant
Scholarships & Waivers	Recruit competitive class	We have begun to move to a more sustainable discount model
Debt/Other	Debt-to-Net Position remain around 1%	No significant



OUTLINE

- Introduction
- Operating Results
 - Revenues
 - Expenses
- Tuition & Fees
 - Cost of Attendance
 - Scholarships & Waivers
 - Discount Rate Plan
- Investments
 - By Source of Funds
 - Portfolio



TUITION & FEES

Undergraduate Tuition and Fee History				
	14-15	15-16	16-17	17-18
Tuition	\$ 105.07	\$ 105.07	\$ 105.07	\$ 105.07
Out-Of-State Fee	510.00	510.00	510.00	510.00
Financial Aid Fee	5.25	5.25	5.25	5.25
Non-Resident Financial Aid Fee	25.50	25.50	25.50	25.50
Capital Improvement Trust Fund Fee	4.76	4.76	4.76	4.76
Transportation Fee *	3.00	3.00	3.00	3.00
Activity and Service Fee	17.62	17.62	17.62	17.62
Athletic Fee	14.12	14.12	14.12	14.12
Health Fee	9.58	9.58	9.58	9.58
Technology Fee	5.25	5.25	5.25	5.25
Semester Total Resident (15 Credits)	2,469.75	2,469.75	2,469.75	2,469.75
Semester Total Non - Resident (15 Credits)	\$ 10,502.25	\$ 10,502.25	\$ 10,502.25	\$ 10,502.25
% Change	0%	0%	0%	0%

*Transportation fee is well below SUS average of \$9.00.



COST OF ATTENDANCE

Florida Poly Undergrad Cost of Attendance - Resident				
	14-15	15-16	16-17	17-18
Tuition and Fees	\$ 4,940	\$ 4,940	\$ 4,940	\$ 4,940
Books and Supplies	1,200	1,200	1,200	1,200
Room & Board *	11,800	11,800	11,400	10,903
Transportation	2,000	2,000	2,000	2,000
Other Expenses	2,000	2,000	2,000	2,000
Total Cost of Attendance	\$ 21,940	\$ 21,940	\$ 21,540	\$ 21,043
% Change	0%	0.00%	-1.82%	-2.31%
Florida Poly Undergrad Cost of Attendance - Non-Resident				
	14-15	15-16	16-17	17-18
Tuition and Fees	\$ 21,005	\$ 21,005	\$ 21,005	\$ 21,005
Books and Supplies	1,200	1,200	1,200	1,200
Room & Board *	11,800	11,800	11,400	10,903
Transportation	2,000	2,000	2,000	2,000
Other Expenses	2,000	2,000	2,000	2,000
Total Cost of Attendance	\$ 38,005	\$ 38,005	\$ 37,605	\$ 37,108
% Change	0%	0.00%	-1.05%	-1.32%

*Reduction in room & board is due to moving from single to double occupancy.

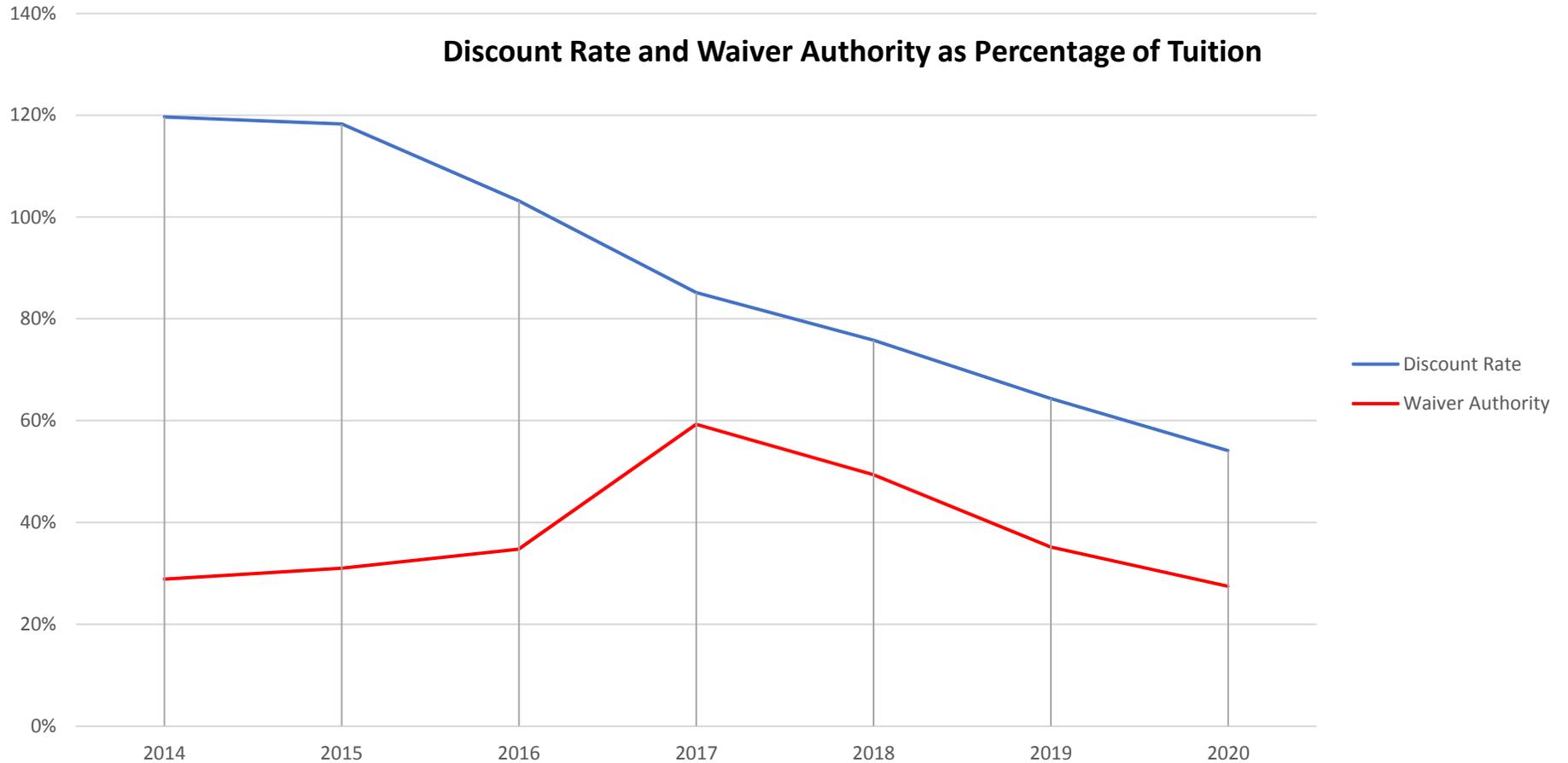


SCHOLARSHIPS & WAIVERS

Florida Polytechnic University					
Scholarship Waiver Request for the 17-18 Academic Year					
Scholarship Awarded By Cohort 17-18					
Scholarships Awarded	Cohort 14-15	Cohort 15-16	Cohort 16-17	Cohort 17-18	Total
Under Grad Students	217	362	438	370	1,387
Average Scholarship	3,200	5,502	3,500	3,746	
Under Grad Scholarship Total	694,400	1,991,778	1,533,000	1,386,000	5,605,178
Grad Students	-	5	9	18	32
Average Scholarship	-	349	3,500	6,222	
Grad Scholarship Total	-	1,745	31,500	112,000	145,245
Total Scholarships 17-18	\$ 694,400	\$ 1,993,523	\$ 1,564,500	\$ 1,498,000	\$ 5,750,423
Waiver Authority Requested					
Estimated Scholarships and Other Waivers					
Scholarships 17-18	\$ 5,750,423				
Out of State Fee Waivers	715,211				
Total	6,465,634				
Less estimated Foundation contributions	(2,000,000)				
Estimated Waiver Authority Required	\$ 4,465,634				
Waiver Authority Requested	\$ 4,500,000				



DISCOUNT REDUCTION PLAN

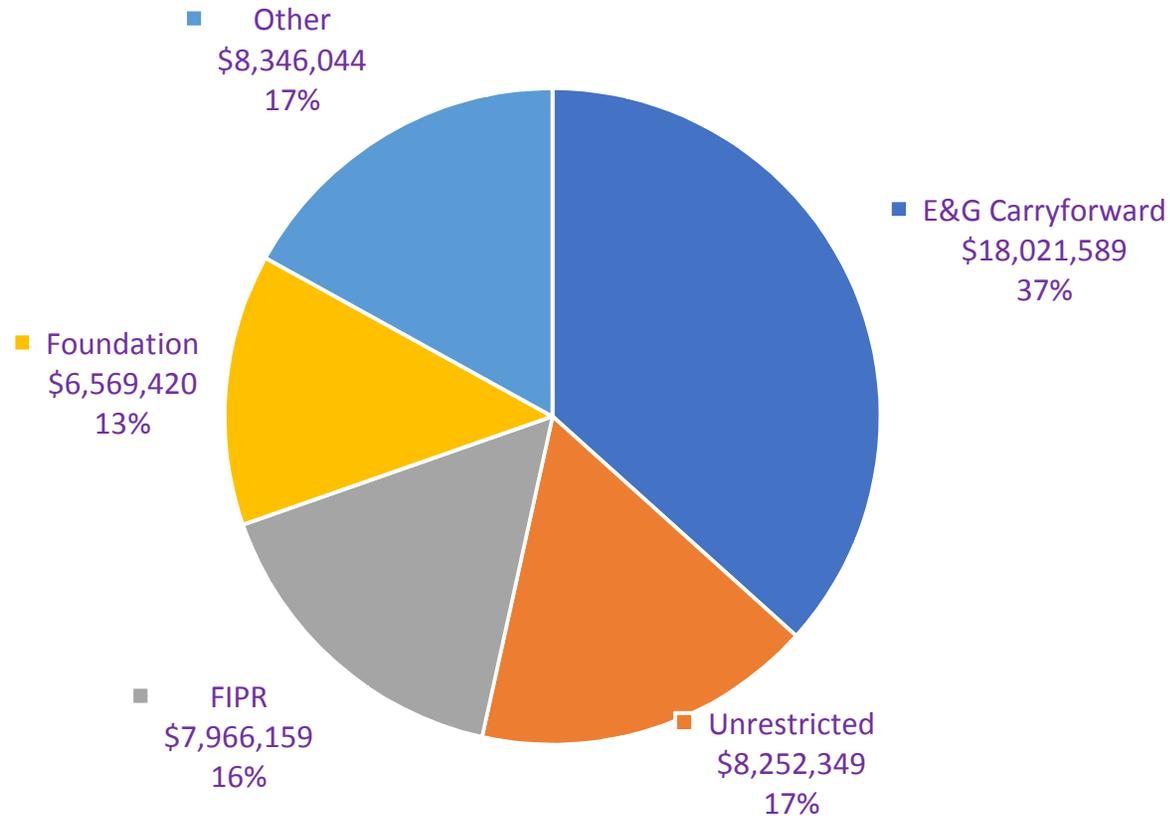


This model continues to evolve as new enrollment data becomes available and we assess the financial feasibility of future foundation commitments.



INVESTMENTS

Investments by Source of Funds

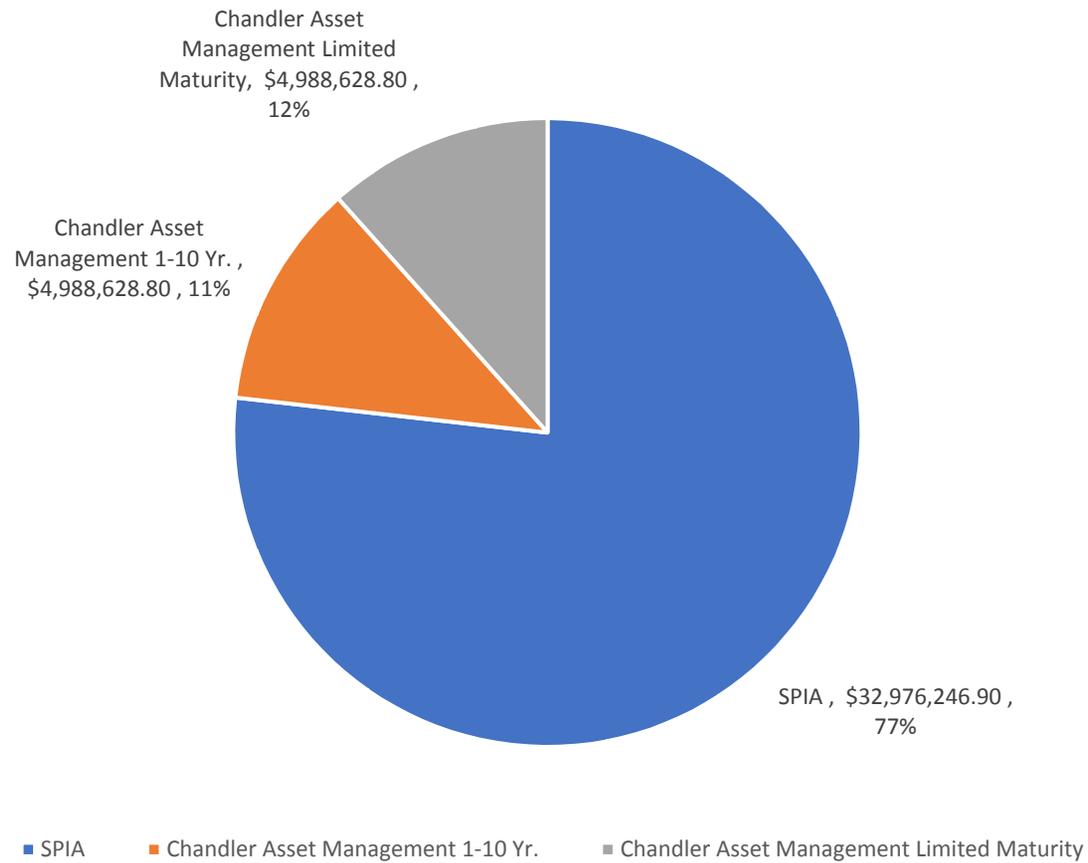


At June 30, 2017



INVESTMENTS

Investment Portfolio



At July 31, 2017



BUDGET OUTLINE

- Budget Review
 - 15-16 and 16-17 Budget to Actual
 - FY 17-18 Budget Review
 - FY 15-16, 16-17 and 17-18 Comparative

- Budgeted Open Positions

- Budget Process



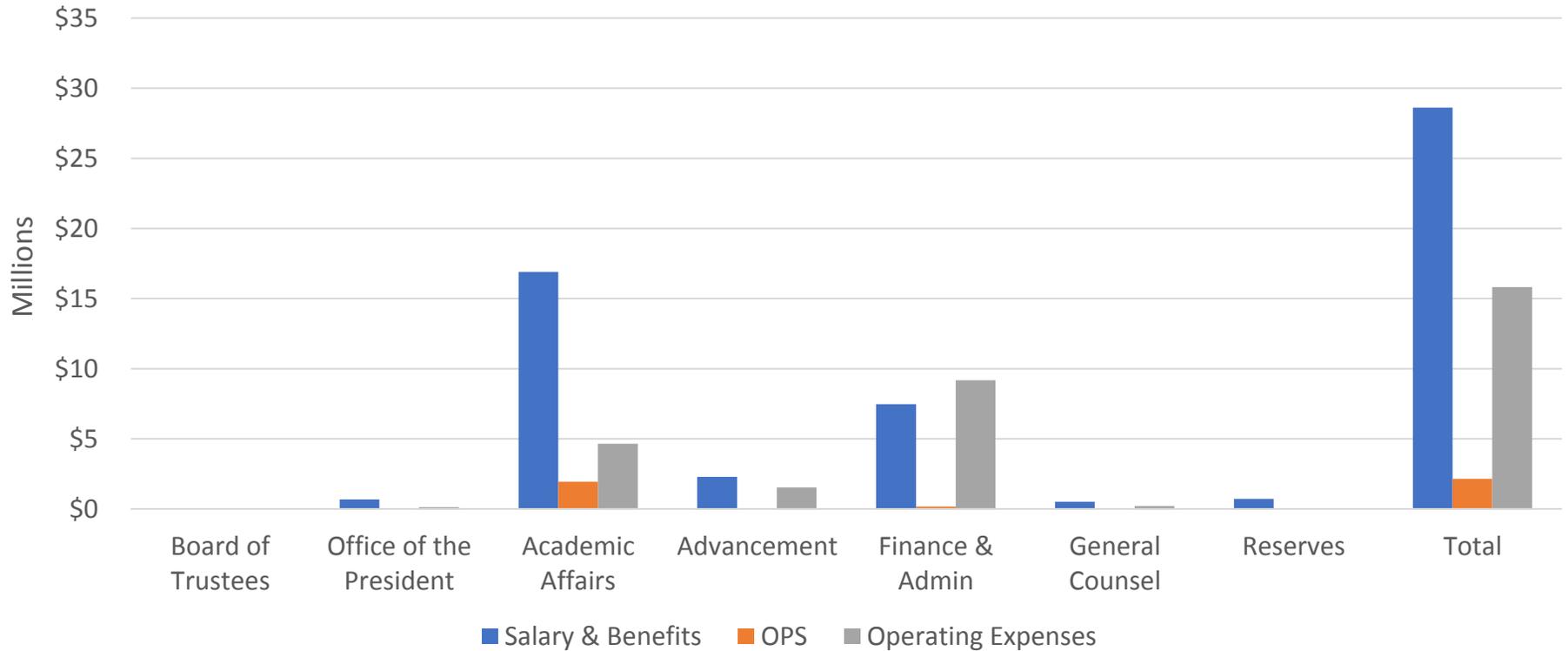
BUDGET REVIEW

			2015-16 BUDGET DETAIL				2016-17 BUDGET DETAIL				2017-18 BUDGET
REF#	COST CENTER TITLE	COST CENTER	Budget	Total Actual	\$ Variance	% Variance	Budget	Total Actual	\$ Variance	% Variance	Budget
	TOTAL BOARD OF TRUSTEES		25,267	24,380	(887)	-3.51%	25,267	22,897	\$ (2,370)	-9.38%	36,125
	TOTAL OFFICE OF THE PRESIDENT		873,353	533,036	(340,317)	-38.97%	622,405	581,623	\$ (40,782)	-6.55%	828,217
	TOTAL DIVISION OF ACADEMIC AFFAIRS		11,436,033	9,878,102	(1,557,931)	-13.62%	20,112,428	14,596,500	\$ (5,515,928)	-27.43%	23,982,282
	TOTAL DIVISION OF ADVANCEMENT		4,211,173	3,793,211	(417,962)	-9.93%	4,623,953	3,878,465	\$ (745,488)	-16.12%	3,406,414
	TOTAL DIVISION OF FINANCE & ADMIN		17,011,786	15,008,876	(2,002,910)	-11.77%	17,162,993	17,273,531	\$ 110,538	0.64%	16,824,879
	TOTAL DIVISION OF GENERAL COUNSEL		1,050,984	685,732	(365,252)	-34.75%	802,944	716,679	\$ (86,265)	-10.74%	756,703
46	RESERVES	1000	1,256,928	3,014	(1,253,914)	-99.76%	1,996,833				
47	TOTAL BUDGET & ACTUALS		35,865,524	29,926,351	(5,939,173)	-16.56%	45,346,823	37,069,695	\$ (8,277,128)	-18.25%	46,611,968



BUDGET REVIEW

2017-18 Budget by Division





BUDGET REVIEW

	FY 15-16	FY 16- 17	FY 17-18
Total Revenue	\$46.6mm	\$55.4mm	\$49.2mm
Total Expenses	\$46.4	\$46.3mm	\$46.6mm
Tuition/Fee Increases	None	None	None
Cost of Attendance (Resident)	\$21,540	\$21,540	\$21,043
Waiver Authority	\$1.5mm	\$2.4mm	\$4.5mm
Budgeted Positions	167	224	277

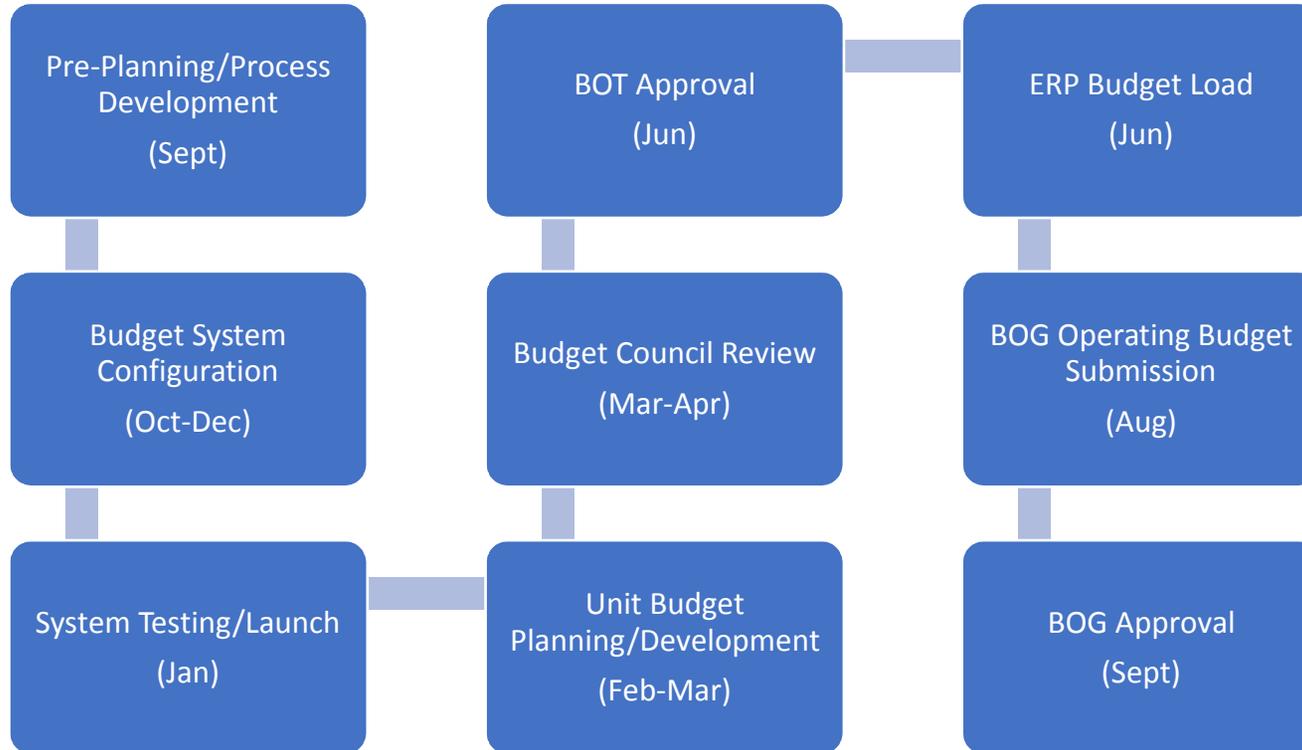


BUDGETED OPEN POSITIONS

	FY 2014-15	FY 2015-16	FY 2016-17
Budgeted Positions	167	224	277
		Open Positions	Open Positions & Status
Office of the President		1	1 Planning
Academic Affairs		51 (38 Faculty)	Varied
Finance & Administration		10	2 Planning 8 Posted
Advancement		5	2 Planning 3 Posted
General Counsel		0	N/A



BUDGET PROCESS



FLORIDA POLYTECHNIC UNIVERSITY
Budget Variance Report by Cost Center

REF#	COST CENTER TITLE	COST CENTER	2015-16 BUDGET DETAIL				2016-17 BUDGET DETAIL				2017-18 BUDGET
			Budget	Total Actual	\$ Variance	% Variance	Budget	Total Actual	\$ Variance	% Variance	Budget
1	Board of Trustees	1001	25,267	24,380	(887)	-3.51%	25,267	22,897	\$ (2,370)	-9.38%	36,125
TOTAL BOARD OF TRUSTEES			25,267	24,380	(887)	-3.51%	25,267	22,897	\$ (2,370)	-9.38%	36,125
2	Office of the President	1002	768,422	428,196	(340,226)	-44.28%	511,413	562,386	\$ 50,973	9.97%	539,547
3	Ombudsperson	1050	104,931	104,840	(91)	-0.09%	110,992	19,238	\$ (91,754)	-82.67%	18,220
TOTAL OFFICE OF THE PRESIDENT			873,353	533,036	(340,317)	-38.97%	622,405	581,623	\$ (40,782)	-6.55%	828,217
4	EVP Academic Affairs	1003	1,511,475	1,426,999	(84,476)	-5.59%	3,498,799	1,364,635	\$ (2,134,164)	-61.00%	3,275,662
5	Labs	1007					346,209	232,285	\$ (113,924)	-32.91%	330,745
Sub-Total Office of the Exec. Vice Pres. & Provost			1,511,475	1,426,999			3,845,008	1,596,920	\$ (2,248,088)	-58.47%	8,481,407
6	Registrar	1011	184,887	184,383	(504)	-0.27%	220,811	220,476	\$ (335)	-0.15%	372,257
7	Transcript	1011		-				1,940			3,200
Sub-Total Office of the Registrar			184,887	184,383	(504)	-0.27%	220,811	222,416	\$ (335)	-0.15%	375,457
8	Institutional Effectiveness / SACS	1009	233,484	105,100	(128,384)	-54.99%	226,855	239,905	\$ 13,050	5.75%	205,500
9	Institutional Research	1010	361,278	339,921	(21,357)	-5.91%	274,072	268,980	\$ (5,092)	-1.86%	236,980
10	College of Engineering	1004	2,505,886	1,760,349	(745,537)	-29.75%	1,383,206	1,618,682	\$ 235,476	17.02%	2,076,784
11	College of Innovation & Technology	1005	1,480,164	1,116,729	(363,435)	-24.55%	1,870,930	2,122,024	\$ 251,094	13.42%	2,024,438
12	General Education	1006	2,276,945	1,897,561	(379,384)	-16.66%	2,363,857	2,497,888	\$ 134,031	5.67%	1,607,173
Sub-Total Academic Affairs - Vice Provost			6,857,757	5,219,660	(1,638,097)	-23.89%	6,118,920	6,747,479	\$ 628,559	10.27%	6,150,875
13	Academic Support Services/Library	1012	472,000	450,581	(21,419)	-4.54%	697,930	600,745	\$ (97,185)	-13.92%	993,797
Sub-Total Academic Services / Library			472,000	450,581	(21,419)	-4.54%	697,930	600,745	\$ (97,185)	-13.92%	993,797
14	Enrollment Services & Admissions	1014		-			128,437	117,460	\$ (10,977)	-8.55%	875,692
15	Admissions	1015	1,479,134	1,367,707	(111,427)	-7.53%	1,242,145	1,242,239	\$ 94	0.01%	1,123,594
16	International Students	1017		-			78,055	64,687	\$ (13,368)	-17.13%	152,294
17	Financial Aid	1016	218,650	198,765	(19,885)	-9.09%	267,558	323,207	\$ 55,649	20.80%	377,214
17B	Financial Aid - State Appropriations	1016		-			50,000	50,000	\$ -	0.00%	50,000
Sub-Total Enrollment Services			1,697,784	1,566,472			1,766,195	1,797,593	\$ 31,398	1.78%	2,707,172
18	Student Affairs	1018	355,100	241,257	(113,843)	-32.06%	403,899	460,927	\$ 57,028	14.12%	481,006
18A	Orientation	1018		-			21,000	12,774	\$ (8,226)	-39.17%	15,050
18B	Health Services	1018		155,099			317,145	71,273	\$ (245,872)	-77.53%	170,576
18C	Student Government	1018		174,951			404,300	254,034	\$ (150,266)	-37.17%	278,886
18D	Athletics	1018		92,189			484,723	74,122	\$ (410,601)	-84.71%	223,489
Sub-Total Student Affairs			355,100	663,496			1,631,067	873,130	\$ (757,937)	-46.47%	1,169,007

Finance and Facilities Committee - VII. Financial Review

19	Contracts & Grants	1022			-		189,300	295,770	\$ 106,470	56.24%	227,922
20	Health Informatics	1049	179,030	164,785	(14,245)	-7.96%	542,800	438,909	\$ (103,891)	-19.14%	426,505
21	FIPR	1020			-		3,162,084	1,596,591	\$ (1,565,493)	-49.51%	2,718,470
21A	FIPR Auxiliary	1020		137,874	137,874		298,313	64,039	\$ (234,274)	-78.53%	300,000
22	Industry Partnerships & Entrepreneurship	1021	178,000	63,852	(114,148)	-64.13%	1,640,000	362,909	\$ (1,277,091)	-77.87%	431,670
	Sub-Total Research		357,030	366,511			5,832,497	2,758,217	\$ (3,074,280)	-52.71%	4,104,567
TOTAL DIVISION OF ACADEMIC AFFAIRS			11,436,033	9,878,102	(1,557,931)	-13.62%	20,112,428	14,596,500	\$ (5,515,928)	-27.43%	23,982,282
23	Marketing & Communications	1035	2,000,000	1,977,209	(22,791)	-1.14%	2,200,166	1,978,535	\$ (221,631)	-10.07%	1,432,983
24	External Affairs	1036	276,563	275,604	(959)	-0.35%	279,048	244,618	\$ (34,430)	-12.34%	285,672
25	Government Affairs	1037	1,316,745	948,884	(367,861)	-27.94%	1,230,612	796,608	\$ (434,004)	-35.27%	447,467
26	University Advancement	1034	617,865	591,514	(26,351)	-4.26%	914,127	858,703	\$ (55,424)	-6.06%	1,240,292
TOTAL DIVISION OF ADVANCEMENT			4,211,173	3,793,211	(417,962)	-9.93%	4,623,953	3,878,465	\$ (745,488)	-16.12%	3,406,414
28	Central Administration	1057	1,258,811	1,023,363	(235,448)	-18.70%	1,531,803	2,676,946	\$ 1,145,143	74.76%	1,378,153
29	Shared Services		1,616,028	1,616,027	(1)	0.00%		-			75,857
	Sub-Total CFO		2,874,839	2,639,390	(235,449)	-8.19%	1,531,803	2,676,946	\$ 1,145,143	74.76%	1,790,212
30	Special Projects / ERP	1027	2,357,870	1,983,196	(374,674)	-15.89%	3,341,331	1,765,478	\$ (1,575,853)	-47.16%	1,240,247
31	Construction & Facilities / Campus Dev.	1024	3,344,686	1,944,607	(1,400,079)	-41.86%	2,919,090	2,347,415	\$ (571,675)	-19.58%	3,018,528
31A	Capital Improvement Fee	1024		-			149,925	-	\$ (149,925)	-100.00%	75,350
32	Environmental Health & Safety	1019	201,454	197,609	(3,845)	-1.91%	175,888	157,642	\$ (18,246)	-10.37%	210,016
33	Public Safety & Police	1026	862,256	821,029	(41,227)	-4.78%	863,891	921,261	\$ 57,370	6.64%	901,558
34	Human Resources	1032	272,107	268,514	(3,593)	-1.32%	415,437	474,078	\$ 58,641	14.12%	577,096
	Sub-Total Administration		7,038,373	5,214,955	(1,448,744)	-20.58%	7,865,562	5,665,876	\$ (2,199,686)	-27.97%	6,350,065
36	University Bursar Office	1029	133,000	117,078	(15,922)	-11.97%		-	\$ -	#DIV/0!	150,354
37	Finance & Accounting	1031	1,481,469	1,483,212	1,743	0.12%	1,887,086	1,875,768	\$ (11,318)	-0.60%	966,531
39	Auxiliary: Other	1023		58,043				-	\$ -	#DIV/0!	516,282
	Sub-Total Finance & Accounting		1,614,469	1,658,333	(41,799)	-2.59%	1,887,086	1,875,768	\$ (11,318)	-0.60%	1,891,993
40A	Auxiliary: Bookstore	1025	11,075	17,259	6,184	55.84%	7,325	5,363	\$ (1,962)	-26.78%	7,180
40B	Auxiliary: Campus Mail	1025		6,935	6,935			6,466			2,365
40C	Auxiliary: Copy Center	1025			-			6,303			3,980
40D	Auxiliary: Dining	1025	1,786,121	1,694,961	(91,160)	-5.10%	1,571,446	2,782,894	\$ 1,211,448	77.09%	2,522,575
40E	Auxiliary: Parking & Transportation	1025	264,967	426,592	161,625	61.00%	347,806	344,684	\$ (3,122)	-0.90%	237,677
40F	Auxiliary: Poly Card	1025	10,900	5,971	(4,929)	-45.22%	15,545	14,692	\$ (853)	-5.49%	20,400
40G	Auxiliary: Housing	1025		243,256	243,256		162,033	173,216	\$ 11,183	6.90%	59,837
40I	Auxiliary: Concessions	1025		2,735	2,735		7,386	3,847	\$ (3,539)	-47.91%	4,400
	Sub-Total Business & Auxiliary Services		2,073,063	2,397,709	324,646	15.66%	2,111,541	3,337,465	\$ 1,213,155	57.45%	2,858,414
41	Office of the CIO	1041	3,411,042	3,097,445	(313,597)	-9.19%	3,487,640	3,620,129	\$ 132,489	3.80%	278,220
43A	Technology Fee	1041		1,044			279,361	97,346	\$ (182,015)	-65.15%	90,267
	Sub-Total Department of Technology Services		3,411,042	3,098,489	(313,597)	-9.19%	3,767,001	3,717,475	\$ (49,526)	-1.31%	3,934,195
TOTAL DIVISION OF FINANCE & ADMIN			17,011,786	15,008,876	(2,002,910)	-11.77%	17,162,993	17,273,531	\$ 110,538	0.64%	16,824,879

Finance and Facilities Committee - VII. Financial Review

44	General Counsel	1033	1,050,984	685,732	(365,252)	-34.75%	802,944	716,679	\$ (86,265)	-10.74%	756,703
TOTAL DIVISION OF GENERAL COUNSEL			1,050,984	685,732	(365,252)	-34.75%	802,944	716,679	\$ (86,265)	-10.74%	756,703
46	RESERVES	1000	1,256,928	3,014	(1,253,914)	-99.76%	1,996,833				
47	TOTAL BUDGET & ACTUALS		35,865,524	29,926,351	(5,939,173)	-16.56%	45,346,823	37,069,695	\$ (8,277,128)	-18.25%	46,611,968

Reconciliation

Increase in Net Position - as reported in the Annual Financial Report	\$ 9,061,816
Non- Budgeted revenues and costs	
Capital Contributions	6,882,548
Tuition & Fees	1,946,665
Investment & Other Revenue	913,773
Contract & Grant Revenue	330,551
Depreciation Expense	(4,563,454)
Scholarship & Waiver Expense	(2,621,462)
Capital Expenses	(2,103,933)
Budget vs. Actual as shown above	<u>\$ 8,277,128</u>

Florida Polytechnic University

Unrestricted & Carryforward

Period Ended June 30, 2017

	<u>Fund 106</u>	<u>Fund 107</u>
Cash Inflows:		
Capital Contribution	1,478,920	
BOG Meeting Expenses	738	
Misc Expenses	875	
Tax Refund	1,666	
Interest	455,176	
FY 2015-16 Rollover		6,899,998
Total Revenue	<u>1,937,375</u>	<u>6,899,998</u>
Cash Outflows:		
Contractual Services (Patent, Printing, etc...)	8,488	
Parking Shortfall	109,000	
Housing Shortfall	567,000	
Materials & Supplies (Snacks for Visitors, Purple Fire Week, PolyHacks Prizes, Pizza for Physics Faculty Search)	7,335	
Departmental Carryforward Use		1,902,713
Total Expenses	<u>691,822</u>	<u>1,902,713</u>
Net Increase to Fund Balance	<u>1,245,553</u>	<u>4,997,285</u>
Beginning Fund Balance	<u>7,006,796</u>	<u>13,024,304</u>
Ending Fund Balance	<u>8,252,349</u>	<u>18,021,589</u>
Summary of Planned Uses:		
Restricted for ARC		5,000,000
Restricted for Health Informatics		4,038,307
Campus Reclaimed Water		2,000,000
Redundant Potable Water Hookup		300,000
Supercomputer Relocation		100,000
Commons Offices		490,000
Restoration of Shop		230,000
Reserved for future Campus Infrastructure per State Statute		5,863,282
Total Uses		<u>18,021,589</u>

Florida Polytechnic University

Return on SPIA Investments

Period Ended June 30, 2017

Period Beginning Balance	\$ 49,627,622
Additions	4,158,387
Liquidations	<u>(4,630,448)</u>
Period Ending Balance	<u><u>\$ 49,155,561</u></u>

MTD Average Daily Balance	\$ 50,146,082
MTD Interest Earned	\$ 72,261
MTD Interest Rate	0.1441%

Annualized Interest Rate 1.73%

Composition:

Carryforward	18,021,589
Unrestricted	8,252,349
FIPR	7,966,159
Foundation	6,569,420
Other	<u>\$ 8,346,044</u>

Total 49,155,561

AGENDA ITEM: VIII

**Florida Polytechnic University
Board of Trustees
Finance and Facilities Committee
October 31, 2017**

Subject: Deep Dive Annual Financial Report Discussion

Proposed Committee Action

No Action Required – Information Only

Background Information

Chairman Martin's request to have an in-depth discussion of the University's finances.

Supporting Documentation:

2017 Annual Financial Report (Unaudited)

UNAUDITED

FLORIDA POLYTECHNIC UNIVERSITY

Annual Financial Report

For the Year Ended, June 30, 2017

UNAUDITED***MANAGEMENT'S DISCUSSION AND ANALYSIS***

Management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2017, 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, 2017, and June 30, 2016.

FINANCIAL HIGHLIGHTS

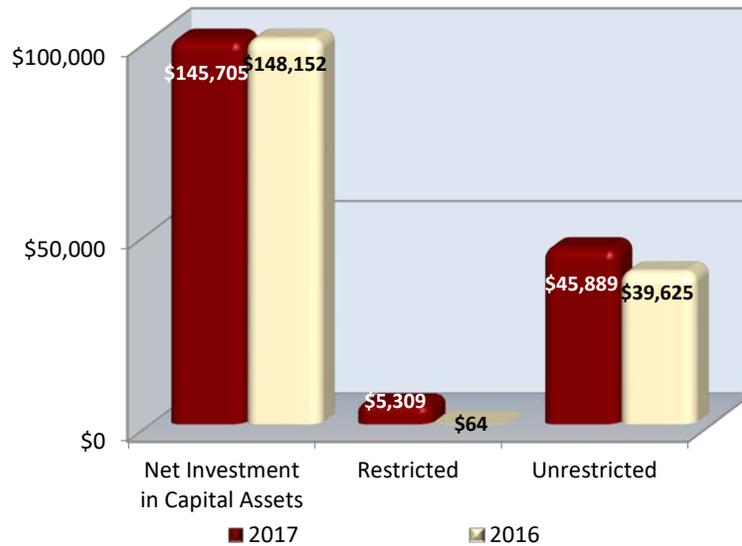
The University's assets and deferred outflows of resources totaled \$219.3 million at June 30, 2017. This balance reflects a \$13.2 million, or 6.4 percent, increase as compared to the 2015-16 fiscal year, resulting from increased current and noncurrent assets, capital assets and deferred outflows of resources. While assets and deferred outflows of resources grew, liabilities and deferred inflows of resources increased by \$4.8 million, or 27 percent, totaling \$22.4 million at June 30, 2017, resulting from increases in net pension liability and amounts due to Component Unit (Foundation). As a result, the University's net position increased by \$9.1 million, resulting in a year-end balance of \$196.9 million.

The University's operating revenues totaled \$8.5 million for the 2016-17 fiscal year, representing a 37 percent increase compared to the 2015-16 fiscal year due mainly to increases in auxiliary revenues, and grants and contract due to increasing financial aid awards. Operating expenses totaled \$49.9 million for the 2016-17 fiscal year, representing an increase of 14 percent as compared to the 2015-16 fiscal year due mainly to additional faculty and staff and increased scholarship awards.

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, 2017, and June 30, 2016, is shown in the following graph:

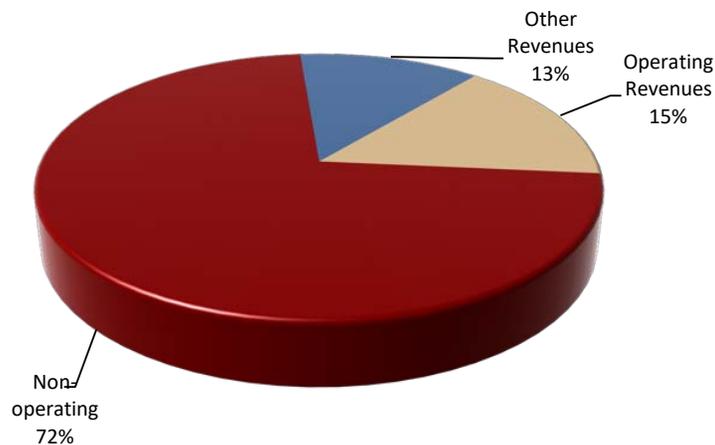
UNAUDITED

Net Position (In Thousands)



The following chart provides a graphical presentation of University revenues by category for the 2016-17 fiscal year:

Total Revenues



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 discretely presented component unit.

UNAUDITED

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)**

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets	\$ 49,568	\$ 38,168
Capital Assets, Net	150,917	150,805
Other Noncurrent Assets	<u>11,563</u>	<u>12,305</u>
Total Assets	<u>212,048</u>	<u>201,278</u>
Deferred Outflows of Resources	<u>7,346</u>	<u>4,909</u>
Liabilities		
Current Liabilities	10,584	8,868
Noncurrent Liabilities	<u>11,848</u>	<u>8,800</u>
Total Liabilities	<u>22,432</u>	<u>17,668</u>
Deferred Inflows of Resources	<u>60</u>	<u>678</u>
Net Position		
Net Investment in Capital Assets	148,413	148,152
Restricted	5,310	64
Unrestricted	<u>43,180</u>	<u>39,625</u>
Total Net Position	<u>\$ 196,903</u>	<u>\$ 187,841</u>

Assets increased \$10.8 million due primarily to capital appropriations due from the State, and increases in cash and investments as a result of increases in State noncapital appropriations, grants and contracts, and student tuition and fees.

Deferred outflows of resources increased \$2.4 million due to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, as an amendment of GASB Statement No. 27*.

Total Liabilities increased \$4.8 million primarily as a result of increased net pension liability related to increased staffing levels.

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Deferred inflows of resources decreased \$618 thousand due to GASB Statement No. 68.

Net position is reported in three major categories. The first category, net invested in capital assets, provides the University's equity in property, plant and equipment owned by the University. Restricted expendable net position is available for use by the University, but must be spent for purposes as determined by donors or external entities that have placed time or purpose restrictions on the use of the assets. The final category is unrestricted net position and is available for any lawful purpose of the University.

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

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

The following summarizes the University's activity for the 2016-17 and 2015-16 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Years

(In Thousands)

	2016-17	2015-16
Operating Revenues	\$ 8,502	\$ 6,167
Less, Operating Expenses	46,358	43,398
Operating Loss	(37,856)	(37,231)
Net Nonoperating Revenues	40,035	36,221
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	2,179	(1,010)
Other Revenues, Expenses, Gains, or Losses	6,883	35
Net Increase (Decrease) In Net Position	9,062	(975)
Net Position, Beginning of Year	187,841	188,816
Net Position, End of Year	\$ 196,903	\$ 187,841

Operating Revenues

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

The following summarizes the operating revenues by source that were used to fund operating activities for the 2016-17 and 2015-16 fiscal years:

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Operating Revenues For the Fiscal Years

(In Thousands)

	2016-17	2015-16
Student Tuition and Fees, Net	\$ 3,680	\$ 3,073
Grants and Contracts	823	598
Sales and Services of Educational Departments	34	-
Sales and Services of Auxiliary Enterprises	3,846	2,496
Other	119	-
Total Operating Revenues	\$ 8,502	\$ 6,167

The following chart presents the University's operating revenues for the 2016-17 and 2015-16 fiscal years:

Operating Revenues
(In Thousands)



University operating revenue increased \$2.3 million primarily due to an increase in sales of auxiliary services.

Operating Expenses

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

The following summarizes operating expenses by natural classification for the 2016-17 and 2015-16 fiscal years:

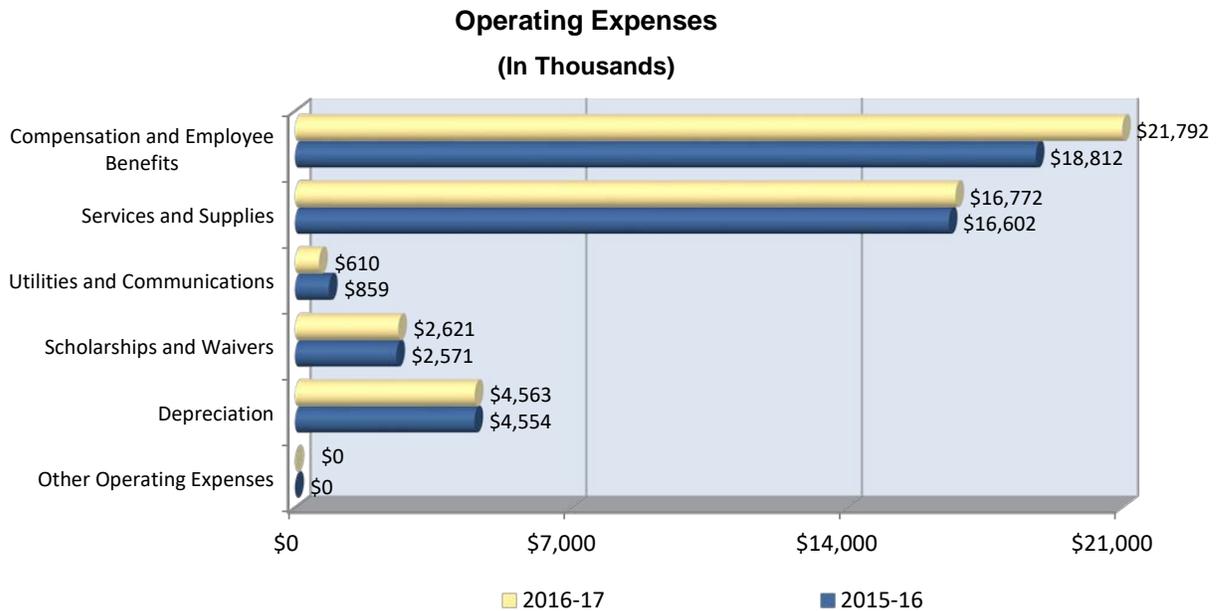
UNAUDITED

Operating Expenses For the Fiscal Years

(In Thousands)

	2016-17	2015-16
Compensation and Employee Benefits	\$ 21,792	\$ 18,812
Services and Supplies	16,772	16,602
Utilities and Communications	610	859
Scholarships and Waivers	2,621	2,571
Depreciation	4,563	4,554
Total Operating Expenses	\$ 46,358	\$ 43,398

The following chart presents the University's operating expenses for the 2016-17 and 2015-16 fiscal years:



Increases in operating expenses were the result of the following factors: Compensation and Benefits increased due to increased faculty and staff levels.

Non-operating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including Federal and State student financial aid, certain gifts and grants, and investment income, are defined by GASB as non-operating. Non-operating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's non-operating revenues and expenses for the 2016-17 and 2015-16 fiscal years:

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

	<u>2016-17</u>	<u>2015-16</u>
State Noncapital Appropriations	\$ 36,735	\$ 34,073
Federal and State Student Financial Aid	2,972	1,076
Unrealized Gain (Loss) on Investments	(378)	599
Investment Income	699	615
Other Nonoperating Revenues	61	8
Loss on Disposal of Capital Assets		(98)
Interest on Capital Asset-Related Debt	(53)	(52)
Net Nonoperating Revenues	<u>\$ 40,036</u>	<u>\$ 36,221</u>

Net non-operating revenues increased \$6.8 million primarily due to increased State noncapital appropriations.

Other Revenues, Expenses, Gains, or Losses

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues, expenses, gains, or losses for the 2016-17 and 2015-16 fiscal years:

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

	<u>2016-17</u>	<u>2015-16</u>
State Capital Appropriations	\$ 5,082	\$ 10
Capital Grants, Contracts, Donations, and Fees	1,800	25
Total	<u>\$ 6,882</u>	<u>\$ 35</u>

Other revenues increased primarily due to capital contributions from our housing and food service providers and Public Education Capital Outlay (PECO) appropriations recognized this fiscal year for the Applied Research Center.

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 2016-17 and 2015-16 fiscal years:

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

	<u>2016-17</u>	<u>2015-16</u>
Cash Provided (Used) by:		
Operating Activities	\$ (39,383)	\$(30,596)
Noncapital Financing Activities	38,749	35,196
Capital and Related Financing Activities	(1,287)	(6,285)
Investing Activities	699	2,007
	<u>(1,222)</u>	<u>322</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,222)	322
Cash and Cash Equivalents, Beginning of Year	1,422	1,100
	<u>1,422</u>	<u>1,100</u>
Cash and Cash Equivalents, End of Year	\$ 200	\$ 1,422

Major sources of funds came from State noncapital appropriations (\$36.7 million), net student tuition and fees (\$3.1 million), grants and contracts (\$420 thousand), and sales and services of auxiliary enterprises (\$3.8 million). Major uses of funds were for payments made to and on behalf of employees totaling \$26.6 million; payments to suppliers totaling \$17.6 million, and payments to and on behalf of students for scholarships totaling \$2.6 million. Changes in cash and cash equivalents were the result of the following factors: Increased Faculty and staff level and increased student scholarship awards and payments.

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

At June 30, 2017, the University had \$164.6 million in capital assets, less accumulated depreciation of \$13.6 million, for net capital assets of \$150.9 million. Depreciation charges for the current fiscal year totaled \$4.6 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)**

	<u>2017</u>	<u>2016</u>
Land	\$ 18,156	\$ 18,156
Construction in Progress	6,112	2,703
Buildings	83,894	85,856
Infrastructure and Other Improvements	33,834	35,435
Furniture and Equipment	5,616	4,887
Library Resources	4	9
Other Capital Assets	3,301	3,759
	<u>3,301</u>	<u>3,759</u>
Capital Assets, Net	\$ 150,917	\$ 150,805

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

UNAUDITED**Capital Expenses and Commitments**

Major capital expenses through June 30, 2017, were incurred on the following projects: Recreation building and Aquatic center. The University's construction commitments at June 30, 2017, are as follows:

	Amount (In Thousands)
Total Committed	\$ 11,152
Completed to Date	<u>(6,112)</u>
Balance Committed	<u>\$ 5,040</u>

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

Debt Administration

As of June 30, 2017, the University had \$2.5 million in outstanding installment purchases payable, representing a decrease of \$148 thousand, or 0.7 percent, from the prior fiscal year. 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 2017-18 fiscal year provided a 4.86 percent increase for the State University System. The University's budget increased by 3.87 percent over the same period. The University expects an increase in revenue from student tuition and fees due to increased enrollment as we enter our fifth year of operations.

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, Chief Financial Officer, Florida Polytechnic University, 4700 Research Way, Lakeland, Florida 33805-8531.

UNAUDITED***BASIC FINANCIAL STATEMENTS***

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

June 30, 2017

	University	Component Unit
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 199,887	\$ 325,359
Investments	42,422,368	-
Accounts Receivable, Net	1,135,413	-
Pledges Receivable	-	1,282,509
Due from Other Governmental Agencies	5,082,353	
Due from Component Unit	697,332	-
Other Current Assets	30,807	24,654
Total Current Assets	49,568,160	1,632,522
Noncurrent Assets:		
Restricted Investments	6,354,696	6,364,403
Due from Component Unit	5,208,484	
Depreciable Capital Assets, Net	126,648,879	-
Nondepreciable Capital Assets	24,268,401	-
Total Noncurrent Assets	162,480,460	6,364,403
Total Assets	212,048,620	7,996,925
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	7,346,360	-
Total Deferred Outflows of Resources	7,346,360	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,877,124	166,412
Construction Contracts Payable	200,929	-
Salary and Wages Payable	446,297	-
Deposits Payable	40,492	2,750,000
Due to Component Unit(s)/University	6,364,037	6,043,937
Unearned Revenue	351,235	-
Long-Term Liabilities - Current Portion:		
Installment Purchase(s) Payable	994,990	-
Compensated Absences Payable	118,188	-
Net Pension Liability	190,702	-

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

June 30, 2017

	<u>University</u>	<u>Component Unit</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Installment Purchases Payable	1,509,271	-
Compensated Absences Payable	1,063,691	-
Other Postemployment Benefits Payable	880,000	-
Net Pension Liability	8,394,689	-
Total Noncurrent Liabilities	<u>11,847,651</u>	<u>-</u>
Total Liabilities	<u>22,431,644</u>	<u>8,960,349</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	<u>60,102</u>	<u>-</u>
Total Deferred Inflows of Resources	<u>60,102</u>	<u>-</u>
NET POSITION		
Net Investment in Capital Assets	148,413,019	-
Restricted for Expendable:	-	-
Grants and Other	226,976	-
Capital Projects	5,082,353	-
Other	-	(963,424)
Unrestricted	<u>43,180,886</u>	<u>-</u>
TOTAL NET POSITION	<u>\$ 196,903,234</u>	<u>(963,424)</u>

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

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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, 2017

	University	Component Unit
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$3,086,278	\$ 3,680,643	\$ -
Federal Grants and Contracts	321,956	-
State and Local Grants and Contracts	170,957	-
Nongovernmental Grants and Contracts	329,797	-
Sales and Services of Educational Departments	33,928	-
Sales and Services of Auxiliary Enterprises	3,845,053	-
Other Operating Revenues	119,482	1,202,172
Total Operating Revenues	8,501,816	1,202,172
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	21,792,564	-
Services and Supplies	16,770,685	529,467
Utilities and Communications	610,379	-
Scholarships, Fellowships, and Waivers	2,621,462	-
Depreciation	4,563,454	-
Other Operating Expenses		5,228,313
Total Operating Expenses	46,358,544	5,757,780
Operating Loss	(37,856,728)	(4,555,608)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	36,734,846	-
Federal and State Student Financial Aid	2,972,161	-
Investment Income	699,284	95,565
Other Nonoperating Revenues	61,079	-
Loss on Disposal of Capital Assets	(378,498)	-
Interest on Capital Asset-Related Debt	(52,877)	-
Net Nonoperating Revenues (Expenses)	40,035,996	95,565
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	2,179,268	(4,460,043)
Capital Appropriations	5,082,353	
Capital Grants, Contracts, Donations, and Fees	1,800,195	-
Increase (Decrease) in Net Position	9,061,815	(4,460,043)
Net Position, Beginning of Year	187,841,419	3,496,619
Net Position, End of Year	196,903,234	(963,424)

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

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

For the Fiscal Year Ended June 30, 2017

	<u>University</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	\$ 3,139,455
Grants and Contracts	420,944
Sales and Services of Educational Departments	33,928
Sales and Services of Auxiliary Enterprises	3,845,053
Payments to Employees	(26,670,447)
Payments to Suppliers for Goods and Services	(17,953,907)
Payments to Students for Scholarships and	(2,621,462)
Other Operating Receipts	<u>423,132</u>
Net Cash Used by Operating Activities	<u>(39,383,304)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	36,734,846
Federal and State Student Financial Aid	2,972,161
Other Nonoperating Disbursements	<u>(958,393)</u>
Net Cash Provided by Noncapital Financing Activities	<u>38,748,614</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Grants, Contracts, Donations and Fees	1,800,195
Proceeds from Sale of Capital Assets	(289,362)
Purchase or Construction of Capital Assets	(2,596,640)
Principal Paid on Capital Debt and Leases	(148,243)
Interest Paid on Capital Debt and Leases	<u>(52,877)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(1,286,928)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	
Investment Income	<u>699,284</u>
Net Cash Provided by Investing Activities	<u>699,284</u>
Net Decrease in Cash and Cash Equivalents	(1,222,333)
Cash and Cash Equivalents, Beginning of Year	<u>1,422,220</u>
Cash and Cash Equivalents, End of Year	<u><u>199,887</u></u>

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FLORIDA POLYTECHNIC UNIVERSITY
A Component Unit of the State of Florida
Statement of Cash Flows (Continued)

For the Fiscal Year Ended June 30, 2017

	University
RECONCILIATION OF OPERATING LOSS	
TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$(37,856,728)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	4,563,454
Changes in Assets, Liabilities, Deferred Outflows of Resources, and Deferred Inflows of Resources:	
Receivables, Net	(942,953)
Other Assets	(2,434)
Accounts Payable	3,714,238
Deposits Payable	(45,152)
Compensated Absences Payable	(1,180,275)
Retirement Payable	(8,394,689)
Unearned Revenue	351,235
Other Postemployment Benefits Payable	410,000
NET CASH USED BY OPERATING ACTIVITIES	(39,383,304)

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

UNAUDITED**NOTES TO FINANCIAL STATEMENTS**

1. Summary of Significant Accounting Policies

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

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

Discretely Presented Component Unit. Based on the application of the criteria for determining component units, the Florida Polytechnic University Foundation, Inc. (Foundation), a direct-support organization (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) is included within the University reporting entity as a discretely presented component unit. This legally separate, not-for-profit, corporation is organized and operated to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services and is governed by a separate board. The Statute authorizes the Foundation 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 the Foundation's financial statements is conducted by independent certified public accountants. Additional information on the University's discretely presented component unit, including copies of the audit report, 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

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entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entitywide reporting including the following components:

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

Measurement Focus and Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The University's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from non-exchange 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 accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follows FASB standards of accounting and financial reporting for not-for-profit organizations.

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

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

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

The statement of revenues, expenses, and changes in net position is presented by major sources and is reported net of tuition 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

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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, on a ratio of total aid to the 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 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 buildings renovations except that all new buildings and projects adding 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 – 7 to 15 years
- Library Resources – 10 years
- Other Capital Assets – 10 years

Noncurrent Liabilities. Noncurrent liabilities include installment purchases 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 position 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’s and the HIS’s fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

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2. 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; Level 3 inputs are significant unobservable inputs.

External Investment Pools

The University reported investments at fair value totaling \$48,777,064 at June 30, 2017, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities (Level 3 inputs). Pooled investments with the State Treasury are not registered with the Securities and Exchange Commission. Oversight of the pooled investments with the State Treasury is provided by the Treasury Investment Committee per Section 17.575, Florida Statutes. The authorized investment types are set forth in Section 17.57, Florida Statutes. The State Treasury SPIA investment pool carried a credit rating of A+f by Standard & Poor's, had an effective duration of 2.61 years and fair value factor of 1.0143 at June 30, 2017. 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.

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3. 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 third parties, and interest accrued on investments and loans receivable. As of June 30, 2017, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Contracts and Grants	\$ 401,765
Student Tuition and Fees	183,497
Other	643,378
Total Accounts Receivable	\$ 1,228,640

Allowance for doubtful accounts totaled \$93,227 as of June 30.

4. Due From and To Component Unit(s)/University

The \$5,905,816 reported as due from component units consists of amounts owed to the University by the Foundation for scholarships, student aid and President's salary. The Foundation recorded \$5,208,484 as a long term liability, payable over 10 years, with no interest. The \$6,364,037 reported as due to component units consists of amounts owed by the University to the Foundation pursuant to an agreement to invest funds on behalf of the Foundation.

5. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2017, 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	2,702,667	3,409,696	-	6,112,363
Total Nondepreciable Capital Assets	\$ 20,858,706	\$ 3,409,696	\$ -	\$ 24,268,402
Depreciable Capital Assets:				
Buildings	\$ 89,682,597	\$ -	\$ -	\$ 89,682,597
Infrastructure and Other Improvements	38,646,105	-	-	38,646,105
Furniture and Equipment	6,213,471	1,280,730	14,296	7,479,905
Library Resources	16,358	-	-	16,358
Other Capital Assets	4,495,984	-	-	4,495,984
Total Depreciable Capital Assets	139,054,515	1,280,730	14,296	140,320,949
Less, Accumulated Depreciation:				
Buildings	3,826,229	1,962,506	-	5,788,735
Infrastructure and Other Improvements	3,211,121	1,600,468	-	4,811,589
Furniture and Equipment	1,326,704	540,521	2,700	1,864,525
Library Resources	7,895	3,927	-	11,822
Other Capital Assets	736,667	458,731	-	1,195,398
Total Accumulated Depreciation	9,108,616	4,566,153	2,700	13,672,069
Total Depreciable Capital Assets, Net	\$ 129,945,899	\$ (3,285,423)	\$ 11,596	\$ 126,648,880

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Unearned revenue of \$351,235 at June 30, 2017, includes student tuition and fees received prior to fiscal year-end related to subsequent accounting periods

7. Long-Term Liabilities

Long-term liabilities of the University at June 30, 2017, include installment purchases payable, compensated absences payable, other postemployment benefits payable, and net pension liability. Long-term liabilities activity for the fiscal year ended June 30, 2017, is shown below:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Installment Purchase(s) Payable	2,652,503	761,678	909,920	2,504,261	994,990
Compensated Absences Payable	2,362,154	-	1,180,275	1,181,879	118,188
Other Postemployment Benefits Payable	470,000	412,000	2,000	880,000	-
Net Pension Liability	4,468,419	9,082,750	4,965,778	8,585,391	190,702
Total Long-Term Liabilities	\$ 9,953,076	\$ 10,256,428	\$ 7,057,973	\$ 13,151,531	\$ 1,303,880

Installment Purchases Payable. The University has entered into several installment purchase agreements for the purchase of equipment reported at \$4,861,525. The stated interest rates ranged from 1.7 percent to 4.75 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2017, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2018	\$ 1,042,265
2019	1,042,265
2020	323,443
2021	181,392
Total Minimum Payments	2,589,365
Less, Amount Representing Interest	85,104
Present Value of Minimum Payments	\$ 2,504,261

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, 2017, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and

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FICA contributions, totaled \$1,181,879. The current portion of the compensated absences liability, \$118,188, 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. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

Plan Description. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer defined benefit (OPEB) Plan. 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, on an actuarial basis, their current and future claims are expected to result in higher costs to the OPEB Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare (Medicare) program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the OPEB Plan information is not included in the annual report of a public employee retirement system or another entity.

Funding Policy. OPEB Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The State has not advance-funded OPEB costs or the net OPEB obligation. Premiums necessary for funding the OPEB Plan each year on a pay-as-you-go basis are established by the Governor's recommended budget and the General Appropriations Act. Although the University currently has no retirees, the University provided required contributions of \$2,000 toward the annual OPEB administrative expenses.

Annual OPEB Cost and Net OPEB Obligation. The University's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the University's annual OPEB cost for the fiscal year, the amount actually contributed to the OPEB Plan, and changes in the University's net OPEB obligation:

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<u>Description</u>	<u>Amount</u>
Normal Cost (Service Cost for One Year)	\$ 291,000
Amortization of Unfunded Actuarial Accrued Liability	103,000
Interest on Normal Cost and Amortization	<u>16,000</u>
Annual Required Contribution	410,000
Interest on Net OPEB Obligation	19,000
Adjustment to Annual Required Contribution	<u>(17,000)</u>
Annual OPEB Cost (Expense)	412,000
Contribution Toward the OPEB Cost	<u>(2,000)</u>
Increase in Net OPEB Obligation	410,000
Net OPEB Obligation, Beginning of Year	<u>470,000</u>
Net OPEB Obligation, End of Year	<u><u>\$ 880,000</u></u>

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the OPEB Plan, and the net OPEB obligation as of June 30, 2017, and for the 2 preceding fiscal years were as follows:

<u>Fiscal Year</u>	Percentage of Annual		
	<u>Annual OPEB Cost</u>	<u>OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2014-15	\$ 32,000	0.0%	\$ 65,000
2015-16	406,000	0.2%	470,000
2016-17	412,000	0.5%	880,000

Funded Status and Funding Progress. As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,464,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$2,464,000 and a funded ratio of 0 percent.

Actuarial valuations for an OPEB Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Actuarially determined amounts regarding the funded status of the OPEB Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of OPEB Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive OPEB Plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial calculations of the OPEB Plan reflect a long-term perspective. Consistent with this perspective, the actuarial valuations

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used actuarial methods and assumptions that include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The University's OPEB actuarial valuation as of July 1, 2015, used the entry-age cost actuarial method to estimate the actuarial accrued liability as of June 30, 2017, and the University's 2016-17 fiscal year ARC. This method was selected because it is the same method used for the valuation of the Florida Retirement System. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets, which is the University's expectation of investment returns under its investment policy. The actuarial assumptions also included a payroll growth rate of 3.25 percent per year and an inflation rate of 3 percent. Initial healthcare cost trend rates were 4.4 percent, 8.5 percent, and 9.3 percent for the first 3 years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and 3.5 percent, 6.6 percent, and 7.5 percent for the first 3 years for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates both grade down to an ultimate rate of 3.9 percent over 70 years. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was 28 years.

Net Pension Liability. As a participating employer in the Florida Retirement System, 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, 2017, the University's proportionate share of the net pension liabilities totaled \$8,585,391.02. Note 8 includes a complete discussion of defined benefit pension plans.

8. 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 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. 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

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

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other relevant information, is available from the Florida Department of Management Services' Web site (www.dms.myflorida.com).

The University's FRS and HIS pension expense totaled \$1,963,926 for the fiscal year ended June 30, 2017.

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 service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. 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.

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:

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<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<u>Regular Class members initially enrolled before July 1, 2011</u>	
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
<u>Regular Class members initially enrolled on or after July 1, 2011</u>	
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
<u>Senior Management Service Class</u>	2.00
<u>Special Risk Class</u>	
Service on and after October 1, 1974	3.00

As provided in Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS 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 is 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 2016-17 fiscal year were:

<u>Class</u>	<u>Percent of Gross Salary</u>	
	<u>Employee</u>	<u>Employer (1)</u>
FRS, Regular	3.00	7.52
FRS, Senior Management Service	3.00	21.77
FRS, Special Risk	3.00	22.57
Deferred Retirement Option Program (applicable to members from all of the above classes)	0.00	12.99

Notes: (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.

The University's contributions to the Plan totaled \$741,775 for the fiscal year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the University reported a liability of \$5,765,319 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined

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by an actuarial valuation as of July 1, 2016. The University's proportionate share of the net pension liability was based on the University's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the University's proportionate share was .022832875 percent, which was an increase/decrease of .0028345440 from its proportionate share measured as of June 30, 2015.

For the year ended June 30, 2017, the University recognized pension expense of \$1,439,190. 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	\$ 441,437	\$ 53,679
Change of assumptions	348,785	-
Net difference between projected and actual earnings on FRS Plan investments	1,490,265	-
Changes in proportion and differences between University contributions and proportionate share of contributions	2,235,646	-
University FRS contributions subsequent to the measurement date	741,775	-
Total	<u>\$ 5,257,908</u>	<u>\$ 53,679</u>

The deferred outflows of resources totaling \$741,775, 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, 2018. 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>
2018	\$ 866,832
2019	866,832
2020	1,447,829
2021	998,669
2022	228,641
Thereafter	53,651
Total	<u>\$ 4,462,454</u>

Actuarial Assumptions. The total pension liability in the July 1, 2016 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	7.60 percent, net of pension plan investment expense, including inflation

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

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The actuarial assumptions used in the July 1, 2016 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%	1.7%
Fixed Income	18%	4.7%	4.6%	4.6%
Global Equity	53%	8.1%	6.8%	17.2%
Real Estate (Property)	10%	6.4%	5.8%	12.0%
Private Equity	6%	11.5%	7.8%	30.0%
Strategic Investments	12%	6.1%	5.6%	11.1%
Total	100%			
Assumed inflation - Mean		2.6%		1.9%

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

Discount Rate. The discount rate used to measure the total pension liability was 7.60 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.

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 7.60 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 (6.60 percent) or 1 percentage point higher (8.60 percent) than the current rate:

	<u>1% Decrease (6.60%)</u>	<u>Current Discount Rate (7.60%)</u>	<u>1% Increase (8.60%)</u>
University's proportionate share of the net pension liability	\$10,614,342	\$5,765,319	\$1,729,147

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

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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, 2017, 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, 2017, 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 \$160,421 for the fiscal year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2017, the University reported a liability of \$2,820,071 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 one 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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2016. The University's proportionate share of the net pension liability was based on the University's 2015-16 fiscal year contributions relative to the total 2015-16 fiscal year contributions of all participating members. At June 30, 2016, the University's proportionate share was .024197096 percent, which was an increase/decrease of .0057102610 from its proportionate share measured as of June 30, 2015.

For the fiscal year ended June 30, 2017, the University recognized pension expense of \$524,736. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ 442,541	\$ -
Differences between expected and actual experience		\$ 6,423
Net difference between projected and actual earnings on HIS Plan investments	1,426	-
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	1,480,672	-
University HIS contributions subsequent to the measurement date	160,421	-
Total	<u>\$ 2,085,060</u>	<u>\$ 6,423</u>

The deferred outflows of resources totaling \$160,421 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, 2018. 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>
2018	\$ 368,775
2019	368,775
2020	368,504
2021	368,373
2022	274,649
Thereafter	169,140
Total	<u>\$ 1,918,216</u>

Actuarial Assumptions. The total pension liability at July 1, 2016 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	2.85 percent

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

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

Discount Rate. The discount rate used to measure the total pension liability was 2.85 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

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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 to determine the total pension liability decreased from 3.80 percent from the prior measurement date.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 2.85 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.85 percent) or 1 percentage point higher (3.85 percent) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
University's proportionate share of the net pension liability	\$3,235,262	\$2,820,071	\$2,475,485

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.

9. 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 of Florida 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 2016-17 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30

UNAUDITED

FRS, Senior Management Service	7.67
FRS, Special Risk Regular	14.00

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5-year period, the employee will regain control over their account. If the employee does not return within the 5-year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2017, 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 rollover 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 \$219,459 for the fiscal year ended June 30, 2017.

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 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, 2.83 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, for a total of 7.98 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 \$485,970, and employee contributions totaled \$330,548 for the 2016-17 fiscal year.

10. Construction Commitments

The University's construction commitments at June 30, 2017, are as follows:

UNAUDITED

<u>Project Description</u>	<u>Total Commitment</u>	<u>Completed to Date</u>	<u>Balance Committed</u>
Parking Lots 6 and 8	\$ 1,700,000	\$ 1,507,473	\$ 192,527
Recreation Building	2,637,000	1,233,393	1,403,607
Aquatic Center	1,997,954	164,494	1,833,460
Wellness Center Expansion	2,275,000	2,194,040	80,960
Subtotal	8,609,954	5,099,400	3,510,554
Other Projects (1)	2,542,136	1,012,963	1,529,173
Total	<u>\$ 11,152,090</u>	<u>\$ 6,112,363</u>	<u>\$ 3,510,554</u>

Note: (1) Individual projects with current balance committed of less than \$1.5 million at June 30, 2017.

11. 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 2016-17 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 \$54 million for named windstorm and flood through February 14, 2017, and increased to \$85 million starting February 15, 2017. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. 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.

UNAUDITED**12. Litigation**

The University is not involved in any pending or threatened legal actions.

13. 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	\$ 6,279,425
Research	3,041,211
Public Services	1,446
Academic Support	6,011,270
Student Services	2,548,296
Institutional Support	14,949,201
Operation and Maintenance of Plant	2,781,930
Scholarships, Fellowships, and Waivers	6,197,157
Depreciation	4,563,454
Auxiliary Enterprises	3,560,849
Total Operating Expenses	<u>\$ 49,934,239</u>

UNAUDITED**OTHER REQUIRED SUPPLEMENTARY INFORMATION****Schedule of Funding Progress –
Other Postemployment Benefits Plan**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
7/1/2013	-	257,000	257,000	0%	4,420,523	5.8%
7/1/2015	-	2,464,000	2,464,000	0%	7,174,213	34.3%

Note: (1) The entry-age cost actuarial method was used to calculate the actuarial accrued liability.

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

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

Notes: (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**

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

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

UNAUDITED

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

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

	<u>2016 (1)</u>	<u>2015 (1)</u>	<u>2014 (1)</u>	<u>2013 (1)</u>
University's proportion of the HIS net pension liability	0.024197096%	0.018486835%	0.009545059%	0.000943115%
University's proportionate share of the HIS net pension liability	\$ 2,820,071	\$ 1,885,366	\$ 892,486	\$ 82,111
University's covered payroll (2)	\$ 7,298,830	\$ 5,391,296	\$ 2,508,042	\$ 55,192
University's proportionate share of the HIS net pension liability as a percentage of its covered payroll	38.64%	34.97%	35.58%	148.77%
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	0.97%	0.50%	0.99%	1.78%

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

Notes: (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.

UNAUDITED

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

1. Schedule of Funding Progress – Other Postemployment Benefit Plan

For the July 1, 2015, valuation, the following key assumptions were modified to reflect current experience: (1) the per capita claims cost assumption increased, (2) retiree contributions were not as high as expected (3) the healthcare trend rate assumption was revised, and (4) certain demographic assumptions were revised (retirement rates, termination rates, etc).

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 7.65% to 7.60 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 decreased from 3.80 percent to 2.85 percent.

AGENDA ITEM: IX

**Florida Polytechnic University
Board of Trustees
Finance and Facilities Committee
October 31, 2017**

Subject: Workday ERP Update

Proposed Committee Action

No Action Required – Information Only

Background Information

Mark will update the committee on the status of the Workday Student Project.

Supporting Documentation:
Project Status Report

Prepared by: Mark Mroczkowski



Project Status Report Florida Polytechnic University

IBM Workday Consulting Services
Boutique experience. Global scale.

Project Name:	Florida Polytechnic - Student
Reporting Period:	7/12/17-08/08/17
Engagement Manager/Project Manager:	Michael DiOnne

Summary

Item	Current Status	Prior Status	Status Notes
Overall Project Status	GREEN	N/A	
Schedule	GREEN	N/A	
Budget	GREEN	N/A	
Project Risk	GREEN	N/A	
Color Key			
RED	Project has significant risk to schedule, budget, or project deliverables. Immediate action and/or management involvement is required.		
YELLOW	Project has a current or potential risk to schedule, budget, or project deliverables.		
GREEN	Project has no significant risk to schedule, budget, or project deliverables.		

Percent Completed

	Hours	Dollars
SOW Budget	13,171	\$2,587,227
Actuals	229	\$ 47,425
% Complete	1.7%	1.8%

Key Accomplishments

Area	Accomplishment /Activity
5/24	Initial Project Meeting – Reviewed SOW
6/19	Kickoff
6/26-6/27	Onsite discovery for Admissions, Foundation, and Recruiting
7/19-7/20	Onsite discovery for Curriculum, Records, and Advising
7/26-7/27	Onsite discovery for Integrations
7/31	Workbooks for Admission, Foundation, and Recruiting submitted

Upcoming Activities/PTO/Company Holidays

Dates	Activities/PTO
7/31-8/4	Michael in training
8/18	Records and Advising workbooks due
9/1	Curriculum workbook due

Key Issues

Issue#	Description	Status (Open/Closed)	Owner	Resolution Plan/Comments

Risks

#	Risk Area	Impact (R/Y/G)	Likelihood (H/M/L)	Risk Owner	Project Impact-Mitigation Plan
1	DA Assignment Needed	Y	M	WD/FPU	Resolved

AGENDA ITEM: X

**Florida Polytechnic University
Finance and Facilities Committee
Board of Trustees
October 31, 2017**

Subject: Florida Polytechnic University Foundation

Proposed Committee Action

Information only- No action required.

Background Information

Kevin Aspegren will provide the committee with an update on the University Foundation.

Supporting Documentation:

Presentation

Prepared by: Kevin Aspegren, Vice President of Advancement



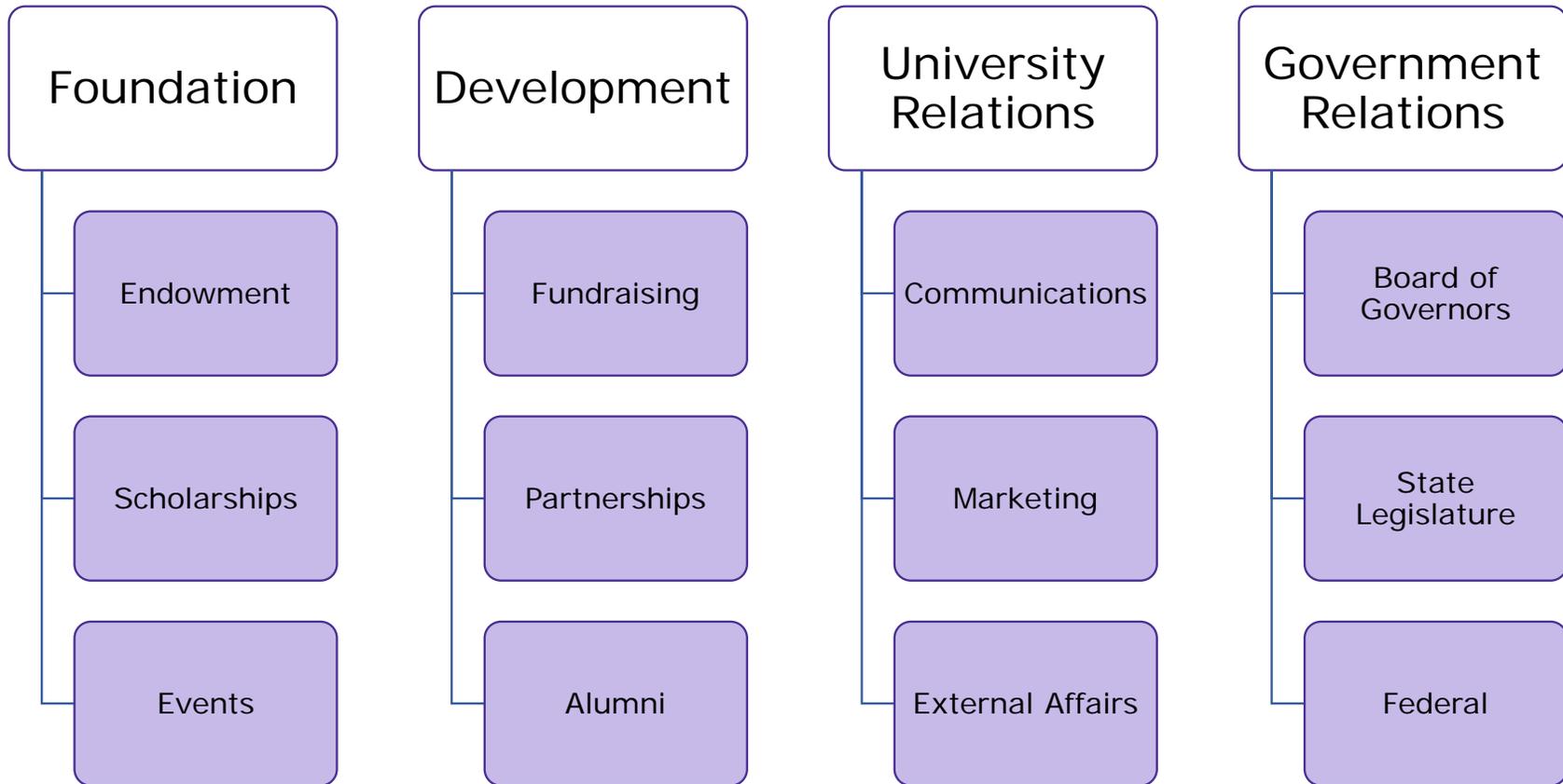
FLORIDA POLYTECHNIC
UNIVERSITY

Foundation and Development Department

Kevin J. Aspegren



Advancement





- Introduction
- **New Marketing Strategy**
- **Planned Events**
- **Summary**



Advancement Marketing

Primary Goals

- **Raise Money**
 - Student Scholarships, capital projects and long-term endowment
- **Drive Awareness**
 - Florida Poly's core mission/goals/proof points
- **Strengthen Base**
 - Industry Partners
- **Convert**
 - All possible stakeholders convert to donors



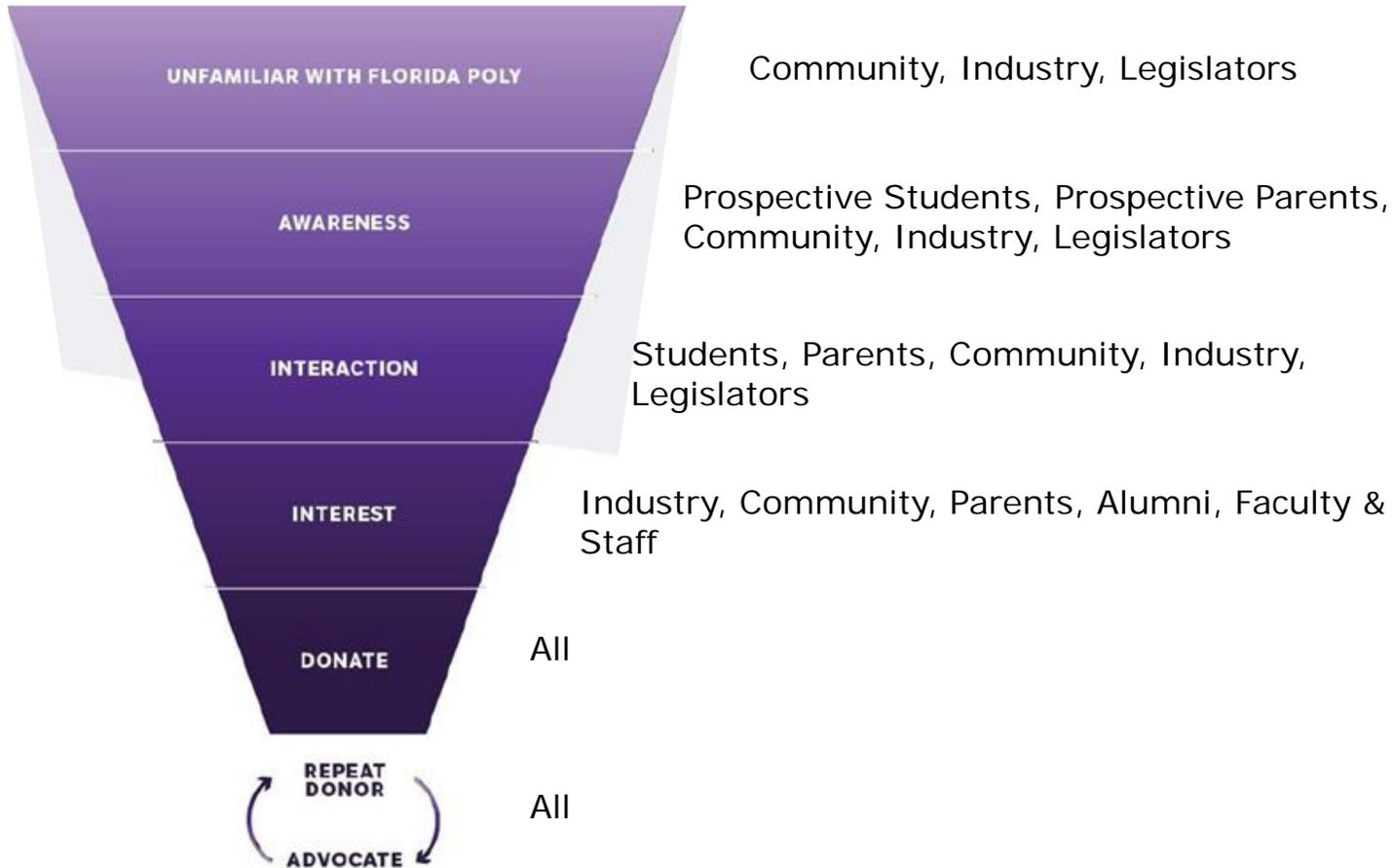
Potential Audiences

- **Industry**
 - Likely to hire Florida Poly's students
- **I-4 Corridor Community**
 - Grow Florida Poly = grow Central Florida
 - Initial donor base was primarily Polk County
- **Faculty and Staff**
 - Employee giving can be powerful
- **Legislators**
 - Keep your #1 funding partners in the loop
- **Parents**
 - Neglected audience, possibly works for Industry Partners
- **Alumni**
 - Start with small, recurring gifts
- **Current Students**
 - Cultivate as future alumni



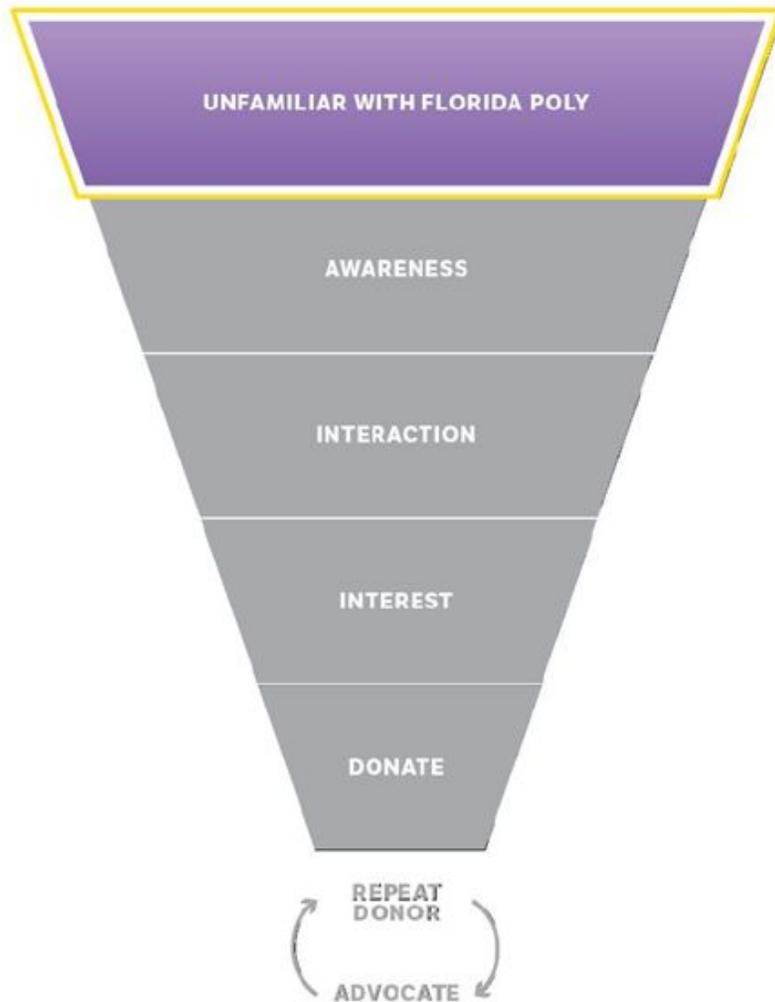
Prospect Conversion Funnel

Audiences





Conversion Funnel



Unfamiliar with Florida Poly

Possible name recognition, but entirely unfamiliar with Florida Poly’s mission, vision and economic benefit to the State of Florida

- **Create story-based content**
- **Buy their interest through:**
 - Targeted digital advertising – Paid social media & display
 - Print/Outdoor/TV
 - Email marketing via purchased lists
 - PR
- **Florida Poly Connections**



Florida Poly Connections

- **Objective**

- To provide an opportunity to introduce President Avent and Florida Poly to select local business people through our event host.

- **Attendance**

- Goal is 15 to 20 carefully selected local business people with a connection to the host.

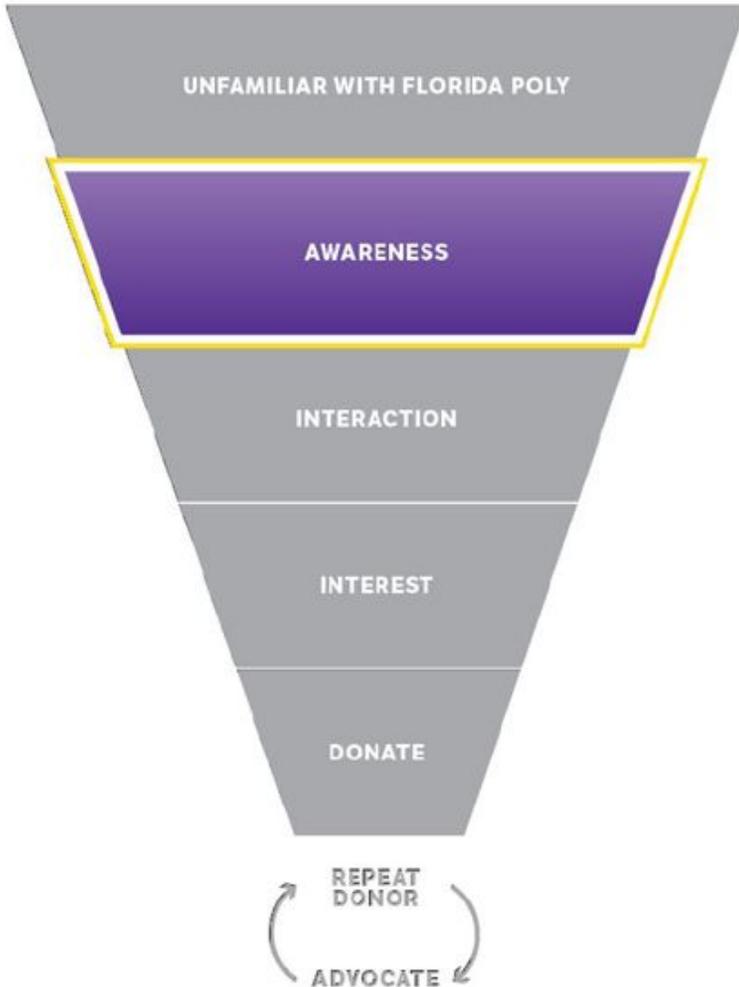
- **First event took place on August 15, 2017 at Sunshine Bank in Winter Park**

- **Next one is being finalized for October in Tampa**





Conversion Funnel



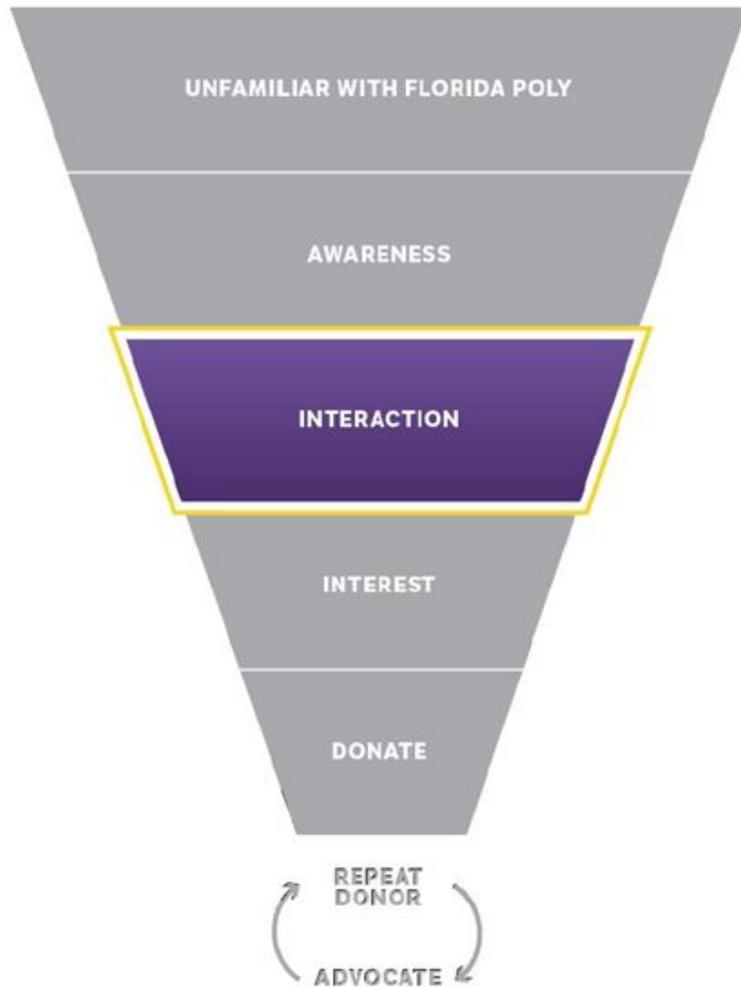
Awareness of Florida Poly

Aware of Florida Poly, has visited the University or Foundation website, but hasn't engaged in any meaningful way. Maybe clicked thru on a digital ad

- **Email marketing via earned lists**
- **Retargeting w/ story-based content**
- **Paid advertising**
 - Digital marketing
 - Print/Outdoor/TV reinforcing message



Conversion Funnel



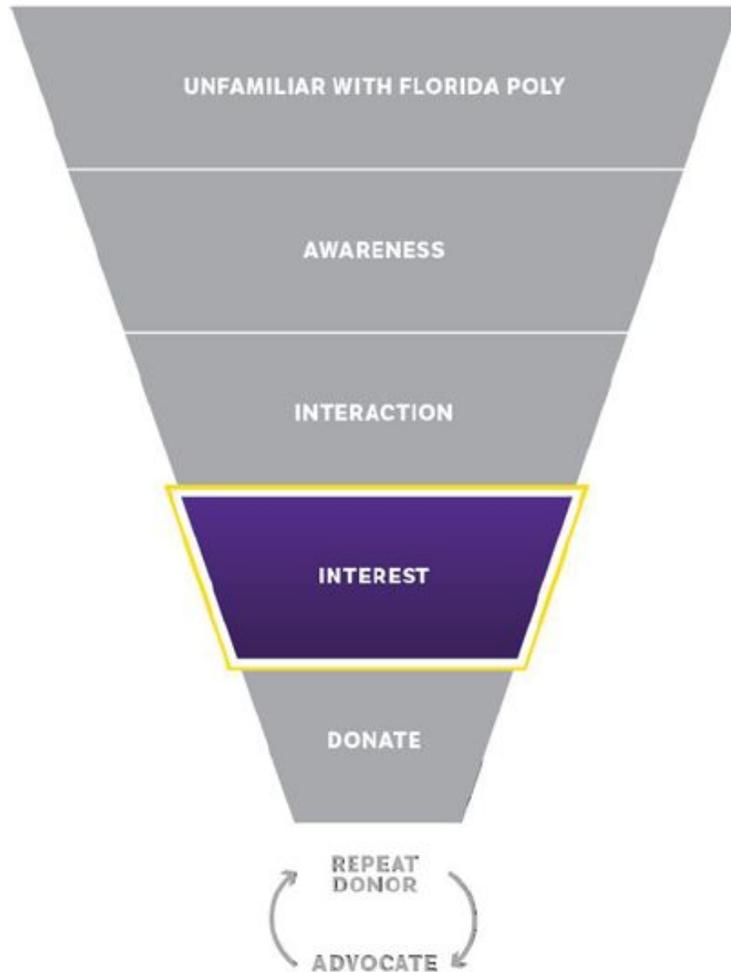
Interaction with Florida Poly

Interacted with Florida Poly by signing up for an email newsletter, downloading a content offer (Annual Report or Women in STEM study), signing up for an event, applying for admission or filling out a contact form

- **Meet & greets – on & off campus**
- **Adds to list of Fundraising event invitees**
- **Regularly send monthly email newsletter, annual report and other content offerings**
- **Personal attention from staff – phone call/personal visit to clarify goals & identify opportunities**



Conversion Funnel



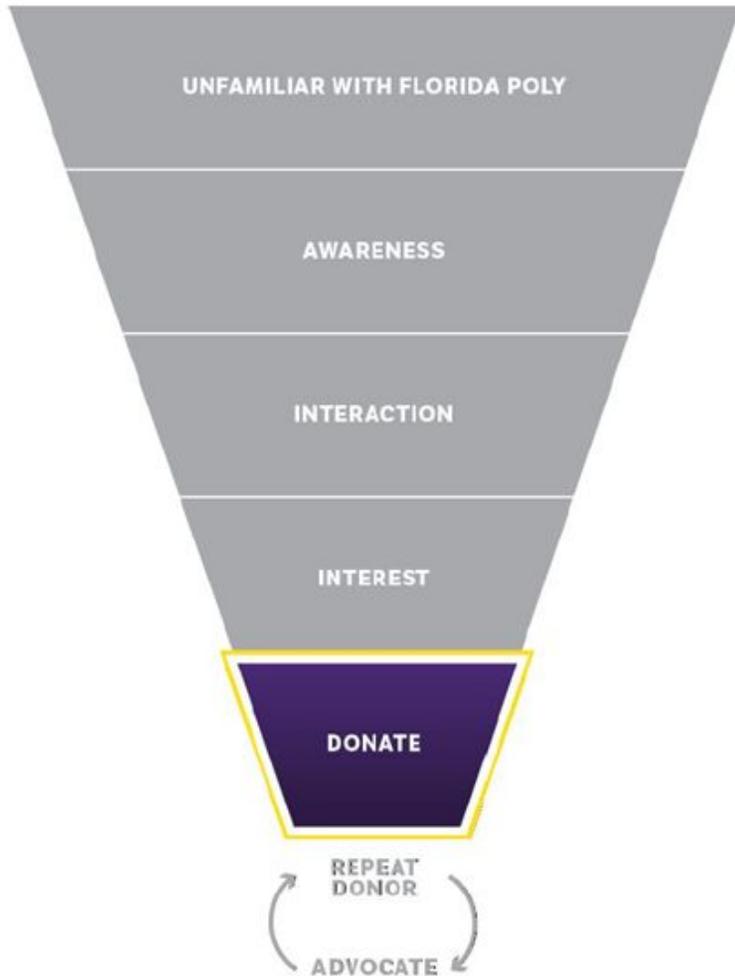
Interested in Donating

Attended a non-fundraising event, signed up as an Industry Partner, expressed interest in person in making a gift

- **Personal meetings w/ Development Officers**
- **Leave-behinds and one-sheets**
- **Regularly send monthly email newsletter and other content offers**
- **Physical copy of annual report**
- **Industry partner packets and printed pieces**



Conversion Funnel



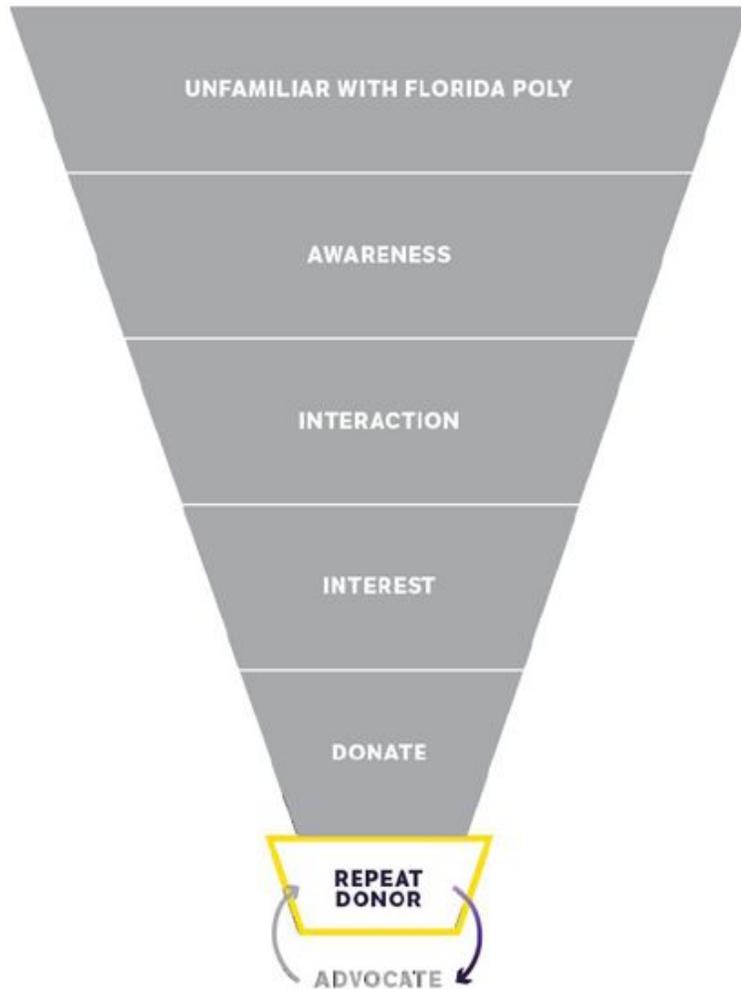
Donate (Conversion)

Attended a fundraising event, signed up as a Poly Fellow, committed to a recurring gift, made a minor or major gift

- **One-on-one meetings**
- **On-campus event attendance**
- **For lower dollar gifts – convert to recurring donations**



Conversion Funnel



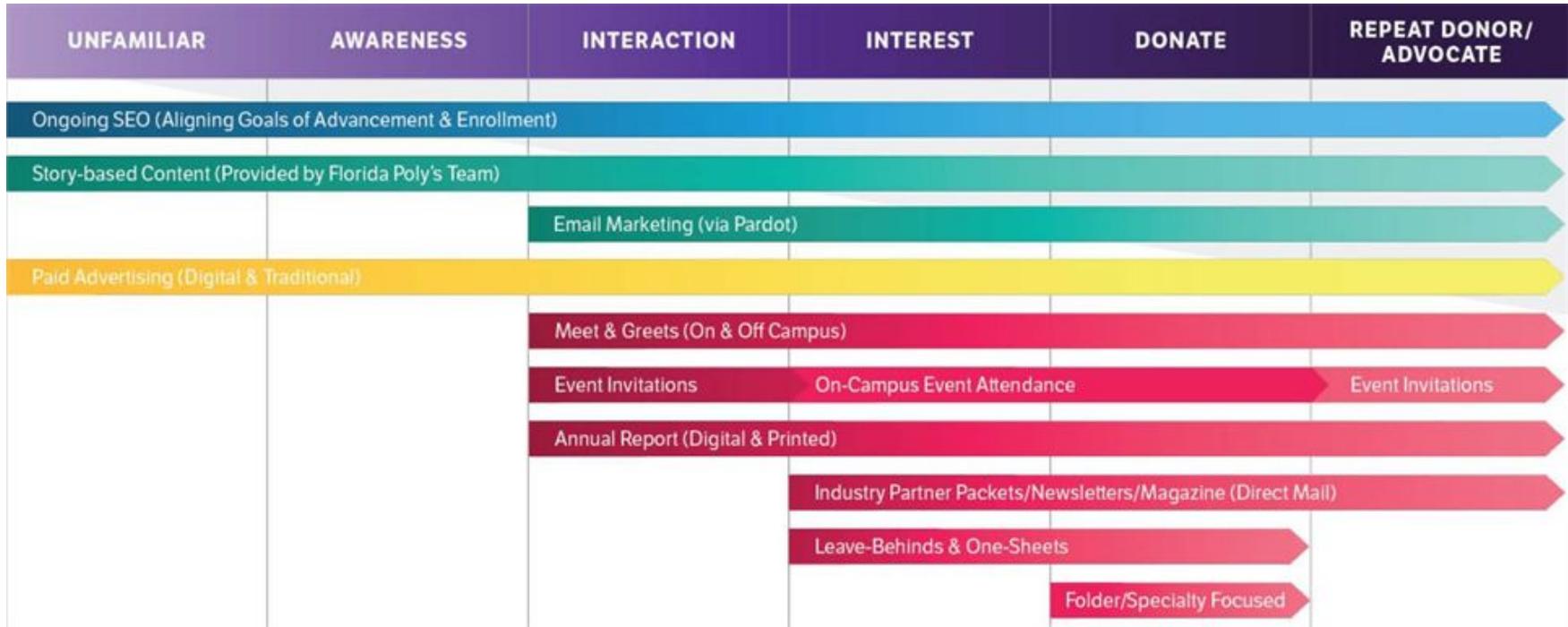
Repeat Donors & Advocates

Core Florida Poly community: existing donors, Poly Fellows, Pivot attendees, current Industry, well-appointed Parents, current Alumni (at small/recurring amounts)

- **Email campaign keeping them updated on what's going on at Florida Poly**
- **Meet & greets / one-on-one meetings**
- **Continued event invitations/ attendance**



Aligning Marketing Tactics with the Prospect Journey





Secondary Goals Per Stakeholder

SECONDARY COMMUNICATIONS GOAL	Industry	Faculty & Staff	I-4 Corridor Community	Current Students	Legislators	Parents	Alumni
General awareness	X		X		X		
Build stakeholder pride		X	X	X		X	X
Retention		X		X		X	
Convey consistent outbound message		X		X		X	
Foster future alumni				X			
Maintain & secure additional state funding			X		X		
Networking with peers	X		X			X	X
Employer engagement						X	
Hire students & graduates (Internships & FT)	X					X	X



Outline

- Introduction
- New Marketing Strategy
- **Planned Events**
 - Celebration Event
 - Fuel the Phoenix
- **Summary**



Celebration Event

January 20, 2018

- **Rob Gidel – Chair of Event**
- **Committee of 100**
- **Three Goals**
 - Raise \$4 Million
 - Celebrate early adopters
 - Envision the future





Fuel the Phoenix Campaign

- **Faculty and Staff Campaign Week**
 - October 9 – 13, 2017
- **Creates an opportunity for the FL Poly family to make a personal investment in student scholarships and in the University's innovative mission.**



- **Why Give?**
 - Provide internal support to the University's mission to prove pride and acceptance to the community and industry
- **The Goal**
 - To have 100% participation in 2017 - \$80,000 goal



Upcoming Foundation Board Meetings

- **December 1, 2017**
- **April 6, 2018**
- **September 7, 2018**
- **November 30, 2018**



Summary

- Introduction
- New Marketing Strategy
- Planned Events
- **Summary**

AGENDA ITEM: XI

**Florida Polytechnic University
Finance and Facilities Committee
Board of Trustees
October 31, 2017**

Subject: University Police Department Update

Proposed Committee Action

Information only- No action required.

Background Information

Chief Rick Holland will provide the committee an update on the University Police Department.

Supporting Documentation:

Presentation
2016 Yearly Statistics

Prepared by: Chief Rick Holland



University Police Update

Chief Rick Holland

31 October 2017



University Police History

GOALS

- State Certification
- Full Service PD
- Accreditation

2014	2015	2016
------	------	------

STATUS

- | | | |
|--|---|---|
| <ul style="list-style-type: none">• Officers (2)• Security Officers (10)• Mutual aid | <ul style="list-style-type: none">• Officers (6)• Public Safety (3)• Training program• Equipment | <ul style="list-style-type: none">• Officers (9)• Public Safety (3)• Equipment• Programs |
|--|---|---|

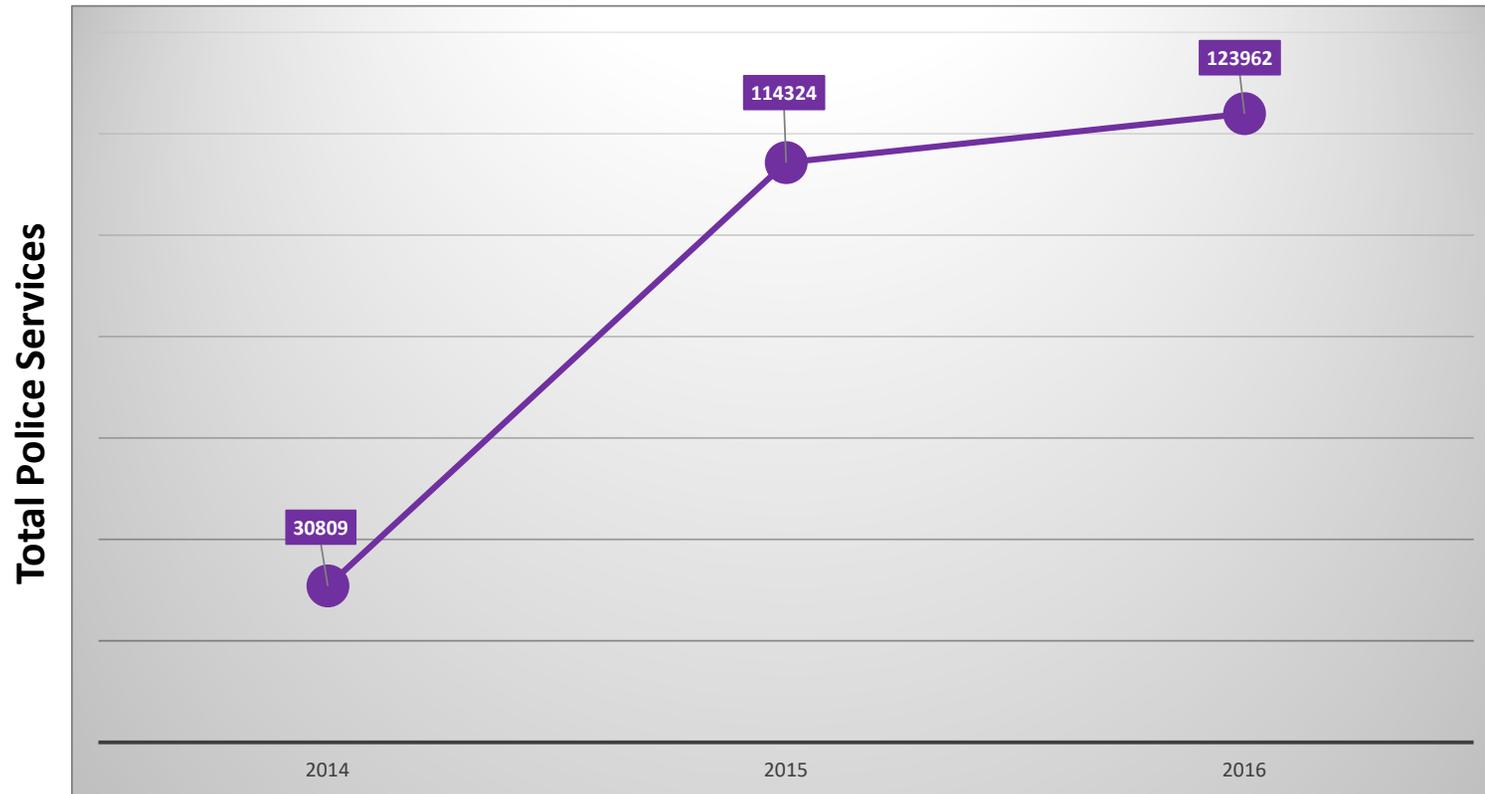


Outline

- Introduction
- **Statistics**
- **Programs**
- **Summary**



Annual Reporting



- Reports have grown as the student body grows
- Reports leveled off in 2016

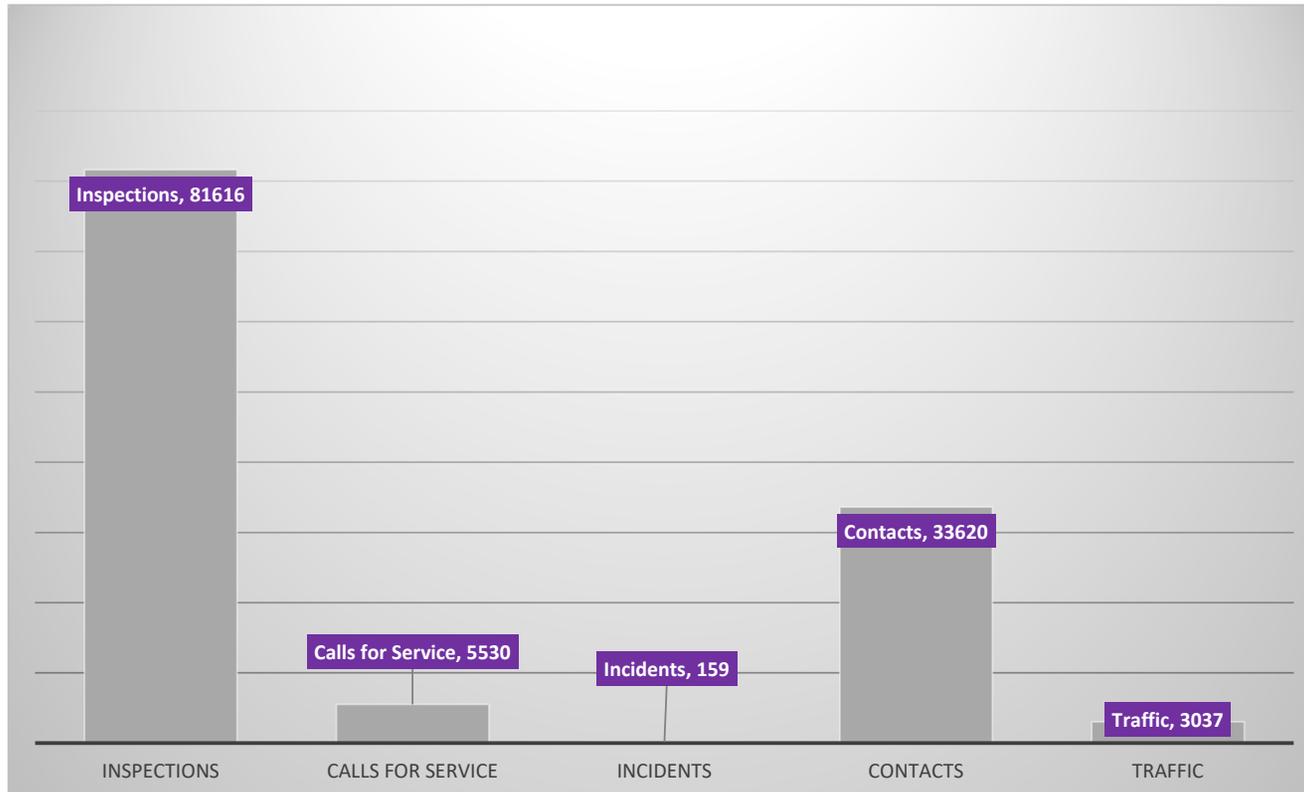


Reporting Categories

- **Inspections**
 - Buildings, parking lots, Research Way, blue lights, ...
- **Calls for Service**
 - Fire alarms, maintenance (doors), cars, ...
- **Incidents**
 - Suspicious reports, referrals, clery, ...
- **Contacts**
 - Student, other, escorts, calls, blue lights,
- **Traffic**
 - Crashes, stops, citations, warnings, parking, ...



2016 Reporting



- High numbers of inspections and contacts contribute to low numbers of incidents and traffic reports



Outline

- Introduction
- Statistics
- **Programs**
- **Summary**



Programs

- **Active shooter**
- **Interactive conversations (pizza, pool, coffee, ping pong, ...)**
- **Self defense**
- **Crime prevention**
- **Operation identification**
- **Educational safety awareness**



Interactive Conversations



Campus Police has an educational mission that issues more referrals (80) than arrests (10) and more warnings (758) than citations (48).



Community Outreach



Important to give back to our local community.



Affiliations

- **International Association of Campus Law Enforcement (IACLEA).**
 - **Florida Police Chief's Association (FPCA).**
 - **Homeland Security (RDSTF).**
 - **Polk County Chapter Police Chief's Association (Vice President).**
- * These are just some of our affiliations.



Summary

- **Force created in 2014 and has gone from 2 to 9 police officers, 3 public safety officers and 1 administrative assistant.**
- **Focus on student engagement and inspections over arrest and citations.**
- **Future direction-police accreditation, obtain 2 officers per 1000 students, obtain equipment and bigger space.**

<i>*Dates reflect the date training is due, not date completed. Unless it had to be completed once.</i>	Holland	Houser	Hrusovsky	Last	Keel	Youngs	Kachadurian	Stocks	Swilley
Training Areas									
Anniversary Date	06/03/14	01/03/15	01/05/15	01/26/15	02/29/16	04/05/16	07/01/16	07/13/16	01/29/16
Drivers License Expiration									04/09/21
Ballistic Vest Expiration	06/01/21	06/01/21	04/01/20	04/01/20	04/01/20	06/01/21	06/01/21	06/01/21	N/A
Training Completed Online - ANNUAL unless noted otherwise									
Bloodborne Pathogens									
Clery Act									
Hazmat Level I									
Emotional Phys Disorders 1									
Excited Delirium									
Active Shooter									
DAVID									
NCIC/FCIC (2 Yrs)									
CPR- 2 yrs									
Sexual Harassment in Workplac									
CJSTC Mandatory Training (4Yrs/40 Hours) Online Training									
Hum. Div./Prof. Traffic Stops									
Juvenile Sexual Offender									
Domestic Violence									
Weapons - ANNUAL									
Handgun (FDLE 40 Rd. - Annuall									
Expandable Baton									
Taser									
Long Gun									
Chemical Agent									
Back up handgun									
Protective Action (FDLE 2 Yrs)									

2016 Yearly Statistics

	Totals
Building Checks	24846
Parking Lots	47311
Research Way Road	7613
Fire Alarms-Response	55
Doors Opened	2947
Vehicle Battery Jumps	81
Suspicious Incidents	36
Suspicious Persons	28
Student Contacts	16312
Non Student Contacts	7664
Escorts	9636
Traffic Crashes	9
Traffic Stops	233
Traffic Citations	23
Traffic Warnings	251
Parking Citations	250
Calls for service	2271
Vehicle Miles Driven	20433
Maintenance Issues	176
Blue Light Calls	8
Blue Light Inspections	1846

	Totals
Incident Reports	69
Student Referrals	20
Clery Reports	6
Calls for service	2271

	Totals
Women's Self Defense	4
Active Assailant	13
Pizza/Coffee with the Cops	4
Crime Prevention (with LPD)	2

AGENDA ITEM: XII

**Florida Polytechnic University
Finance and Facilities Committee
Board of Trustees
October 31, 2017**

Subject: Construction Progress and Facilities

Proposed Committee Action

No action required- Information only.

Background Information

David Calhoun will provide an update on construction progress and facilities.

Supporting Documentation:
Presentation

Prepared by: David Calhoun



Campus Development and Facilities Update

David Calhoun

31 October 2017



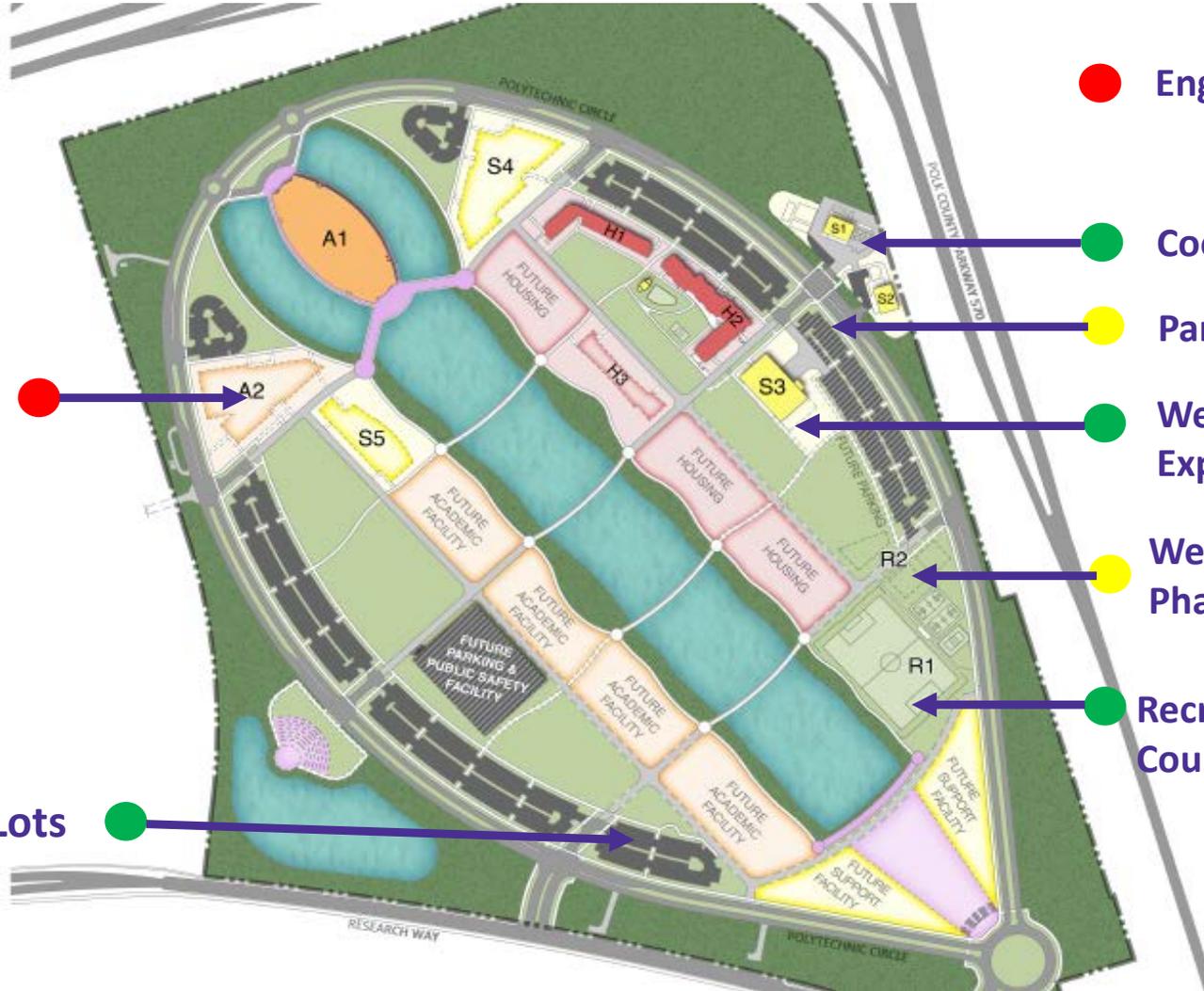
Project Updates

- Complete
- Construction
- TBD

- Eng. Shop
- Cooling Tower
- Parking Lot
- Wellness Center Expansion
- Wellness Phase 2
- Recreation Field & Courts

Applied Research Center

Parking Lots





Wellness Phase 2 – Recreation Building/Pool

- Recreation Building (8,600sf)
 - Group Fitness
 - Strength training
 - Office/Consulting Space
- Completed
 - Design
 - Construction 60% Complete
- Construction Progress
 - Concrete - Complete
 - Steel - Complete
 - Metal Decking - Complete
 - Interior/Exterior Framing - Complete



Project target completion Fall 2017



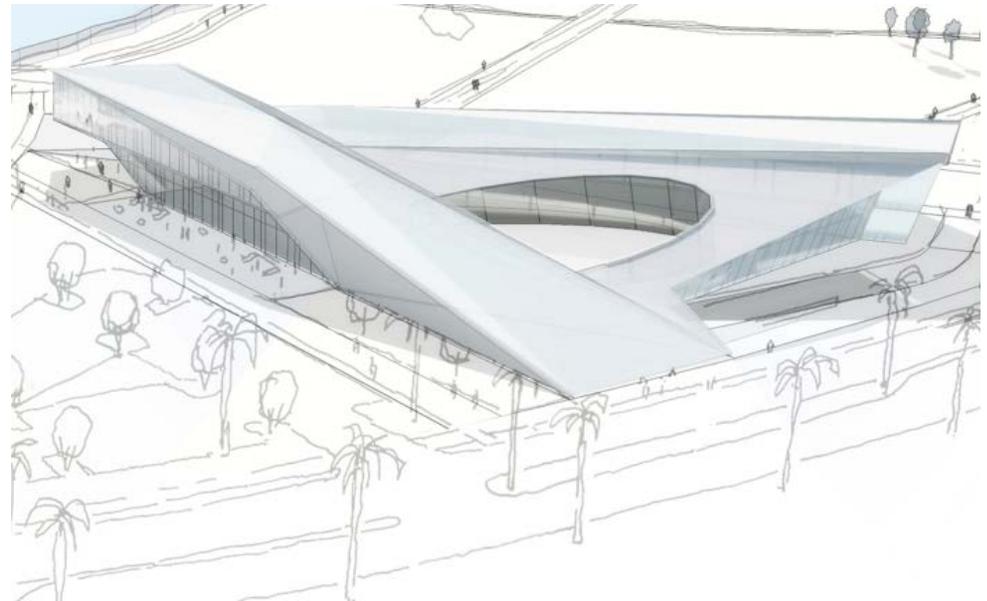
Wellness Phase 2 – Recreation Building/Pool





Applied Research Center (ARC)

- Design
 - RFQ - Completed
 - Contract Negotiation – In Progress
 - Design Schedule – TBD
- Construction Manager
 - RFQ – In Progress
 - Contract Negotiation – TBD
 - Preconstruction - TBD





Summary

- Completed
 - ARC Design RFQ
- In Progress
 - Wellness Phase II
 - Recreation Building
 - Equipment Storage and Control Building (Pool)
 - ARC Construction Manager RFQ
- Upcoming
 - ARC Programming
 - ARC Construction Manager Selection Recommendation