



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE**

Thursday, March 27, 2014
8:30 am
Florida International University
Engineering Center
10555 West Flagler Street, EC 2300
Miami, Florida 33174

Committee Membership:

Sukrit Agrawal, *Chair*; Robert T. Barlick, Jr., *Vice Chair*; Cesar L. Alvarez; Gerald C. Grant, Jr.; C. Delano Gray

Liaison:

Richard Brilliant, *Foundation Board of Directors*

AGENDA

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| 1. Call to Order and Chair's Remarks | Sukrit Agrawal |
| 2. Approval of Minutes | Sukrit Agrawal |
| 3. Follow up Item from Previous Meeting <ul style="list-style-type: none">▪ IT Security Awareness Training | Robert Grillo |
| 4. Action Items | |
| FA1. Authorization to Modify Bank Controls for Certain Foreign Research Program Accounts | Kenneth A. Jessell |
| FA2. FIU Campus Master Plan Update 2010-2020 | Kenneth A. Jessell |
| 5. Discussion Items (<i>No Action Required</i>) | |
| 5.1 Review of Financial Audit for Fiscal Year Ended June 30, 2013 | Kenneth A. Jessell |
| 5.2 Office of Internal Audit Status Report | Allen Vann |
| 5.3 Financial Performance Review – Second Quarter 2014 | Kenneth A. Jessell |
| 5.4 Clery Act Overview | Alexander D. Casas |

6. Reports *(For Information Only)*

- | | |
|---|--------------------------|
| 6.1 Treasury Report | Phong Vu |
| 6.2 Business Services Report | Aime Martinez |
| 6.3 Athletics Update | Pete Garcia |
| 6.4 Emergency Management Status Report | Ruben D. Almaguer |
| 6.5 University Compliance Report | Joann Bova |
| 6.6 Safety and Environmental Compliance Report | Ruben D. Almaguer |
| 6.7 Facilities and Construction Update | John Cal |
| 6.8 Foundation Report | Richard Brilliant |

7. New Business

- | | |
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| 7.1 Office of Internal Audit Discussion of Audit Processes | Sukrit Agrawal |
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8. Concluding Remarks and Adjournment

Sukrit Agrawal

Next Finance and Audit Committee Meeting is scheduled for Tuesday, June 3, 2014

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

March 27, 2014

Subject: Approval of Minutes of Meetings held: October 14, 2013 and January 9, 2014

Proposed Committee Action:

Approval of Minutes of the Finance and Audit Committee meeting held on Monday, October 14, 2013 via conference call; and Minutes of the Finance and Audit Committee Meeting held on Thursday, January 9, 2014 at the Modesto A. Maidique Campus, Graham Center Ballrooms.

Background Information:

Committee members will review and approve the Minutes of the Finance and Audit meeting held on Monday, October 14, 2013 via conference call; and Minutes of the Finance and Audit Committee Meeting held on Thursday, January 9, 2014 at the Modesto A. Maidique Campus, Graham Center Ballrooms.

Supporting Documentation: Finance and Audit Committee Meeting Minutes:
October 14, 2013; and January 9, 2014

Facilitator/Presenter: Committee Chair Sukrit Agrawal



**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
MINUTES
OCTOBER 14, 2013**

1. Call to Order and Chair's Remarks

The Florida International University Board of Trustees' Finance and Audit Committee meeting was called to order by Committee Chair Sukrit Agrawal at 1:42 pm on Monday, October 14, 2013, via conference call.

The following attendance was recorded:

Present

Sukrit Agrawal, *Chair*
Robert T. Barlick, Jr., *Vice Chair*
Gerald C. Grant, Jr.
C. Delano Gray

Excused

Cesar L. Alvarez

Committee Chair Agrawal welcomed all Trustees, University faculty and staff to the telephonic meeting. He thanked all Trustees for making themselves available to participate in the conference call.

2. Action Items

FA1. Fair Relocation Project

Committee Chair Agrawal asked that Senior Vice President of External Relations Sandra B. Gonzalez-Levy provide an update on the progress of FIU's footprint expansion efforts. She presented the Fair Relocation Project Resolution for the Committee's review, noting that officials from the Miami-Dade County Fair & Exposition, Inc. (The Fair), Miami-Dade County (MDC) and FIU established the Fair Relocation Task Force and have been meeting since the Fall of 2010. She stated that the Task Force continues to collaborate in order to find solutions that will enable FIU to expand onto the 86 acres adjacent to its MMC Campus currently leased to the Fair by MDC and allow the Fair to re-locate to an alternative site that will allow the Fair to continue its established mission at a new location. She reported that to date, 24 sites have been identified and carefully examined for the potential relocation of the Fair.

Sr. VP Gonzalez-Levy stated that the implementation of FIU's expansion onto the current Fair grounds would cost approximately \$900 million in terms of hard construction costs, adding that non-recurring benefits include the creation of thousands of jobs and a total impact of over \$1.8 billion to the MDC economy. She further noted that recurring economic benefits include the

generation of \$163 million in earnings that will support over 5,000 jobs each year with a total estimated recurring impact on the MDC economy of \$541 million. She defined the next steps, noting that on October 22, 2013, the MDC Board of County Commissioners was expected to consider a resolution urging the Florida Legislature to commit State funding in support of the relocation of The Fair and to identify the relocation of the Fair as a critical MDC priority for the 2014 session.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend that the Board of Trustees adopt the following resolution:

WHEREAS, in the fall of 2010, FIU, the Miami-Dade County Fair & Exposition, Inc. (the Fair), and Miami-Dade County established a Joint Relocation Task Force, the main purpose of which was to assess the viability of relocating the Fair; and

WHEREAS, the parties have worked together to find solutions that will enable FIU to expand onto the land adjacent to its MMC Campus currently leased to the Fair by Miami-Dade County and allow the Fair to re-locate to an alternative site that will allow the Fair to continue its established mission at a new location; and

WHEREAS on June 14, 2012, this Board passed a resolution expressing its continued support of the parties' efforts to identify sites that will allow for the relocation of the Fair and expansion of FIU onto the current Fair site; and

WHEREAS, the Joint Relocation Task Force thereafter continued to study the issue of a new site for the Fair, carefully examining 24 sites for the potential relocation of the Fair, and the Task Force agreed to complete an in-depth analysis of 3 sites; and

WHEREAS, the parties are ready to move forward to take the next steps in the process, including the identification of funding for the relocation of the Fair; and

WHEREAS, Miami-Dade County will consider a resolution at its meeting on October 22, 2013, urging the Florida Legislature to commit state funding in support of the relocation and to identify the Fair relocation as a critical county priority for the 2014 session; and

WHEREAS, this Board desires to express its gratitude for the efforts of the parties and to express its continued support for the relocation of the Fair.

NOW, THEREFORE, BE IT RESOLVED BY THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES, that this Board:

Section 1. Expresses its gratitude for the efforts of the Fair and Miami-Dade County, through the Joint Relocation Task Force, to identify potential sites for the relocation of the Fair; and

Section 2. Urges the Board of County Commissioners of Miami-Dade County to adopt the proposed resolution urging the Florida Legislature to commit state funding in support of the

relocation of the Fair and to identify the Fair relocation as a critical county priority for the 2014 legislative session; and

Section 3. Commits that FIU will (i) continue to work in a collaborative fashion with the Fair and Miami-Dade County to identify a final site that is mutually beneficial, economically feasible and respectful of the Fair's and FIU's mission of service to the community -- and (ii) work to identify funding sources to support the relocation.

FA2. Request for Reauthorization and Ratification of: (1) Florida International University Board of Trustees (BOT) negotiating and entering into the agreements specified below with Royal Caribbean Cruises Ltd or an affiliated entity (collectively RCL) for RCL to fund and develop a state-of-the art Production Rehearsal and Performance Facility on FIU's Biscayne Bay Campus to be used by both Parties pursuant to FIU ITN 012-016 (ITN); and (2) delegation of authority to the University President or his designee to negotiate and execute all agreements deemed necessary to consummate the FIU-RCL transaction.

Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell presented the Reauthorization of the Production, Rehearsal and Performance (PRP) Facility at FIU's Biscayne Bay Campus for Committee review. He noted that the request is intended to provide updated information on the FIU-RCL transaction that was approved by the Board on September 10, 2013. He defined the FIU-RCL transaction updates and delineated the agreement terms. He provided an overview of the Agreements. He indicated that the terms of the collaboration require RCL to design, construct, and operate, at their sole expense, a PRP facility and added that the reauthorization clarifies that the PRP building will be constructed on a footprint of approximately 2.5 acres of land through a long-term ground sublease with an initial term of 40 years with up to four 5-year renewal options, for a total period of 60 years. Additionally, he further noted that the reauthorization will provide a License to cover parking adjacent to the PRP and service and access areas (approximately 0.79 acres), and a landscape buffer desired by both parties consisting of approximately 1.04 acres.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend that the FIU Board of Trustees:

1. Approve that the University President or his designee may negotiate and execute the following agreements on mutually agreeable terms:
 - (i) a Long-Term Ground Sublease to Royal Caribbean Cruises, Ltd. or an affiliated entity ("RCL") to allow RCL to design, construct, operate and maintain at its expense a Production, Rehearsal, and Performance facility ("PRP Facility") at the Florida International University Biscayne Bay Campus ("BBC"). The Sublease will also provide RCL with appropriate easements/licenses for (a) the development of the PRP Facility; (b) parking, building and service access areas immediately adjacent to the PRP Facility; and (c) a Landscape buffer surrounding the PRP Facility desired by both parties.
 - (ii) RCL Guarantee of the Sublease in the event the Sublease is entered into between FIU and an RCL Affiliated Entity;

- (iii) a License Agreement(s) and Service Contract to RCL: (a) to improve and use, at RCL's sole expense, the Bay Vista Residence Hall for RCL teachers, performers, cast members and support employees; and (b) to provide for parking immediately adjacent to Housing to be paid for by RCL and/or RCL related parties based on the highest faculty/staff decal rates in effect at time of purchase; and (c) a landscape buffer surrounding the Housing Facility.
 - (iv) a Facilities Use and License Agreement to RCL for the use and payment for use of certain university facilities at BBC and construction of mutually agreed upon improvements to be used and funded by RCL, if applicable; and,
 - (v) a Memorandum of Understanding for Collaborative Partnership (MOU).
2. Authorize the University President or his designee to carry out all acts and to execute all other documents deemed necessary by FIU for the FIU-RCL transaction.
 3. Approve the removal of the Bay Vista Residence Hall at BBC from the Florida International University Housing System.

3. New Business

There was no new business.

4. Concluding Remarks and Adjournment

With no other business, Committee Chair Sukrit Agrawal adjourned the meeting of the Florida International University Board of Trustees Finance and Audit Committee on Monday, October 14, 2013 at 2:01 pm.

Trustee requests:

There were no Trustee requests.

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**FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
MINUTES
JANUARY 9, 2014**

1. Call to Order and Chair's Remarks

The Florida International University Board of Trustees' Finance and Audit Committee meeting was called to order by Committee Vice Chair Robert T. Barlick, Jr. at 9:11 am on Thursday, January 9, 2014, at the Modesto A. Maidique Campus, Graham Center Ballrooms.

The following attendance was recorded:

Present

Robert T. Barlick, Jr., *Vice Chair*
Gerald C. Grant, Jr.
C. Delano Gray

Excused

Sukrit Agrawal, *Chair*
Cesar L. Alvarez

Trustees Jorge L. Arrizurieta and Liane M. Sippin and University President Mark B. Rosenberg were also in attendance.

Committee Vice Chair Barlick welcomed all Trustees, faculty and staff to the meeting.

2. Approval of Minutes

Committee Vice Chair Barlick asked that the Committee approve the Minutes of the meeting held on September 10, 2013. A motion was made and passed to approve the Minutes of the Finance and Audit Committee Meeting held on Tuesday, September 10, 2013.

3. Action Items

FA1. FIU Direct Support Organizations Financial Audits, FY2012-13

Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell presented the FIU Direct Support Organizations FY 2012-13 Financial Audits for Committee review. He reported that *Marcum, LLP* performed the financial audits for: the FIU Foundation, Inc.; the FIU Research Foundation, Inc.; the FIU Athletics Finance Corp; and the FIU Academic Health Center Health Care Network Faculty Group Practice, Inc. He noted that the audits were conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*. He further reported that the results of the respective audits did not identify any deficiencies in internal control over financial reporting that were considered to be material weaknesses. He added that the results

over financial reporting that were considered to be material weaknesses. He added that the results of the audits disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

FA1-A. FIU Foundation, Inc.

Sr. VP and CFO Jessell noted that the FIU Foundation, Inc. Board of Directors approved the 2012-13 financial audit at its October 26, 2013 meeting and was submitting the audit to the Board of Trustees for approval.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the FIU Foundation, Inc., Financial Audit for the 2012-13 fiscal year and authorize the President and CEO of the FIU Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FA1-B. FIU Research Foundation, Inc.

Sr. VP and CFO Jessell noted that the FIU Research Foundation, Inc. Board of Directors approved the 2012-13 financial audit at its October 21, 2013 meeting and was submitting the audit to the Board of Trustees for approval. He stated that Marcum LLP did not audit the financial statements of the FIU Research iWASH Initiative Limited, a component unit of the Research Foundation, noting that those financial statements were audited by BDO East Africa auditors, in accordance with International Financial Reporting Standards.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the FIU Research Foundation, Inc. Financial Audit for the 2012-13 fiscal year and authorize the Executive Director of the FIU Research Foundation, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FA1-C. FIU Athletics Finance Corporation

Sr. VP and CFO Jessell noted that the FIU Athletics Finance Corporation Board of Directors approved the 2012-13 financial audit at its October 23, 2013 meeting and was submitting the audit to the Board of Trustees for approval.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the FIU Athletics Finance Corporation Financial Audit for the 2012-13 Fiscal Year and authorize the Executive Director of the FIU Athletics Finance Corp. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

FA1-D. FIU Academic Health Center Health Care Network Faculty Group Practice, Inc.

Sr. VP and CFO Jessell noted that the FIU Academic Health Center Health Care Network Faculty Group Practice, Inc. Board of Directors approved the 2012-13 financial audit at its October 29, 2013 meeting and was submitting the audit to the Board of Trustees for approval.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the FIU Academic Health Center Health Care Network Faculty Group Practice, Inc. Financial Audit for the 2012-13 fiscal year and authorize the CEO of the FIU Academic Health Center Health Care Network Faculty Group Practice, Inc. to take all actions necessary pertaining to this Financial Audit, including filing the report with the Auditor General.

Committee Vice Chair Barlick requested to take the agenda out of order. There were no objections.

FA3. Proposed Regulation – FIU-1114 Tuition and Fee Refunds

Sr. VP and CFO Jessell presented the Proposed Regulation – FIU-1114 Tuition and Fee Refunds for Committee review, noting that the new regulation sets forth the procedures for the refund and/or release of liability of tuition and associated fees. He added that the regulation codifies the University's existing procedures for the refund of tuition and associated fees as reflected in the University's undergraduate and graduate catalogs.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the Proposed Regulation of Tuition and Fee Refunds FIU-1114 and delegate authority to the University President to approve any subsequent non-material amendments based on comments to the Regulation received from the State University System of Florida Board of Governors or as a result of the regulation-making process.

4. Discussion Items

4.1 Review of Operational Audit for Fiscal Year Ended June 30, 2013

Sr. VP and CFO Jessell provided a review of the State of Florida's Auditor General Operational Audit for Fiscal Year ended June 30, 2013, noting that the Auditor General conducted this operational audit from February 2013 to September 2013 in accordance with generally accepted government auditing standards. He added that the University's response to the Auditor General addressed the five preliminary and tentative findings and also included an implementation schedule for the recommendations.

Trustee C. Delano Gray stated that information technology security controls should be part of the orientation for new faculty members. Vice President of Information Technology and Chief Information Officer Robert Grillo noted that safeguarding the security of the University's data is of the utmost importance, adding that faculty members are proactively encouraged to attend IT security awareness training and workshops. Trustee Gray recommended that IT security awareness training become a mandatory component of the new faculty orientation. Committee Vice Chair Barlick requested that the University's administration consider this recommendation and provide a follow-up response at the Committee's next regularly scheduled meeting.

FA2. Approval of the Amendments to the Bylaws of the Florida International University Foundation, Inc.

Foundation Director Carlos B. Castillo presented the Amendments to the Bylaws of the Florida International University Foundation, Inc. for Committee review, noting that on October 26, 2013, the FIU Foundation Board of Directors approved amendments to the Foundation's Bylaws. He

added that the main Bylaw revisions that the Foundation's Board of Directors approved are as follows: (1) extending the term of service of Directors who serve as officers commensurate with the period of time of the Director's service as an officer; and (2) providing the public with the opportunity to comment on agenda items at full board meetings in accordance with Florida Statute §286.0114.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend for Board of Trustees' approval the FIU Foundation Inc. Bylaws as amended and restated on October 26, 2013 and authorize the President and CEO of the Foundation to take all actions necessary pertaining to these amended Bylaws.

4.2 Office of Internal Audit Status Report

Office of Internal Audit Director Allen Vann presented the Internal Audit Report, providing updates on recently completed audits and work in progress. He noted that the Office of Internal Audit selectively tested 10% of the 351 recommendations that were issued by their office and the State of Florida Auditor General between May 1, 2010 and September 30, 2012. He reported that testing results concluded that management's implementation rate has been consistent with the results of the last two follow-up audits conducted in 2008 and 2010. He stated that as part of routine office functions, two surveys were conducted to track management's progress towards completing past recommendations that were partially implemented.

4.3 Financial Performance Review – First Quarter FY 2013-14

Sr. VP and CFO Jessell presented the Financial Performance Review for the first quarter of fiscal year 2013-14 and provided a summary of University revenues and expenditures. He reported that the University and direct support organizations' operating revenues were above estimates by \$16M (or five percent) which can be primarily attributed to an increase in the maximum Pell Award and a larger number of eligible students due to higher enrollment, higher differential tuition revenue, higher housing occupancy, and higher grant revenue in Contracts and Grants. Sr. VP and CFO Jessell noted that expenses were below estimates by \$10M (or four percent), primarily due to lower expenditures and vacant positions and delays in spending on the capital campaign program.

5. Reports *(For Information Only)*

Committee Vice Chair Barlick requested that the Treasury Report, Business Services Report, Athletics Update, Emergency Management Status Report, University Compliance Report, Safety and Environmental Compliance Report, Facilities and Construction Update, and Foundation Report be accepted as written. There were no objections.

6. New Business

6.1 Senior Management Discussion of Audit Processes

Committee Vice Chair Barlick noted that as is stipulated in the Finance and Audit Committee Charter, the Office of Internal Audit is excused from the conversation with Senior Management. He further noted that as a meeting conducted in the Sunshine, no one present was required to leave during the discussion with the Senior Management, adding that this was strictly voluntary. Senior management then provided feedback regarding the performance of the Office of Internal Audit and responded to questions from Committee members.

7. Concluding Remarks and Adjournment

With no other business, Committee Vice Chair Robert T. Barlick, Jr. adjourned the meeting of the Florida International University Board of Trustees Finance and Audit Committee on Thursday, January 9, 2014 at 10:11 am.

<i>Trustee Request</i>	<i>Follow-up</i>	<i>Completion Date</i>
<i>Committee Vice Chair Robert T. Barlick, Jr. requested that the University's administration consider the recommendation that IT security awareness training become a mandatory component of the new faculty orientation. Trustee Barlick requested that University administration provide a follow-up response at the Committee's next regularly scheduled meeting.</i>	<i>Provost and Executive Vice President Douglas Wartzok</i>	<i>March 2014</i>

MB 1.23.14

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 27, 2014

Subject: Amendment to Bank Controls – Authorization to modify bank controls for Certain Foreign Research Program Accounts

Proposed Committee Action:

Recommend that the Florida International University Board of Trustees (the BOT) amend the Bank Controls for the following Foreign Research Program Accounts:

- Integrated Natural Resource Management in Watersheds of Georgia Program
- West Africa Water Supply, Sanitation and Hygiene Program

To reflect the following changes for the Integrated Natural Resource Management in Watersheds of Georgia Program:

- Approve: Increasing the bank balance to \$100,000
- Approve: Signature authority for Professor Luis Salas, Associate Vice President for Research, for checks greater than \$10,000
- Approve: Extraordinary fund procedure to provide funds to the program in exceptional circumstances but never to exceed the bank balance of \$100,000

To reflect the following changes for the West Africa Water Supply, Sanitation and Hygiene Program:

- Approve: Increasing the bank balance to \$300,000
 - Approve: Signature authority for Professor Luis Salas, Associate Vice President for Research, for checks greater than \$10,000
 - Approve: Extraordinary fund procedure to provide funds to the program in exceptional circumstances but never to exceed the bank balance of \$300,000
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Background Information:

On March 30, 2011, the BOT designated the local depositories to carry out the financial obligations associated with certain foreign research program accounts. In order to perform the Programs, local bank accounts were opened and maintained so that local purchases may be made and payroll met for local employees and consultants. Controls were also approved by the BOT and subsequently implemented to ensure that the bank accounts are used appropriately for Program purposes and that FIU Program personnel maintain oversight and monitoring of the bank accounts' use.

The Programs continue to succeed in their initiatives to provide sustainable access to safe water and sanitation, and improved hygiene. BOT approval is being requested to amend the controls previously placed on the bank accounts associated with the Integrated Natural Resource Management in Watersheds of Georgia and the West Africa Water Supply, Sanitation and Hygiene Programs.

Supporting Documentation:	Amendment to the Bank Controls for Certain Foreign Research Program Accounts <ul style="list-style-type: none">▪ Integrated Natural Resource Management in Watersheds of Georgia Program▪ West Africa Water Supply, Sanitation and Hygiene Program General Procedures for Foreign Accounts to request Extraordinary Funds
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Facilitator/Presenter:	Kenneth A. Jessell
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INTERNATIONAL WATER PROGRAMS

Amendment to the Controls to be placed on Bank Accounts for Certain Foreign Research Programs

Florida International University Board of Trustees (the BOT) approval is requested to amend previously approved Bank Controls for the following international water program, which is funded by the US Agency for International Development (USAID):

Integrated Natural Resource Management in Watersheds of Georgia

Controls to be placed on Bank Accounts

Access to the bank accounts by local Program staff will be kept to the minimum persons necessary to effectively perform the Program. Controls will be implemented to ensure that the bank accounts are used appropriately for Program purposes and that FIU Program personnel maintain oversight and monitoring of the bank accounts' use. In addition to world-wide insurance coverage for liability and theft by FIU employees overseas, the following controls, which have been used successfully by FIU in other international projects, will be adhered to:

- Checks on the bank accounts will require signature by two authorized Program personnel and no cash withdrawal cards will be issued. All checks issued in the foreign countries must be cosigned by two of the authorized signatories on the account and all checks issued to one of the authorized signatories in foreign countries must be cosigned by one of the authorized signatories in FIU/Miami.
- The maximum check amount will be US\$10,000. If the check amount is to exceed the \$10,000 it will require the signature of Luis Salas, Associate Vice President for Research.
- The bank accounts will have a balance of no more than US \$100,000 at any given time.
- Replenishment of the bank accounts will be done only when financial reports of expenditures on the bank accounts have been approved by FIU personnel. Every month, the local Program offices will send to the FIU/Miami Program office substantiated financial reports (i.e., reports with back-up documentation) detailing the expenditures for the preceding period and requesting funds to replenish the bank accounts by the amount accounted for in the report. Such reports and back-up documentation will be reviewed by the FIU/Miami Program office.
- If the FIU/Miami Program office approves the monthly financial report, it will forward a reimbursement package to the Division of Research for its review and auditing. Each reimbursement package will have a unique Report Number that will separate it from other reports. Invoices will be submitted with the report

detailing each payment made, the currency rate used, check payee, amount, and date. In addition, any deposits made will be totaled separately and will equal any deposits made to that account. After the Division of Research audits the report and if it is approved, it will then be sent to the FIU Controller's Office for wire processing and reconciliation.

- The FIU Controller's Office personnel reconciling the accounts will have online access to the banks accounts, if available.
- Extraordinary fund requests may be requested on occasions when sufficient funds are not available for a planned activity that is not part of the reoccurring monthly operational costs. The procedures outlined in the attachment are to be followed when requesting and accounting for these funds. The requests for extraordinary funds will never increase the bank balance beyond the \$100,000 maximum.

INTERNATIONAL WATER PROGRAMS

Amendment to the Controls to be placed on Bank Accounts for Certain Foreign Research Programs

Florida International University Board of Trustees (the BOT) approval is requested to amend previously approved Bank Controls for the following international water program, which is funded by the US Agency for International Development (USAID):

West Africa Water Supply, Sanitation and Hygiene Program, with USAID funding of \$28 Million (the “West Africa Water Program”)

Controls to be placed on Bank Accounts

Access to the bank accounts by local Program staff will be kept to the minimum persons necessary to effectively perform the Program. Controls will be implemented to ensure that the bank accounts are used appropriately for Program purposes and that FIU Program personnel maintain oversight and monitoring of the bank accounts’ use. In addition to world-wide insurance coverage for liability and theft by FIU employees overseas, the following controls, which have been used successfully by FIU in other international projects, will be adhered to:

- Checks on the bank accounts will require signature by two authorized Program personnel and no cash withdrawal cards will be issued. All checks issued in the foreign countries must be cosigned by two of the authorized signatories on the account and all checks issued to one of the authorized signatories in foreign countries must be cosigned by one of the authorized signatories in FIU/Miami.
- The maximum check amount will be US\$10,000. If the check amount is to exceed the \$10,000 it will require the signature of Luis Salas, Associate Vice President for Research.
- The bank accounts will have a balance of no more than US \$300,000 at any given time.
- Replenishment of the bank accounts will be done only when financial reports of expenditures on the bank accounts have been approved by FIU personnel. Every month, the local Program offices will send to the FIU/Miami Program office substantiated financial reports (i.e., reports with back-up documentation) detailing the expenditures for the preceding period and requesting funds to replenish the bank accounts by the amount accounted for in the report. Such reports and back-up documentation will be reviewed by the FIU/Miami Program office.
- If the FIU/Miami Program office approves the monthly financial report, it will forward a reimbursement package to the Division of Research for its review and

auditing. Each reimbursement package will have a unique Report Number that will separate it from other reports. Invoices will be submitted with the report detailing each payment made, the currency rate used, check payee, amount, and date. In addition, any deposits made will be totaled separately and will equal any deposits made to that account. After the Division of Research audits the report and if it is approved, it will then be sent to the FIU Controller's Office for wire processing and reconciliation.

- The FIU Controller's Office personnel reconciling the accounts will have online access to the banks accounts, if available.
- Extraordinary fund requests may be requested on occasions when sufficient funds are not available for a planned activity that is not part of the reoccurring monthly operational costs. The procedures outlined in the attachment are to be followed when requesting and accounting for these funds. The requests for extraordinary funds will never increase the bank balance beyond the \$300,000 maximum.

GENERAL PROCEDURES FOR FOREIGN ACCOUNTS TO REQUEST EXTRAORDINARY FUNDS

Although the local office will make sure that, whenever possible, all local payments are made within the funding provided, given the nature of the project, there will be local payments that will have to be made in addition to regular monthly expenditures.

The following procedure will be followed to make sure those obligations are paid:

- 1) The local office will prepare a request to the FIU/Miami office indicating the nature of the expenditures and the amount needed.
- 2) The request will include an explanation stating the purpose for the additional / extraordinary funds that also accounts for why the funds are needed for immediate use.
- 3) Only one request can be outstanding.
- 4) The request will include a chart that details the following: a) name of person/entity to be paid; b) description or explanation of services to be paid / reason for not being an FIU vendor; c) amount in local currency to be paid; d) exchange rate; e) amount in US dollars to be paid and; f) total amount requested in US dollars.

Item #	Name	Item Description / Explanation of Services	Amount in Local Currency	Exchange Rate	Amount in US \$
1	Juan Perez	Consultant Services: technical assistance French speaking	10,000,000.00	500/1	\$20,000.00
2	Local Water Authority	Certification of clean water services	30,000,000.00	500/1	\$60,000.00
3	xx	xxx	xx	xx	xx
Total					\$xx.xx

- 5) The request will include copies of all supporting documents related to the expense(s).

Upon receipt of the request from the local office, the FIU/Miami office will:

- a) Review and verify that all supporting documents are attached and the request has merits.
- b) Formally request authorization to transfer the requested funds from the Associate Vice President for Research Administration or the Director of Post Award in the Division of Research (DOR).
- c) Upon receipt of DOR authorization, the FIU/Miami office will process the corresponding un-encumbered payment form to transfer the funds to the local office.
- d) Upon receipt of the funds in the local bank, the funds are to be expended for the requested purpose (s) within five (5) business days.
- e) All receipts must be mailed to the FIU/Miami office within five (5) business days of completing the transaction.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee

March 27, 2014

Subject: Florida International University Campus Master Plan Update 2010-20

Proposed Committee Action:

Recommend to the Florida International University Board of Trustees (the BOT) approval of the Florida International University 2010-20 Campus Master Plan Update.

Background Information:

Pursuant to Subsection 1013.30 of the Florida Statutes, each university board of trustees is required to adopt a Campus Master Plan for the university to be updated at least every five years.

Following the development of a draft Master Plan, FIU held the first of two required public hearings at both the Biscayne Bay Campus on July 15, 2013 and again at the Modesto A. Maidique Campus on July 16, 2013. At each of the hearings, a presentation of the draft Master Plan was given and public comments were received. Following the public hearings, the draft Master Plan was distributed to host and affected local governments and public agencies for formal review. In accordance with F.S. 1013.30, host and affected local governments were given 90 days to review the draft and provide comments to the University. The draft plan was also presented to the BOT in September 2013 for information and discussion.

Following formal public review, the draft Master Plan was revised to reflect and address all relevant comments that were submitted to the University. The second round of public hearings were held on January 21 and 22, 2014 at the Graham Center and Wolfe University Center respectively where the final draft Campus Master Plan, reflecting the changes that were made since the July hearings, was presented.

The Florida International University 2010-20 Campus Master Plan will be effective for a term of ten years (2010-2020) upon approval and execution by the BOT.

Supporting Documentation:	2010-2020 Master Plan Update Statutory and Regulatory Requirements Executive Summary
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Facilitator/Presenter:	Kenneth A. Jessell
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FLORIDA INTERNATIONAL UNIVERSITY

**2010-2020 Campus Master Plan Update
State Project No. BT-857**

**STATUTORY AND REGULATORY
REQUIREMENTS**

March 27, 2014

FLORIDA INTERNATIONAL UNIVERSITY 2010- 2020 CAMPUS MASTER PLAN UPDATE

Statutory and Regulatory Requirements

Florida Statutes contain special growth management provisions in recognition of the unique relationship between university campuses and the local governments in which they are located. While the campuses provide research and educational benefits of statewide and national importance, and further provide substantial educational, economic, and cultural benefits to their host local governments, they may also have an adverse impact on the public facilities and services and natural resources of host governments. The statutes state that universities should be considered as vital public facilities of the state and local governments.

Section 1013.30 addresses this unique relationship by providing for the preparation of campus master plans and associated campus development agreements. The statutes require that each university board of trustees prepare and adopt a campus master plan for the university and maintain a copy of the plan on the university's website. The master plan must identify general land uses and address the need for and plans for provision of roads, parking, public transportation, solid waste, drainage, sewer, potable water, and recreation and open space during the coming 10 to 20 years. The plans must contain elements relating to future land use, intergovernmental coordination, capital improvements, recreation and open space, general infrastructure, housing, and conservation. Each element must address compatibility with the surrounding community.

The master plan must identify general location of structures, densities and intensities of use, and contain standards for onsite development, site design, environmental management, and the preservation of historic and archaeological resources. The transportation element must address reasonable transportation demand management techniques to minimize offsite impacts where possible. Data and analyses on which the elements are based must include the characteristics of vacant lands; projected impacts of development on onsite and offsite infrastructure, public services, and natural resources; student enrollment projections; student housing needs; and the need for academic and support facilities. Master plans must be updated at least every 5 years.

In addition to statutory requirements, Chapter 21 of the Florida Board of Governors Regulations describes specific requirements for university comprehensive campus master plans. BOG Regulations include content requirements, data and analysis requirements, application of requirements, planning time frame, internal consistency, plan implementation requirements, and monitoring and evaluation requirements.

Upon adoption of the campus master plan, the university will draft a proposed campus development agreement for each local government. The agreement will address the impact of existing and proposed campus development reasonably expected over the term of the campus development agreement on each service or facility and any deficiencies in such service or facility which the proposed campus development will create or to which it will contribute. The university board of trustees' fair share of the cost of the measures identified, if any, must be stated in the campus development agreement.



FLORIDA INTERNATIONAL UNIVERSITY

2010-2020 CAMPUS
MASTER PLAN UPDATE

MARCH 2014





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SUSTAINABLE
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MULTI-MODAL
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CONNECTIVITY
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MAIN AXES
STUDENT LIFE
MIXED USE COMMUNITIES
MULTI-PURPOSE OPEN SPACE

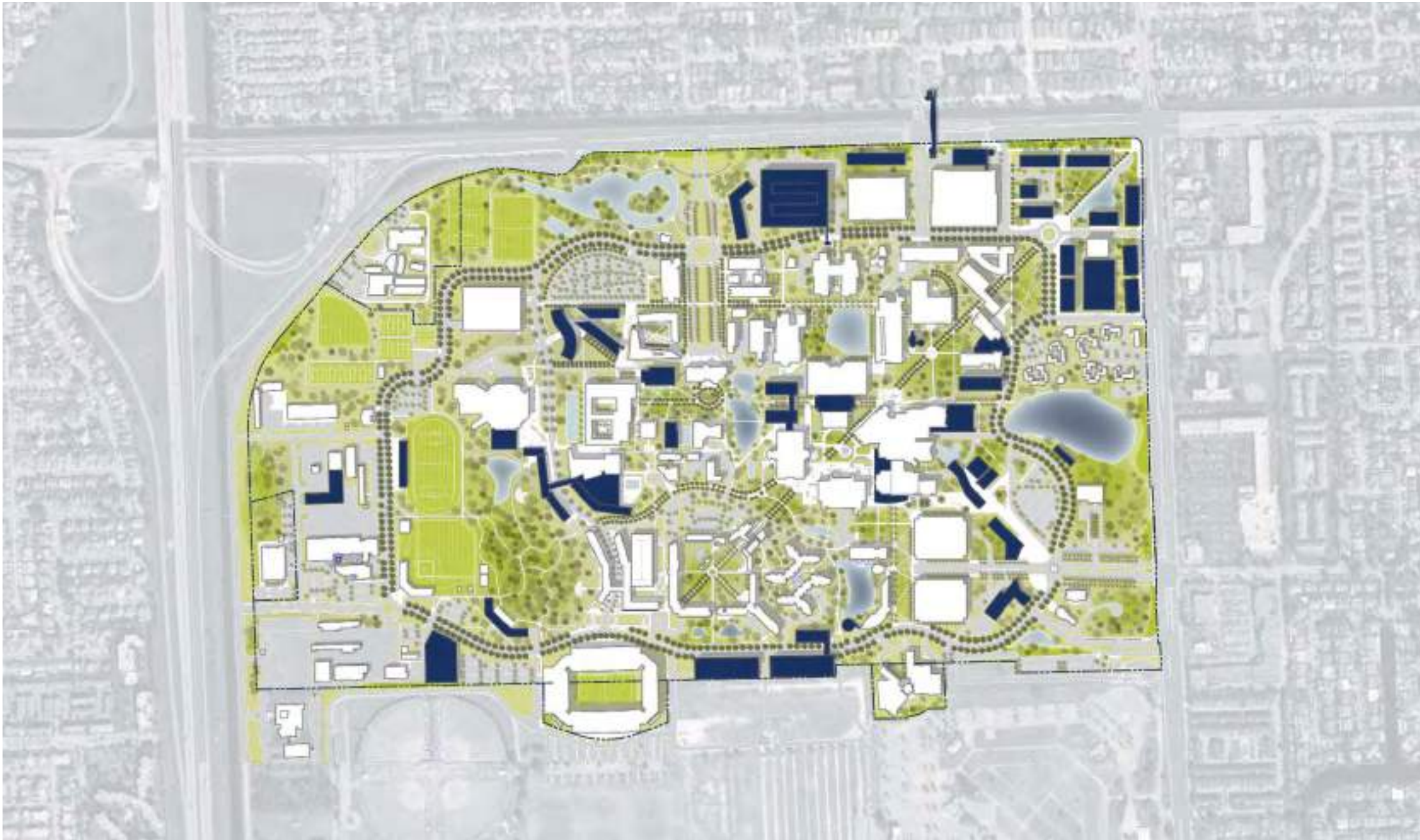


Figure 1.1 Modesto A. Maidique Campus



Figure 1.2 Engineering Center



Figure 1.3 Biscayne Bay Campus

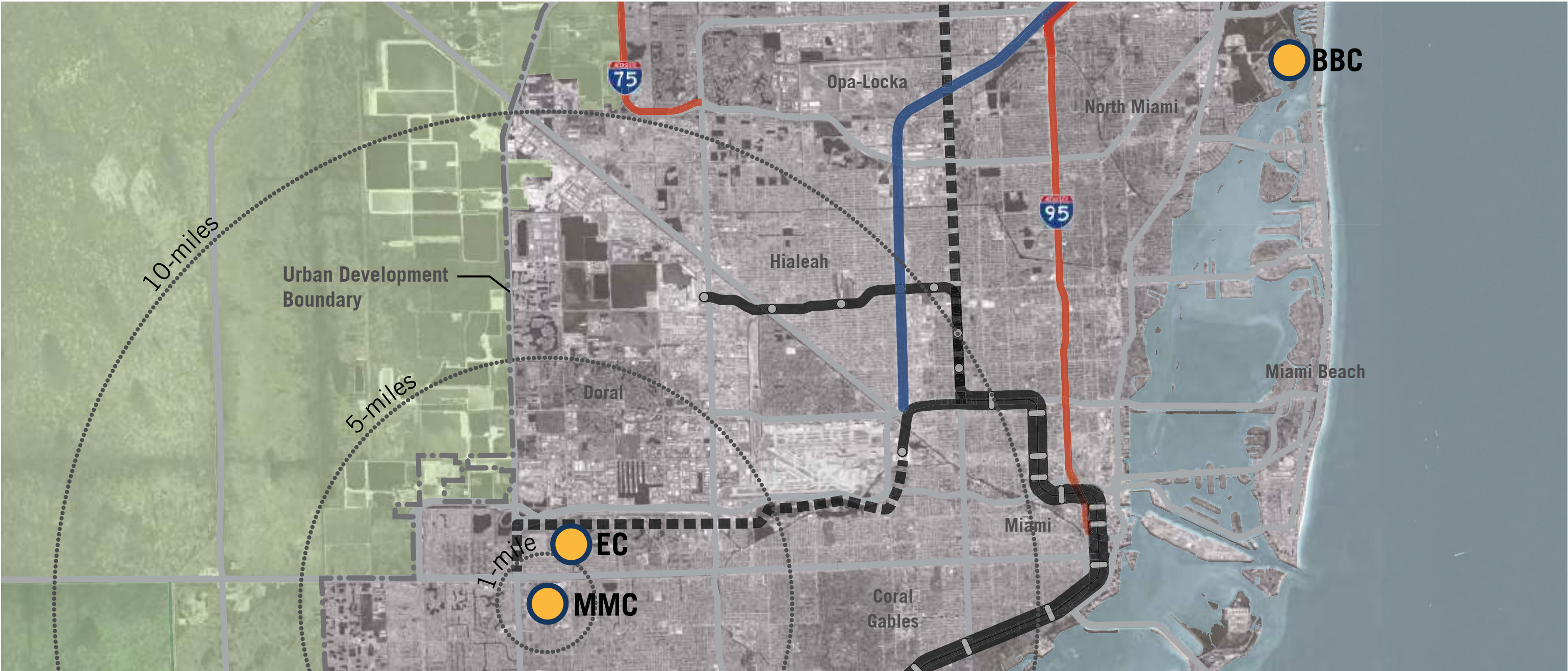


Figure 1.4 Florida International University Campus Context



Figure 1.5 Entry Gateway to Modesto A. Maidique Campus

INTRODUCTION

The 2010-2020 Florida International University (FIU) Campus Master Plan carries forward past physical and capital planning; builds upon the momentum of recent strategic planning, and positions unfolding new initiatives to support FIU in its goal to be “Worlds Ahead”. The plan also recognizes that since June 2010, when the last master plan was completed, FIU has successfully achieved many of its past planning objectives and executed many of its priority improvements.

The focus of this planning effort has been FIU’s two principal campuses – which comprise the majority of its owned property and facilities. The largest campus, Modesto A. Maidique, occupies approximately 343 acres located at the crossroads of the Florida Turnpike (SR 821) and Southwest 8th Street (US 41) in west central Miami-Dade County. The Biscayne Bay Campus occupies approximately 195 acres on Biscayne Bay within the City of North Miami in northeast Miami-Dade County. In addition to the two main campuses, the Engineering Center, a 36 acre branch campus, is located 1 mile north of Modesto A. Maidique at the northeast intersection of SW 107th Avenue and West Flagler Street.

Located at both an international hub for commerce and Florida’s fastest growing population center, FIU anticipates continued, significant growth in enrollment – both for students attending classes in person and virtually. Past planning goals have been reevaluated to confirm their applicability in this era of dynamic change. FIU has also sought feedback from a wide cross section of on- and off-campus groups. Interviews, focus groups, public hearings and campus open house forums were utilized to maximize the public participation.

The 2010-2020 Campus Master Plan Update provides a framework of flexible growth opportunities for FIU based on the following principles:

- Develop a sustainable campus environment.
- Develop forward looking, innovative and interdisciplinary learning and research environments.
- Reinforce FIU’s identity through the articulation of landmarks, precincts, edges, buildings, and open spaces.
- Create a more compact urban environment.
- Develop comprehensive multi-modal solutions to transportation & infrastructure.
- Establish better connectivity with neighboring communities.
- Create a safe, connected, pedestrian-friendly campus.
- Site core academic programs along main axes.
- Develop student life mixed use communities.
- Foster learning through multipurpose open space.

The following narrative summarizes each of the eighteen elements identified by the State University System planning guidelines. Together, they provide a comprehensive and integrated guide for effectively planning campus change over the coming years.

1.0 ACADEMIC MISSION

Since opening its doors in 1965 to 6,000 students, FIU has experienced tremendous growth. Over the years, the University has both established itself as one of South Florida’s premier research institutions as well as its largest public university. As a member of State University System (SUS) of Florida, FIU’s headcount enrollment now numbers more than 42,000 students offering a wide array of undergraduate, graduate and professional programs. The student body continues to reflect the diverse and vibrant culture of South Florida with an ever-increasing percentage of minority groups and international students.

FIU’s mission statement reads as follows:
“Florida International University (FIU) is an urban, multi-campus, public research university serving its students and the diverse population of South Florida. We are committed to high quality teaching, state of the art research and creative activity, and collaborative engagement with our local and global communities.”

Five key strategic themes guide the development of the University’s educational and research programs: International, Environmental; Florida and Local Economic Development; Health; Arts, Culture and Diversity; and Learning Opportunities.

The University’s operational philosophies complement these themes by encouraging: quality, competitiveness, accountability, innovation, collegiality, diversity, and operational excellence. Its vision can be stated in five words: top public urban research university.



Figure 1.6 A collection of Florida International University’s facilities through it’s history



Figure 1.7 Avenue of the Professions

2.0 ACADEMIC PROGRAM

With more than 42,000 students enrolled in the Fall of 2011, Florida International University continues to provide a vast and rapidly expanding array of educational opportunities. Currently, the University offers more than 200 baccalaureate, masters and doctoral majors. The majority of students take advantage of taking classes at multiple campuses and centers throughout the Miami-Dade area and abroad. However, advancements in technology have created a paradigm shift – including a “flipped classroom” experience - which has allowed an ever-increasing percentage of students to enroll on-line.

A key success factor for FIU’s expanding degree programs has been the creation of the Herbert Wertheim College of Medicine in 2006 and its interdisciplinary, team-based pedagogy. It has been accredited as the first public medical school in South Florida. As a result, FIU has fostered partnerships with businesses, health service providers, and the community to encourage interdisciplinary teaching and research. With the continued growth in both student population and academic degree programs, FIU is committed to providing high quality education to the South Florida area at both an undergraduate and advanced degree level.

Florida International University is planning to support a headcount (HC) enrollment of 49,692 students - that translates as 29,935 full time equivalent students (FTE) - by the end of the 2020 planning period. The HC and FTE projections are based on Fall 2011 enrollment data as well as strategic planning within the following schools and colleges.

- College of Engineering & Computing
 - Honors College
 - College of Law
 - Herbert Wertheim College of Medicine
 - College of Nursing & Health Sciences
 - Chaplin School of Hospitality & Tourism Management
 - School of Journalism & Mass Communications
 - Robert Stempel College of Public Health & Social Work
 - University College
-
- College of Architecture & the Arts
 - College of Arts and Sciences
 - College of Business
 - College of Education

3.0 URBAN DESIGN

Urban design at FIU is grounded on strengthening connections to its urban surroundings, while simultaneously enhancing the campus from within. From this objective emerges five comprehensive goals that will inform on-campus design: incorporating research and teaching opportunities throughout campus; improving walkability; maximizing the impact of art; incorporating sustainable design strategies; and increasing the amount and quality of student spaces.

With increasingly dense facilities and expanded on-campus housing, creating memorable, high quality campus environments is essential to supporting a successful student experience, safety, security, branding and wayfinding. Development must be planned to effectively preserve, define and enhance campus open space through the use of regulating axes, campus streets and a hierarchy of landscapes. The surrounding urban context at Modesto A. Maidique and Engineering Center, and the more naturalized context at Biscayne Bay, have created connectivity issues for the University. As FIU's campuses expand and foster relationships with their respective host communities, creating more permeable and accessible campus edges is an key concern. The following actions should be taken at each location to encourage effective urban design.

Modesto A. Maidique Campus

Growth at Modesto A. Maidique Campus should continue to take advantage of infill building sites and facility additions to create a walkable and compact, urban setting. Development should be guided by existing axial patterns punctuated by high quality and memorable open spaces throughout campus. Realignment and improvements to the campus loop road should better define the central academic core of campus while

allowing for the placement of future facilities in key adjacencies. To effectively implement this goal and promote pedestrian circulation, surface parking should be redistributed into mixed-use parking structures located outside of the campus loop road at the campus edges.

Engineering Center

Development at Engineering Center should be grounded on the same design principles of Modesto A. Maidique. Although separated geographically, this will create a consistent design vocabulary to visually connect the two locations. Enhanced pedestrian corridors, edge conditions, gateways, and outdoor gathering areas should all be considered to improve the appeal and character of the Center.

Biscayne Bay Campus

The surrounding state park and coastal context at Biscayne Bay Campus is the campus's greatest attribute as well as its biggest challenge. While Modesto Maidique and Engineering Center reside in a highly urbanized context, the Biscayne Bay Campus surroundings are much more natural in character. With FIU's increasing emphasis on resiliency, walkability and connectivity – as well as a desire to save land for its highest and best use - creating a compact campus and preserving open space should still be the guiding urban design principle. By increasing the density on campus with programs targeted to its unique setting, providing needed academic and student life facilities, and improving pedestrian and bicycle connections to adjacent schools and residential development, the campus can strengthen its sense of place while augmenting its appeal.

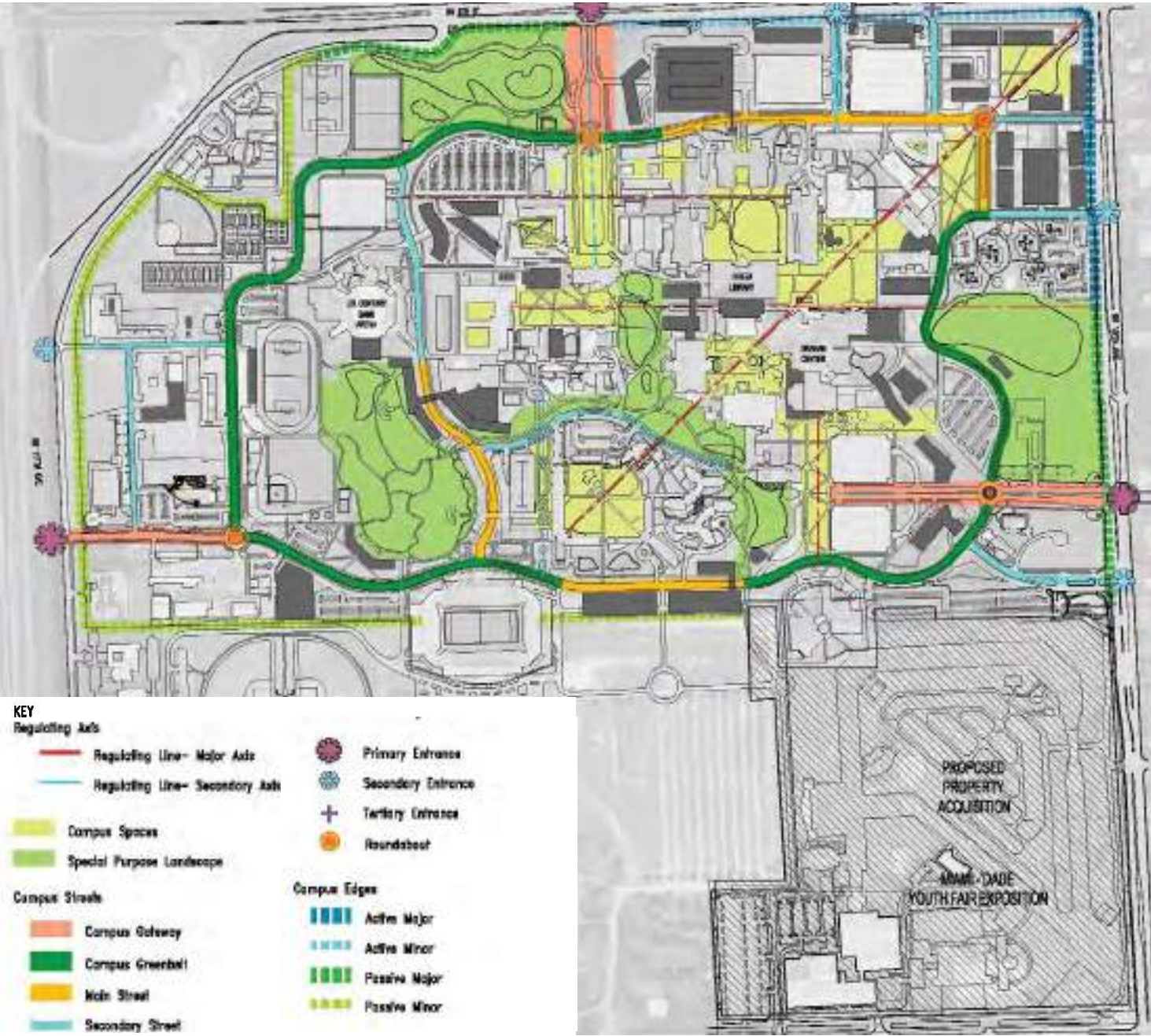


Figure 1.8 Modesto A. Maidique Urban Design



Figure 1.9 Engineering Center Urban Design



Figure 1.10 Biscayne Bay Campus Urban Design

4.0 FUTURE LAND USE

With expanding enrollment, on-campus housing and partnerships, additional facilities are needed to support growing academic, student life and outreach programs. FIU's biggest challenge is accommodating expansion within limited developable land resources. Given the highly urbanized context of the campuses, future growth must avoid creating conflicts with surrounding host communities while simultaneously addressing rising sea levels, storm surges, and preservation of environmental resources. The Future Land Use Element represents existing and proposed development patterns within the campus boundaries to be coordinated with adjacent areas planned by Miami-Dade County, the City of Sweetwater and the City of North Miami.

Modesto A. Maidique Campus

The overall goal for development and growth at Modesto A. Maidique Campus is to move towards a more mixed-use and efficient urban-scaled campus. To do so, several strategies have been established to effectively guide development. Increasing building heights for academic, support and student housing facilities allows for academic programs to expand logically inside the campus core, and maintain critical existing adjacencies. The redistribution of parking to multi-story, multi-purpose structures at the campus periphery allows for additional development in the campus core and the development of the academic health sciences district. In addition, compact development is encouraged to preserve and strengthen open space and pedestrian corridors. With limited undeveloped land suitable for facility expansion, the University is exploring partnerships with the county to utilize the Miami-Dade Youth Fair and Exposition property.

Engineering Center

There is opportunity to accommodate outreach and partnerships that benefit from adjacency to either FIU academic programs, research or surrounding land uses. While maintaining an academic core, multi-purpose facilities can be developed at the perimeter of the property. Sufficient setbacks and buffers from the Wall of Wind research facility should be maintained. Future development should mimic the patterns found at Modesto A. Maidique Campus; future facilities should support a central open space. Open land should be utilized for the creation of additional recreational facilities that can be used by MMC students.

Biscayne Bay Campus

Development at Biscayne Bay Campus should capitalize on the proximity to water and bay views, while strengthening opportunities for partners to locate facilities near key FIU programs. Partnership facilities should be organized along the perimeter of the campus. The campus core should be reserved for academic programs and support adjacencies to related programs. Academic and research facilities should utilize existing quadrangles and ponds to organize campus infill. Flexible open space and environmental research programs should have priority along Biscayne Bay. Preserving open space, enhancing walkability, and following the overall FIU guiding principles, will create a consistent and unifying design vocabulary.

To support the strategic development of on-campus partnerships, a larger multi-purpose zone should emerge at Biscayne Bay. North and south of the academic core, proposed uses such as the Royal Caribbean Cruise Line Training Center, Magnet School, Academic Health Center, Wildlife Center, student housing, and recreational facilities should create a unified mixed-use zone.

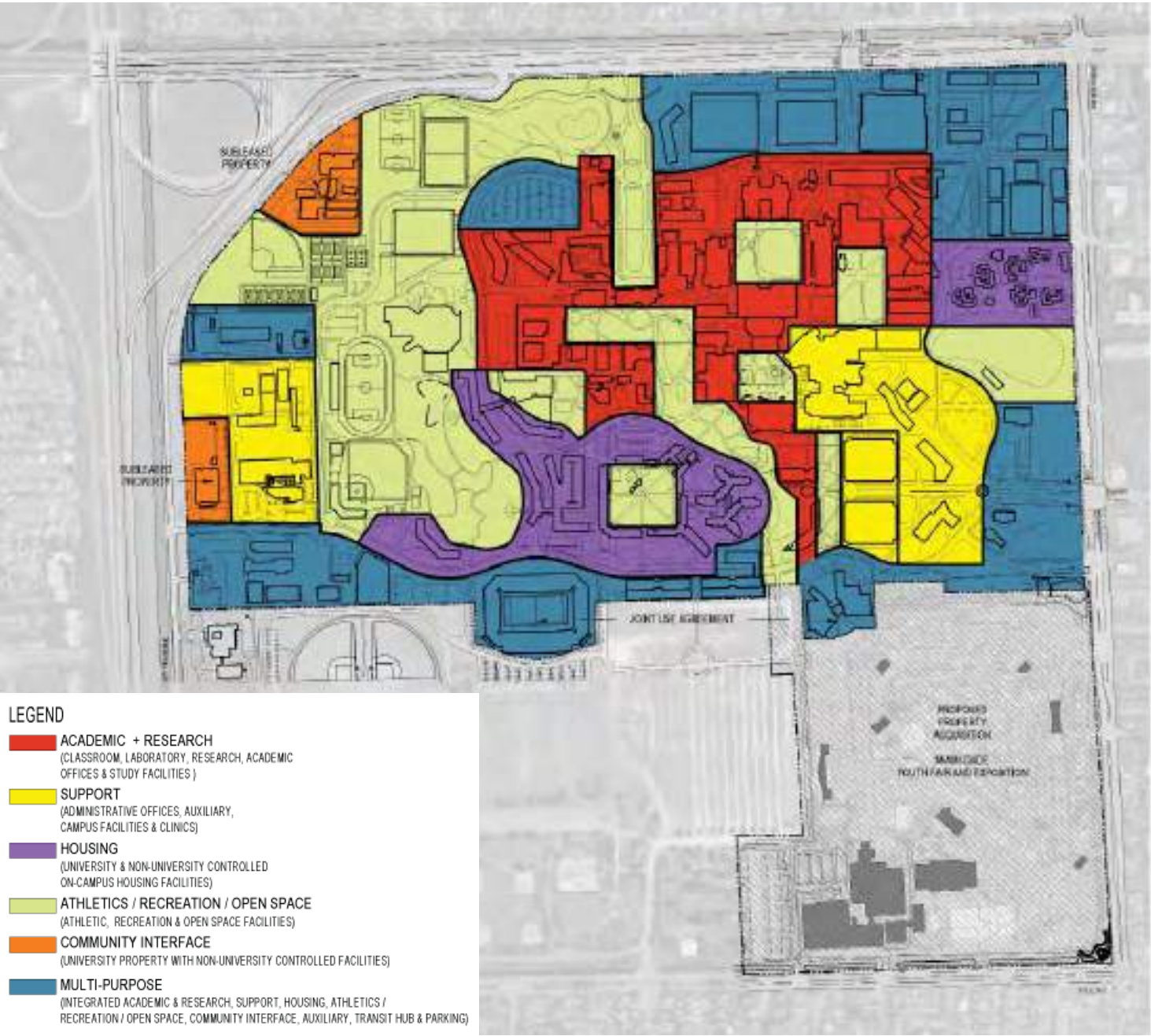


Figure 1.11 Modesto A. Maidique Future Land Use



Figure 1.12 Engineering Center Future Land Use

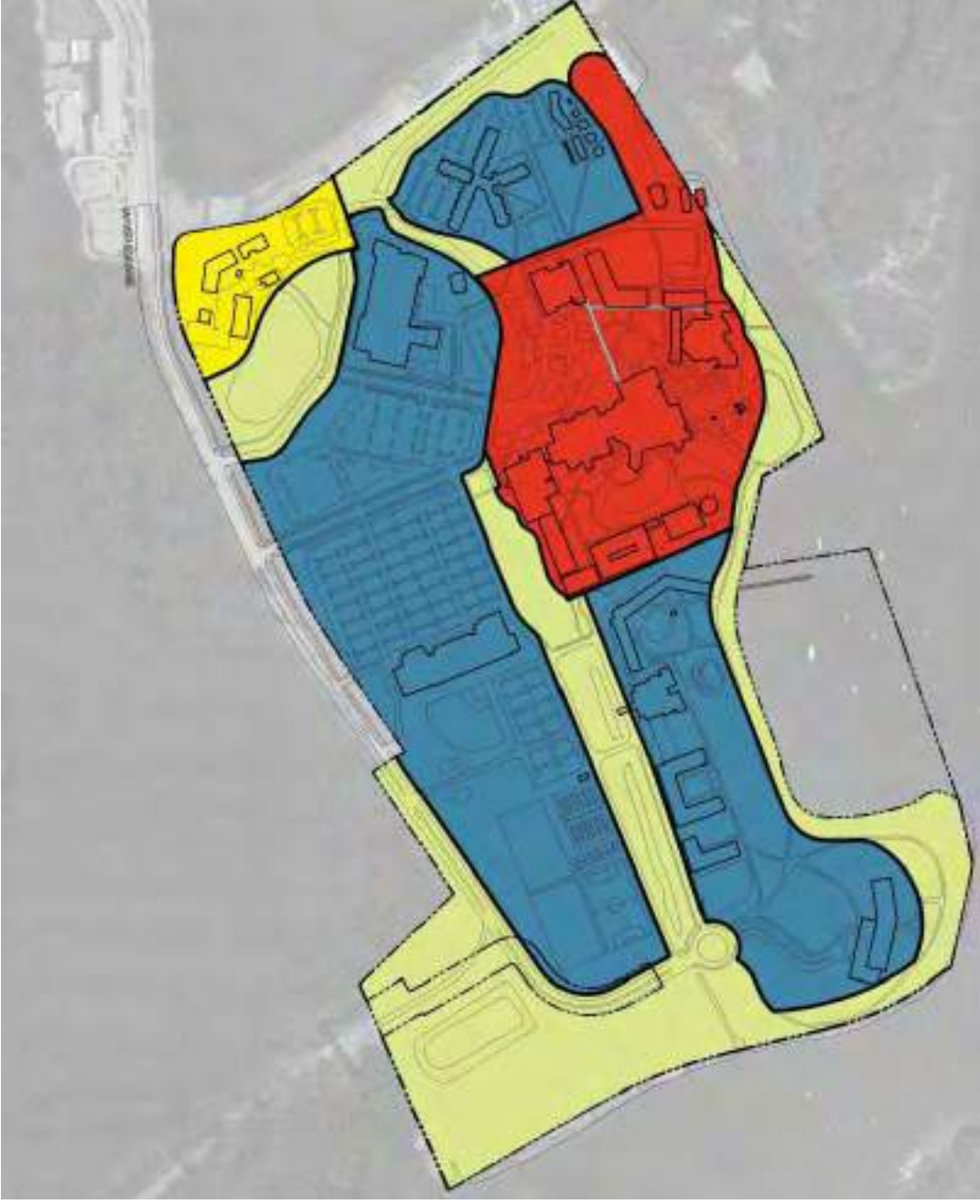


Figure 1.13 Biscayne Bay Campus Future Land Use

5.0 ACADEMIC & RESEARCH FACILITIES

Additional academic and research facilities are required to support both projected enrollment growth and the new College of Medicine. As a result of dwindling land resources, FIU should develop an efficient and compact academic core and build upon adjacencies to existing academic and research facilities. This will create the added benefit of strengthening departmental synergies and promoting cross-disciplinary activity across colleges. To optimize this potential, future facilities should reserve the first floor within multi-story footprints to incorporate student support and team learning space to the greatest extent possible.

By 2020, FIU plans future academic and research facility development in the following increments by location:

	Currently Underway	2015	2020
MMC & EC	378,686	496,712	900,131 GSF
BBC	126,170	81,330	71,641 GSF
Total	504,856 GSF	578,042 GSF	971,772 GSF

Facilities include classrooms, teaching labs, study areas, and research labs. The square footages account for new facilities, renovations, and expansion of existing structures; and are based on projects included in the 2010-2020 CIP.

Modesto A. Maidique Campus

Academic and research infill sites are located within close proximity to similar facilities that reinforce each other in use. The northeast corner of the campus should be reserved for laboratory, research and clinical facilities to create a quadrangle defined primarily by academic health center facilities. Additional

building sites, for primarily classroom use, surround the Avenue of the Professions. In addition, building sites for the Colleges of Business, Law, Education and other professional programs are located north of Rafael Diaz-Balart Hall.

Engineering Center

Future academic and research facilities should be located between the existing building and the Wall of Wind to form a central quadrangle.

Biscayne Bay Campus

Future FIU classroom, laboratory and research facilities should be sited south of Academic Two. Aligned with the existing Marine Biology building, the future facilities should enclose an academic quadrangle focused around the existing pond. Located to the north and south of the academic core, the proposed RCCL training facility, Academic Health Center, Wildlife Center, and Magnet School will create on-campus academic partnership opportunities.

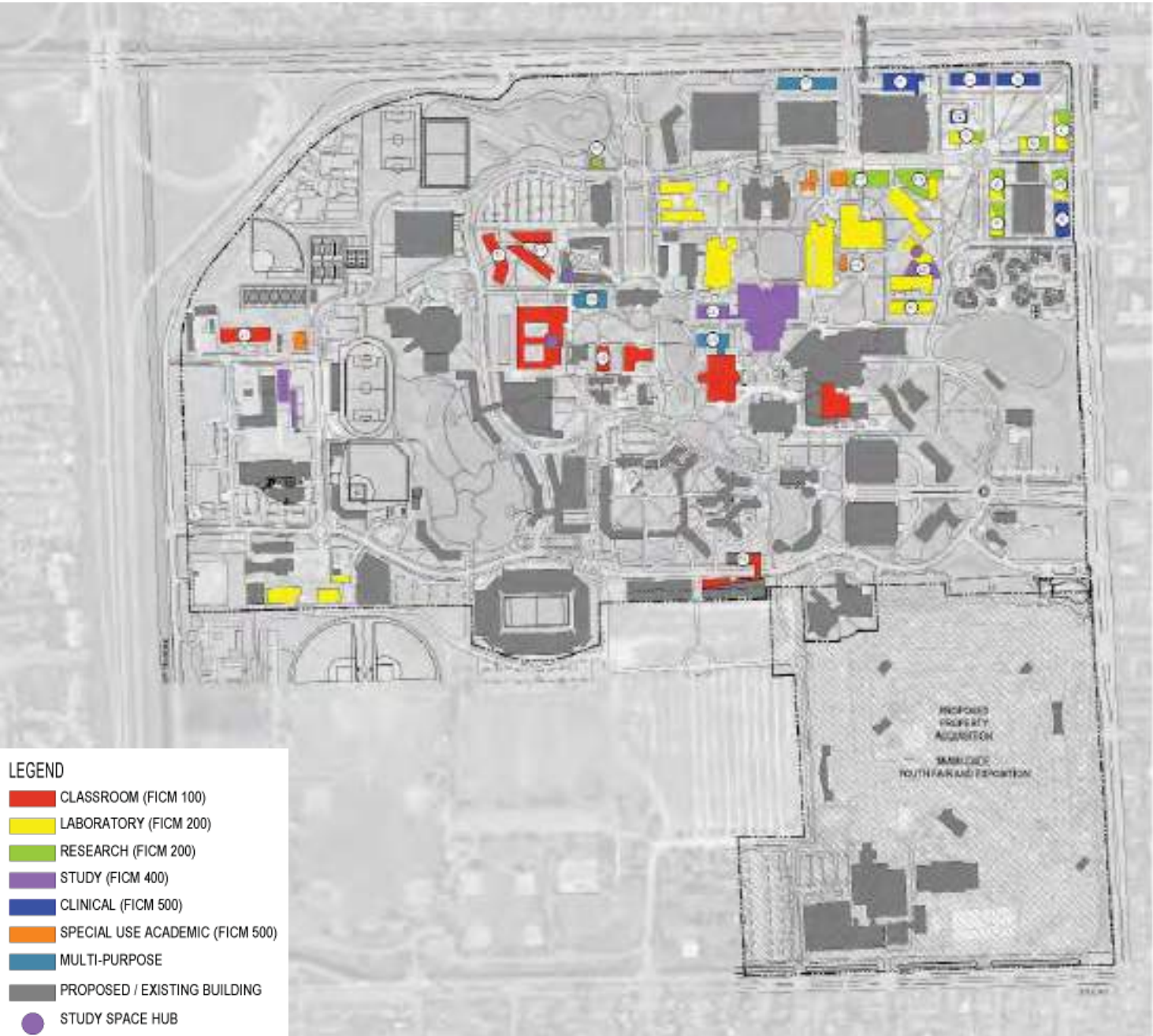


Figure 1.14 Modesto A. Maidique Academic and Research Facilities



Figure 1.15 Engineering Center Academic and Research Facilities



Figure 1.16 Biscayne Bay Campus Academic and Research Facilities

6.0 SUPPORT FACILITIES

Additional support facilities are needed on each FIU campus to meet the demand generated by both existing and anticipated enrollment growth. The majority of these needs are found in office space for faculty, staff and students. However, additional facility needs are required to support active learning, team-based learning, student life programs, flexible dining and gathering, and facility operations and maintenance.

As development pressures continue to impact campus open space, student housing on-campus increases, and student success programs evolve to recognize student desires for physical activity, FIU must steward the limited land available for sports and recreation. In an effort to provide adequate recreational facilities, the University should pursue expanded partnerships and joint use agreements for sports facilities with Miami-Dade County.

By 2020, FIU should plan for needed support facility development in the following increments by location:

	Currently Underway	2015	2020
MMC & EC	146,029	360,399	420,078 GSF
BBC	N/A	8,360	21,600 GSF
Total	146,029 GSF	368,759 GSF	441,678 GSF

Modesto A. Maidique Campus

Future support facilities should benefit from existing adjacencies. General use and student auxiliary support space should be located near the Graham Center, while predominantly administrative and academic offices should be located adjacent to Primera Casa. Throughout campus, support spaces that

promote student organization, advising, meeting, interdisciplinary discussions, and team-based learning should be incorporated into the first floor of all new student housing and academic facilities. Facility support will remain in the southwest corner of campus.

Engineering Center

Support services should be incorporated into the first floor of the proposed academic building. The first floor of the existing building should be enclosed and renovated to provide needed, highly accessible and visible support space in the form of student outreach, advising, and study space. Attractive dining and targeted retail space to serve faculty staff and students is also lacking at this location and should be provided in cooperation with local businesses.

Biscayne Bay Campus

Similar to Modesto A. Maidique Campus, support space should be incorporated into the first floor of new facilities. This is also a strategy to respond to resiliency requirements in a coastal location. Flexible, informal, office and meeting space is the most appropriate facility investment on sites that are subject to storm surges and sea-level rise. The other appropriate use for these sites is the construction of needed recreation fields and facilities. Campus facility support should continue to be located in the northwest corner of campus.

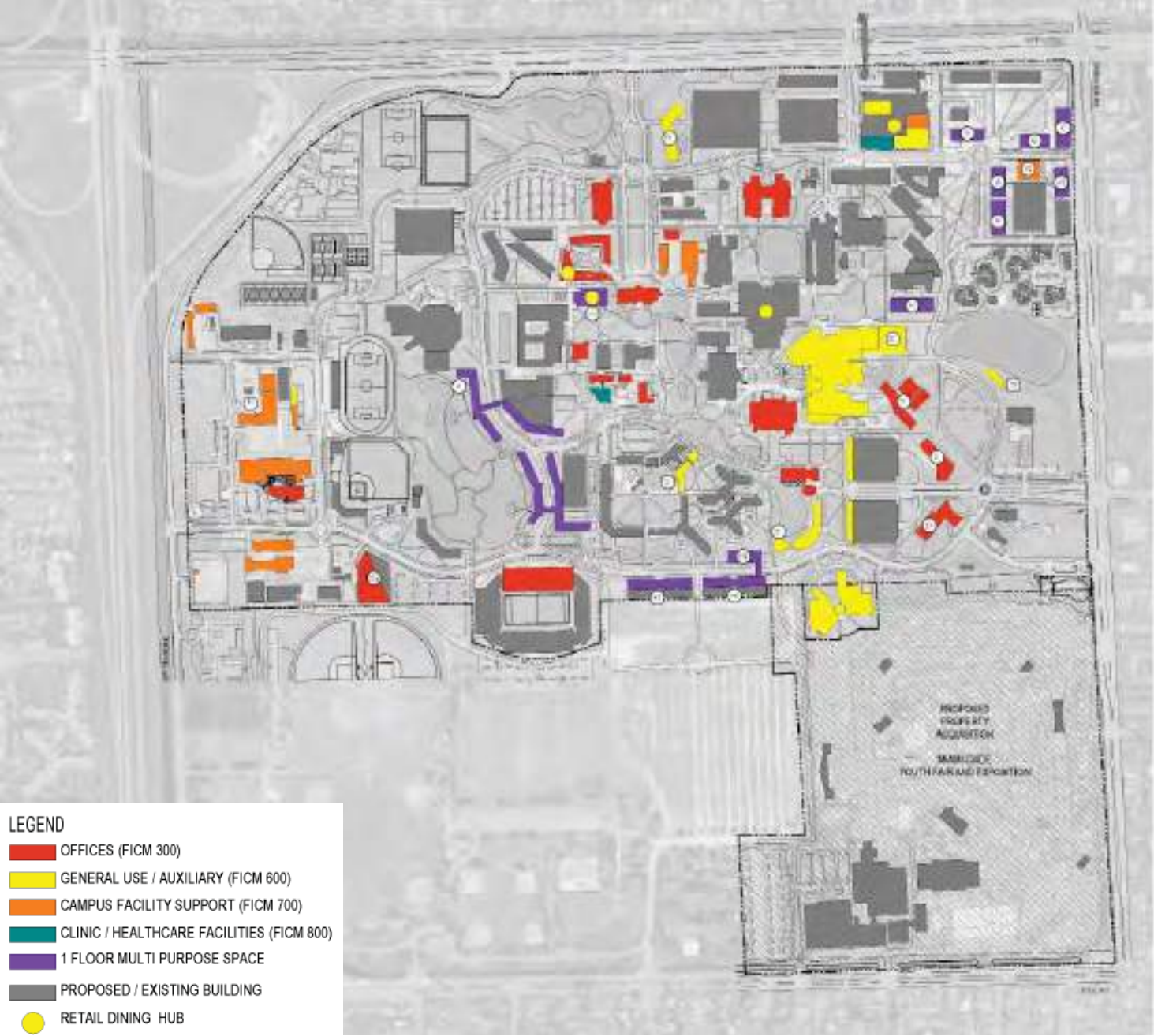


Figure 1.17 Modesto A. Maidique Campus Support Facilities

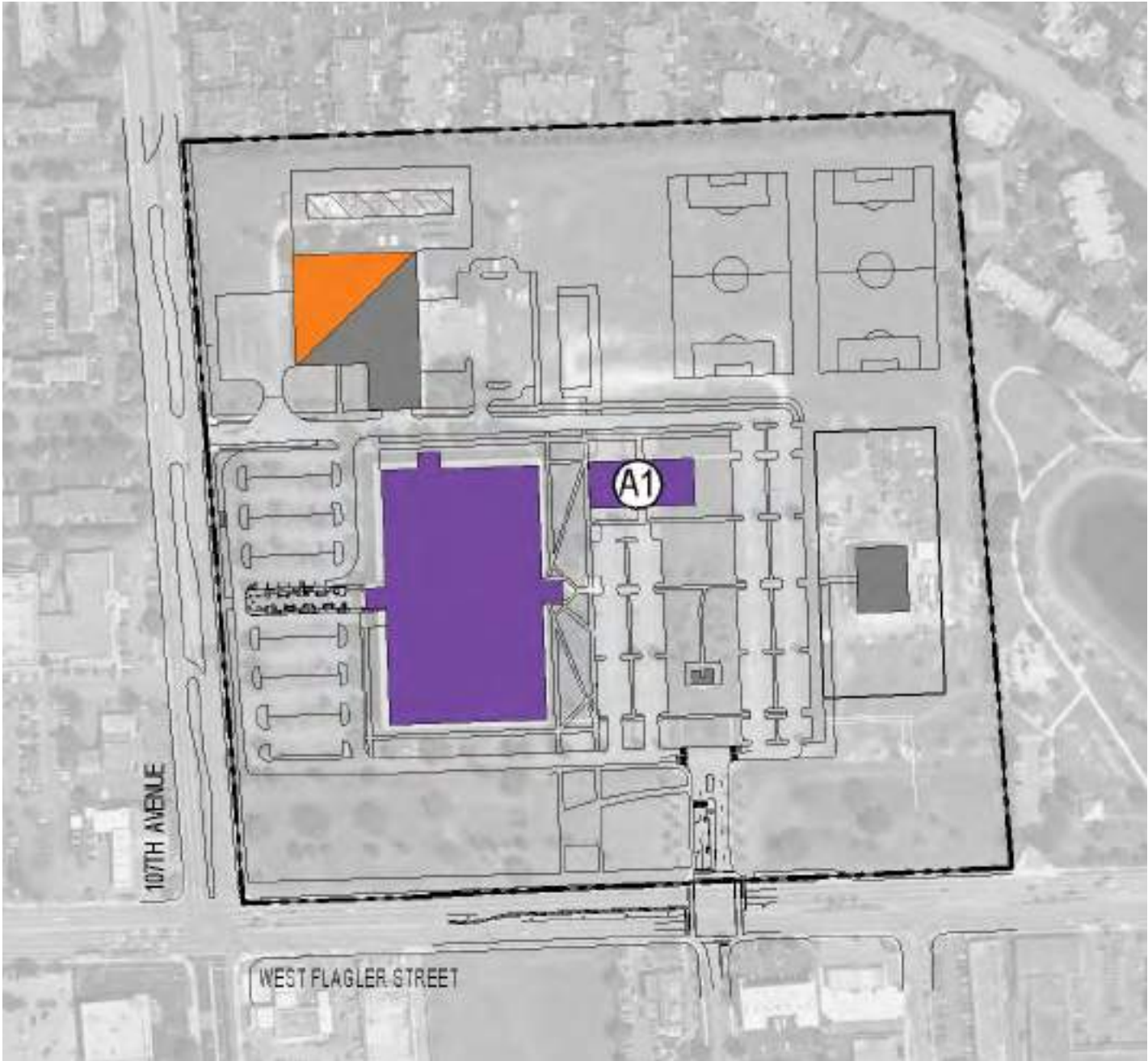


Figure 1.18 Engineering Center Support Facilities



Figure 1.19 Biscayne Bay Campus Support Facilities

7.0 HOUSING

As FIU’s enrollment continues to grow and diversify, on-campus housing must adapt to both changing student needs and preferences, as well as the proximity of new off-campus, developer-provided housing that targets FIU faculty, staff and students. In order to support student success - and the amenities that a 24/7 resident population brings to all students, whether commuting or virtual - FIU is committed to providing a variety of housing types and styles. The University has established a goal to house 20% of its fully-enrolled students on-campus. In addition, FIU will work with the City of Sweetwater, other host community redevelopment advocates and local developers to ensure that an adequate supply of off-campus housing is located within easy walking distance and close to transit connections. The partnership with Sweetwater to provide the TIGER Grant Pedestrian Bridge (and parking on campus) connecting to new apartments north of 8th Street is an important example of this new model for collaboration.

In addition to increasing the quantity of student housing, FIU will provide high quality alternatives to traditional dormitories. New semi-suites, suites, apartments, Honors College Housing and Greek Housing will reflect student preferences and support FIU recruitment and retention goals for undergraduates, graduate students, international students, researchers, married students and members of fraternities and sororities. Housing facilities on each campus should promote sustainable site standards, living-learning communities, and walkability. New facilities should be multi-purpose and multi-story - incorporating student support and parking facilities. The completion of Parkview Housing provides a precedent on how new facilities can be designed to achieve this level of integration and flexibility.

Modesto A. Maidique Campus

Student housing should continue to be distributed throughout the campus – creating distinct student neighborhoods that meet the needs of adjacent academic precincts. Undergraduate housing should be expanded in the district centered on Panther Village. Honors College housing should be explored at the crossroads between the proposed campus GreenWay and SW 17th Street – where it can benefit from a landmark location between academic and student life facilities, as well as serve as a gateway to campus expansion to the south. An alternate location for Honors Housing exists in the northwest corner of the campus, adjacent to Business, Education and Law programs. In the short term, Greek housing should continue to be located at the southeast corner of campus. Future fraternity and sorority housing should be sited at the corner of the Preserve, near Panther athletic venues and Parkview Housing and its amenities. Graduate housing should remain at the eastern edge of campus. As the existing University Apartments are replaced over time, new housing that integrates researchers within the Academic Health Center should be considered.

FIU plans to provide a total of 5,026 beds by 2020, contingent on demand. The beds will be distributed generally as follows:

Existing Fall 2011:	2,586 beds
Planned (under construction + CIP):	620 beds
Planned Demolition:	240 beds
(University Park Apartment-4 Units)	
Future Housing Development	1,380 beds
(Parkview II and SW17th Street)	
Honors Housing:	350 beds
Future Greek Housing:	330 beds
Planned Capacity	5,026 beds
Projected 20% FTE Goal	5,205 beds
Difference (Unmet Need)	179 beds

Biscayne Bay Campus

New student housing at Biscayne Bay will be located adjacent to the Kovens Center, south of the main campus development. This new location should promote connectivity back to the academic core, new partners, expanding student amenities at the Wolff Center, and open space along the waterfront. It should also shape useful and human-scaled exterior gathering space. In an effort to build upon on-campus partnerships, the existing residence hall will be made available to the Royal Caribbean Cruise Line to provide housing for staff at their adjacent training facility.

FIU plans to provide at least 725 beds by 2020, contingent on demand. The beds will be distributed generally as follows:

Existing Fall 2011:	271 beds
Planned Transfer of Bay Vista housing to RCCL:	271 beds
Planned Capacity	725 beds
Projected 20% FTE Goal:	781 beds
Difference (Unmet Need)	56 beds



Figure 1.20 New and existing student housing facilities at Florida International University: Lakeview Hall (top) and Parkview Housing (bottom)

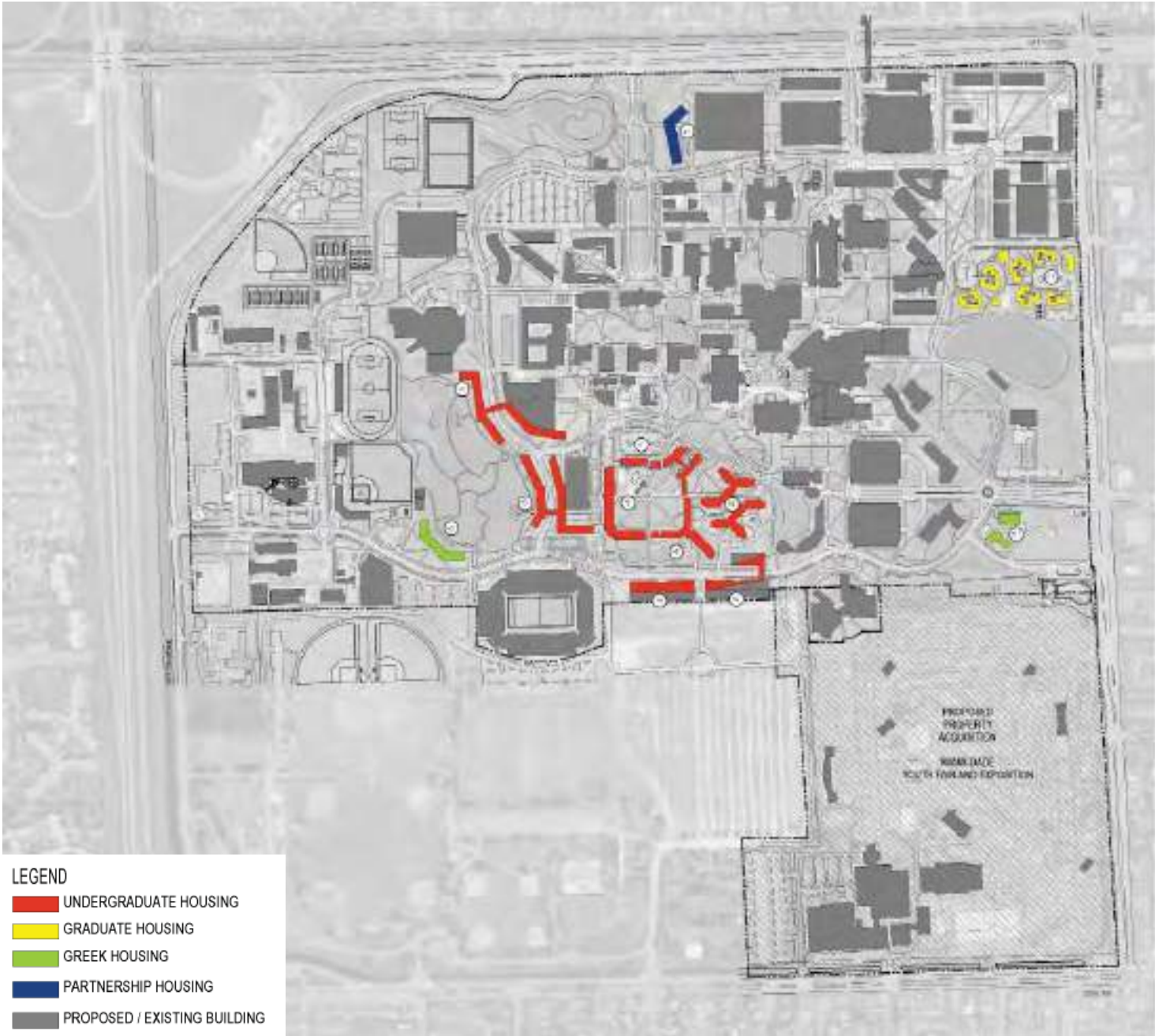


Figure 1.21 Modesto A. Maidique Campus Housing Facilities



Figure 1.22 Biscayne Bay Campus Housing Facilities

8.0 RECREATION AND OPEN SPACE

Six categories of open space have been identified in the master plan including: multi-purpose open space, athletics, special purpose landscape, recreational open space, courtyard/plaza, and campus gateways. Each one of these categories is an integral component to the open space framework for each campus. Development on campus that encroaches on these areas is discouraged.

The need for additional on-campus recreation facilities – as well as the preservation of passive and active open space - has surfaced as an area of student and staff concern. The Modesto A. Maidique campus, in particular, faces the threat of open space being utilized for facility development. Both the Engineering Center and Biscayne Bay have ample space to develop additional open space, fields and facilities that can be utilized by all FIU students. Available land should be capitalized on to create needed facilities. If additional land is required, FIU should seek partnerships with Miami-Dade County for joint use of nearby facilities. These efforts should be used to ensure adequate open space and recreational facilities are available to support FIU’s goals for student engagement, success and wellness.

Modesto A. Maidique Campus

The majority of current recreational facilities are located at the western edge of campus. These areas are experiencing increasing pressure – both from high student demand for open space and as potential development sites for needed university facilities. FIU should continue to explore expanded utilization of Tamiami Park – which it already relies upon for student use - and property acquisition opportunities of the Miami-Dade Youth Fair and Exposition. These properties are key for satisfying demand for both recreational and academic/research facilities. In addition to active recreation, improved open space

that promotes easy access and campus movement is critical. The creation of the GreenWay extending from Wertheim Performing Arts to the Preserve enhances on-campus pedestrian movement, while anticipating the potential for expansion and connections south of campus. Enhanced streetscapes with bicycle lanes throughout campus and at campus edges, should be incorporated into new and improved roadways to strengthen connections to public transit and the adjacent community.

Engineering Center

Undeveloped land in the northeast corner of campus should be utilized for the creation of recreation fields. In addition, improved streetscaping and gateways should be created along 107TH Avenue and West Flagler Street to create an improved public image and identity.

Biscayne Bay Campus

In the short term, existing recreational facilities should be improved at the northeast corner of campus. Over time, the southern portion of campus should be developed as multi-purpose open space with additional recreational fields and facilities. Campus gateways and improved streetscapes should be utilized along Bay Vista Boulevard to create memorable entry points into the campus. Pedestrian and bicycle paths along the waterfront should be preserved and expanded to connect to the surrounding community.

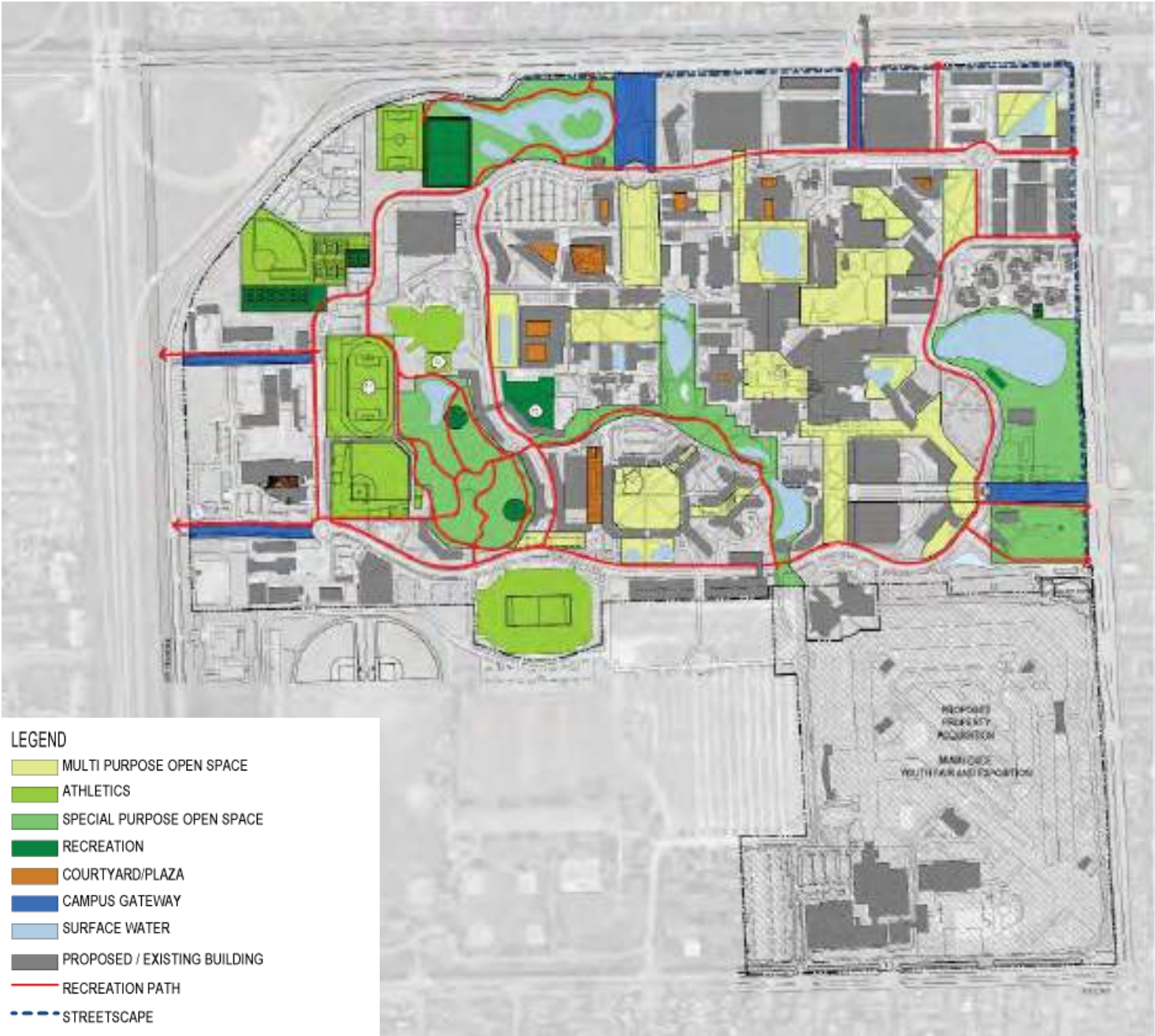


Figure 1.23 Modesto A. Maidique Campus Recreation and Open Space



Figure 1.24 Engineering Center Recreation and Open Space



Figure 1.25 Biscayne Bay Campus Recreation and Open Space

9.0 GENERAL INFRASTRUCTURE

The Campus Master Plan ensures coordinated provision of public infrastructure facilities and services required to meet both current and future needs of the growing university. Development is consistent with current efforts to address sustainability issues on campus and the university-driven direction that all new facilities meet United States Green Building Council (USGBC) standards and be LEED certified.

Stormwater Management

FIU’s stormwater management plan incorporates best management practices to minimize the impacts of development. Utilizing a variety of techniques that encourage and promote on-site infiltration and storage will protect and improve ground and surface water quality, while lessening the demand placed on existing infrastructure. A combination of percolation, overland flow, exfiltration systems and positive drainage systems with outfalls into existing on-site lakes will all be utilized to implement sustainable practices. FIU will also address stormwater management issues in the design and review process for each building project. Each project will meet the County’s criteria and be submitted to the County for review.

Water

Potable water for the University is provided by both Miami-Dade Water and Sewer Department (WASD) and North Miami Public Works Department at Biscayne Bay. Coordination with these organizations is essential for meeting level of service standards and plan review of alterations made to potable water infrastructure. In addition to coordination with these agencies, FIU will ensure that its operational initiatives promote water conservation by implementing sustainable practices such as water efficient plumbing and landscaping techniques that utilize reclaimed water and native vegetative species.

Sewer

The majority of sanitary sewer systems throughout FIU’S campuses consist of gravity sewer lines that ultimately transmit waste to Miami-Dade Water and Sewer Department’s off-site system. As additional sanitary sewer system infrastructure is needed, FIU will place emphasis on maintaining existing sewer systems, expanding systems contingent on development and correcting damaged or deficient infrastructure.

Solid Waste

Solid waste collection and disposal is accomplished at Modesto A. Maidique Campus, Engineering Center, and Biscayne Bay Campus by utilizing a combination of University staff, private contractors and public entities. Upon collection, the solid waste material is either recycled or sent to the landfill for disposal. In coordination with meeting USGBC certification and campus interest, FIU will continue to expand its recycling efforts to reduce or reuse campus waste.

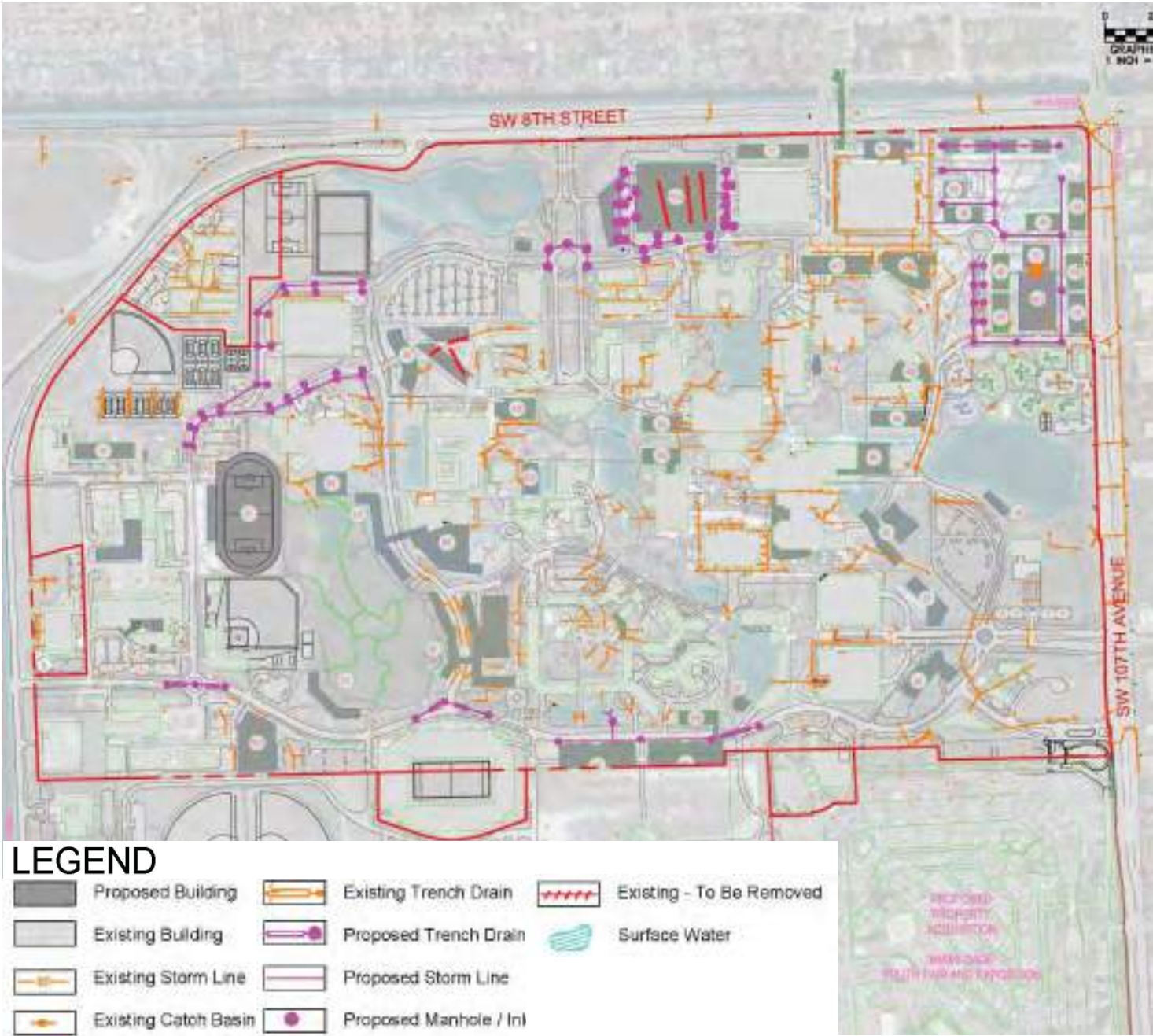


Figure 1.26 Modesto A. Maidique Stormwater



Figure 1.27 Engineering Center Stormwater



Figure 1.28 Biscayne Bay Campus Stormwater

10.0 UTILITIES

The Campus Master Plan ensures that adequate utility services are provided to meet both current and future needs of the University. Procedures, practices and protocol strategically align with current efforts to address sustainability on campus - including FIU's Climate Action Plan (a responsibility as a signatory of the American College and University Presidents Climate Commitment) and FIU's commitment that new facilities meet United States Green Building Council (USGBC) standards and are LEED certified.

For all updated information pertaining to utilities and infrastructure, a copy of the Utility Infrastructure Survey Update is on file in the offices of FIU Facilities Planning and Construction.

Chilled Water

Supplying chilled water to meet the demands generated by a growing university must occur on three levels. First, as development ensues, the Campus Master Plan ensures that all existing distribution systems are not in conflict with future development and are coordinated with the Campus Master Plan. Secondly, deficiencies have been identified to ensure an adequate supply of water, optimal operational efficiency, and reduced energy costs. Lastly, new infrastructure has been identified to supply the increased demand generated by new facilities.

Electrical Power

Florida International University's energy is provided by Florida Power and Light (FP&L). The utility provider has master planned their facilities to satisfy all campus expansion. FIU will continue to coordinate closely with them to ensure that an adequate supply of electrical power is supplied to all new and existing facilities. Incentive programs provided by FP&L should be

utilized by the University to aid in and improve the energy consumption of their lighting and chiller systems.

Telecommunications

The expansion of university facilities, increased reliance on eLearning and Hybrid instruction, and rising student expectations, have all generated higher telecommunication demands. Existing telecommunication grids are already heavily used at the Modesto A. Maidique Campus, which has created the need for a second feed. At each campus, new ductbanks should be added to reinforce the existing grid and provide needed service to all new buildings.

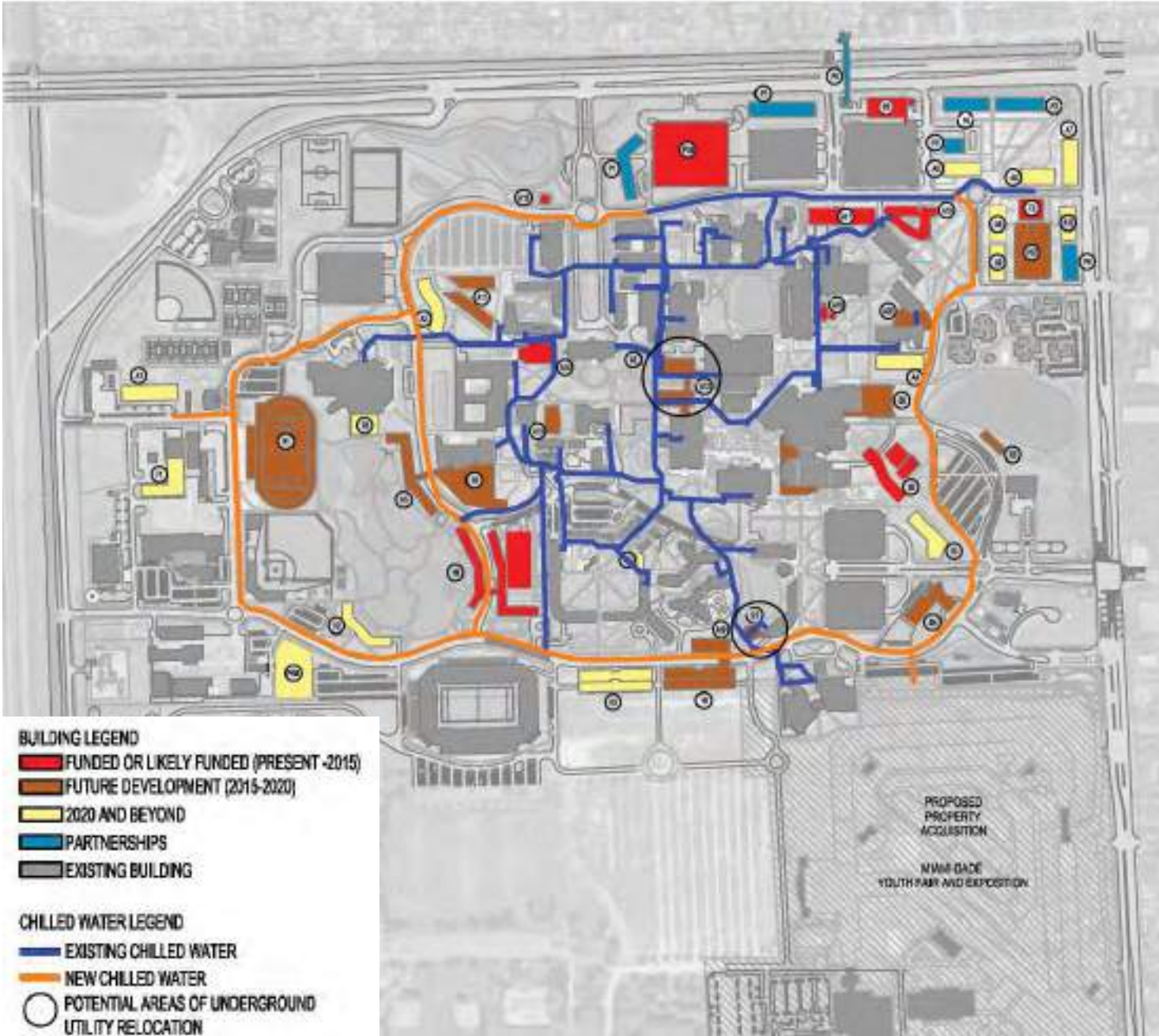


Figure 1.29 Modesto A. Maidique Campus Chilled Water

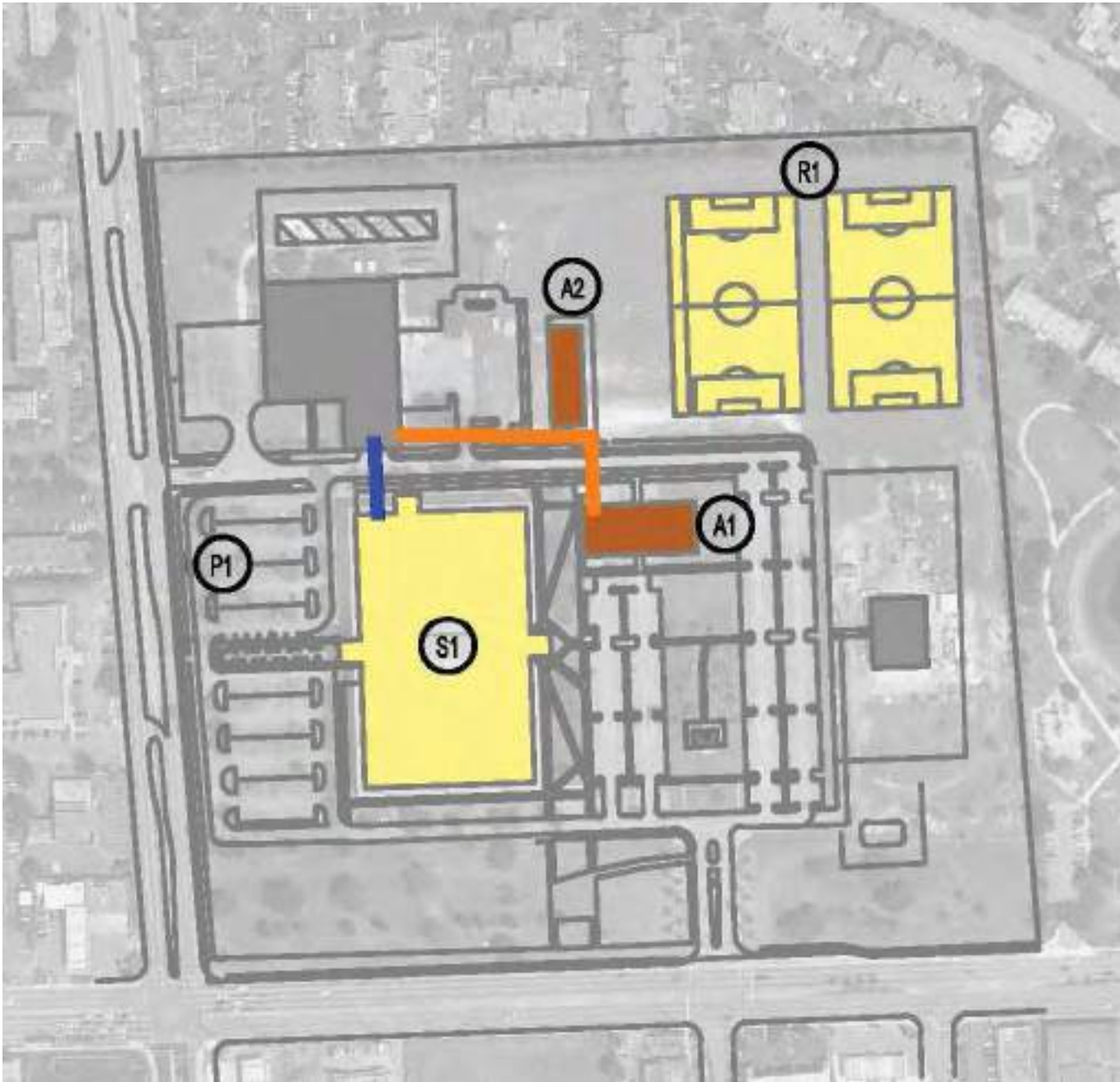


Figure 1.30 Engineering Center Chilled Water



Figure 1.31 Biscayne Bay Campus Chilled Water

11.0 TRANSPORTATION

At each of its locations, Florida International University’s goal is to increase multimodal access. With growing student enrollment, FIU will continue to place planning emphasis on providing safe, sustainable and adequate access to students, faculty, staff and visitors alike. Utilizing a variety of strategies, FIU aims to increase accessibility, mobility, and carbon reduction to accommodate future growth on each campus.

Transit

Florida International University will continue to coordinate with its respective host communities and Miami-Dade Transit to create additional opportunities for improved and frequent public transportation, additional bus stops near campus, and enhanced bus stops with amenities such as covered shelters and landscaping. Both Modesto A. Maidique Campus and the Engineering Center will provide major transit hubs and bus stops for evolving bus rapid transit programs to serve the university and local community.

Traffic Circulation

Improvements to existing infrastructure are needed to alleviate the demand placed on roadways with the current university population as well as accommodate future growth. Intersections and lane improvements adjacent to each campus have been identified. Coordination with Miami-Dade County and FDOT is needed to ensure proper and successful execution of these recommended improvements. In addition, the incorporation of safe and efficient bicycle lanes for commuting students is required both off and on campus. Realignment of streetscape improvements to perimeter streets, access drives and campus roads are required to promote a safe, secure and comfortable pedestrian oriented environment to complement the street network.

Parking

Parking demand and availability continues to be a challenge for FIU. While both Engineering Center and Biscayne Bay Campus have adequate available land for additional parking facilities, Modesto A. Maidique Campus has limited available land and road capacity. This lack of capacity has led to the creation of multi-purpose parking structures at the campus edge to reserve land within the academic core. In order to manage parking demand and reduce the need for additional parking facilities, FIU will continue to promote alternatives to traditional commuting such as improved transit, carpooling, additional on-campus student housing, new off-campus housing with campus connectivity, eLearning and hybrid class modules, and flexible work schedules.

Pedestrian and Non-Vehicular Circulation

Pedestrian circulation remains a major planning concern. FIU should expand its network of safe pedestrian walkways – with adequate widths for the volume - from the perimeter of campus to core academic and student life facilities. In tandem, it should expand and strengthen identifiable crosswalks at strategic locations where students move from parking garages and surface lots into the campus core. Signage and lighting will be key supporting components for these improvements. Safe movement for all users should be a paramount concern when locating and designing new facilities and their supporting pedestrian corridors. Vistas, cover from sun and rain, seating areas, and public art should be coordinated along pedestrian axes making way-finding easier, enjoyable and more intuitive. The proposed 8th Street TIGER Grant Pedestrian Bridge will provide a new landmark in safety, connectivity and campus/ community branding.

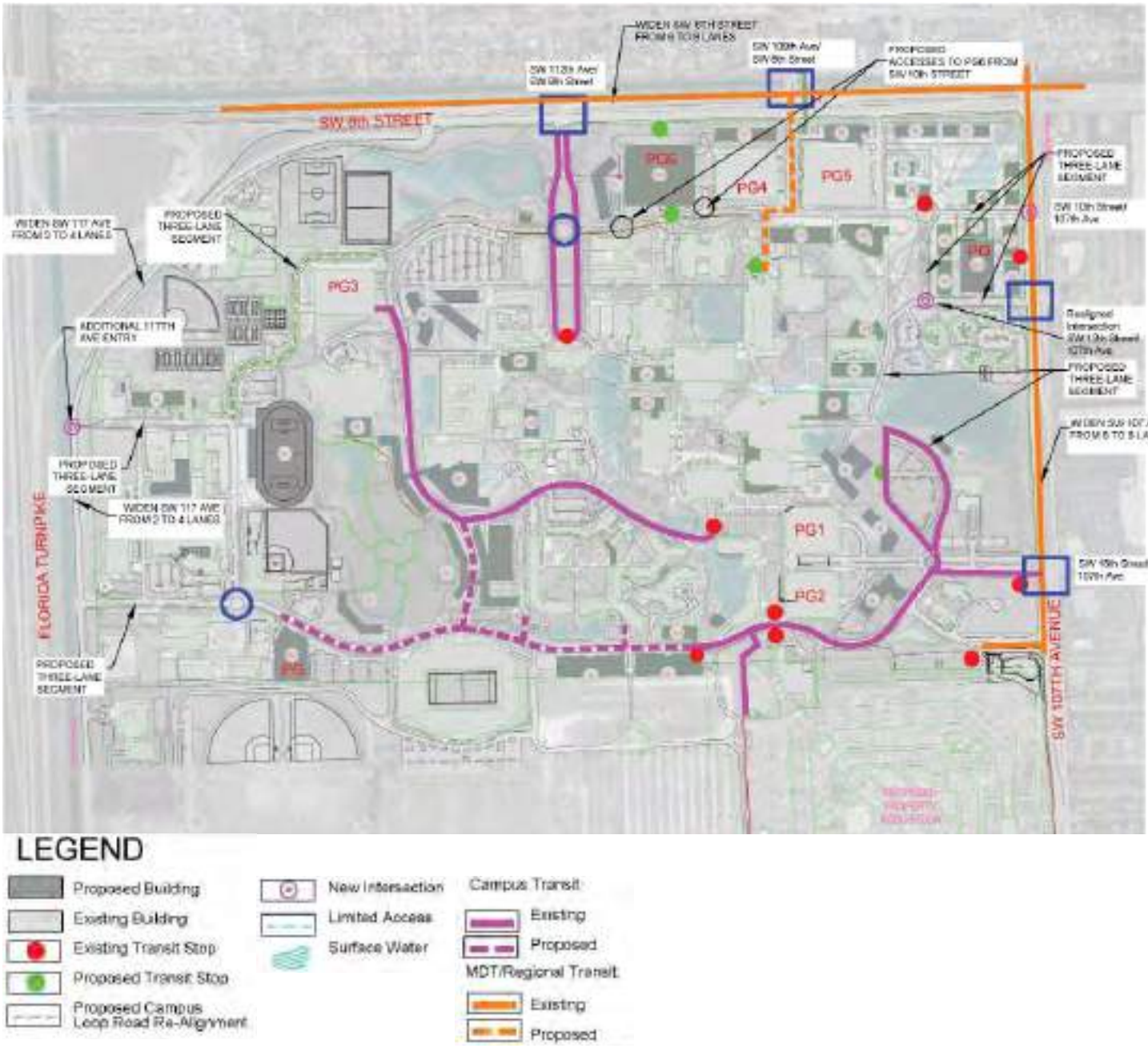


Figure 1.32 Modesto A. Maidique Campus Transit, Circulation and Parking

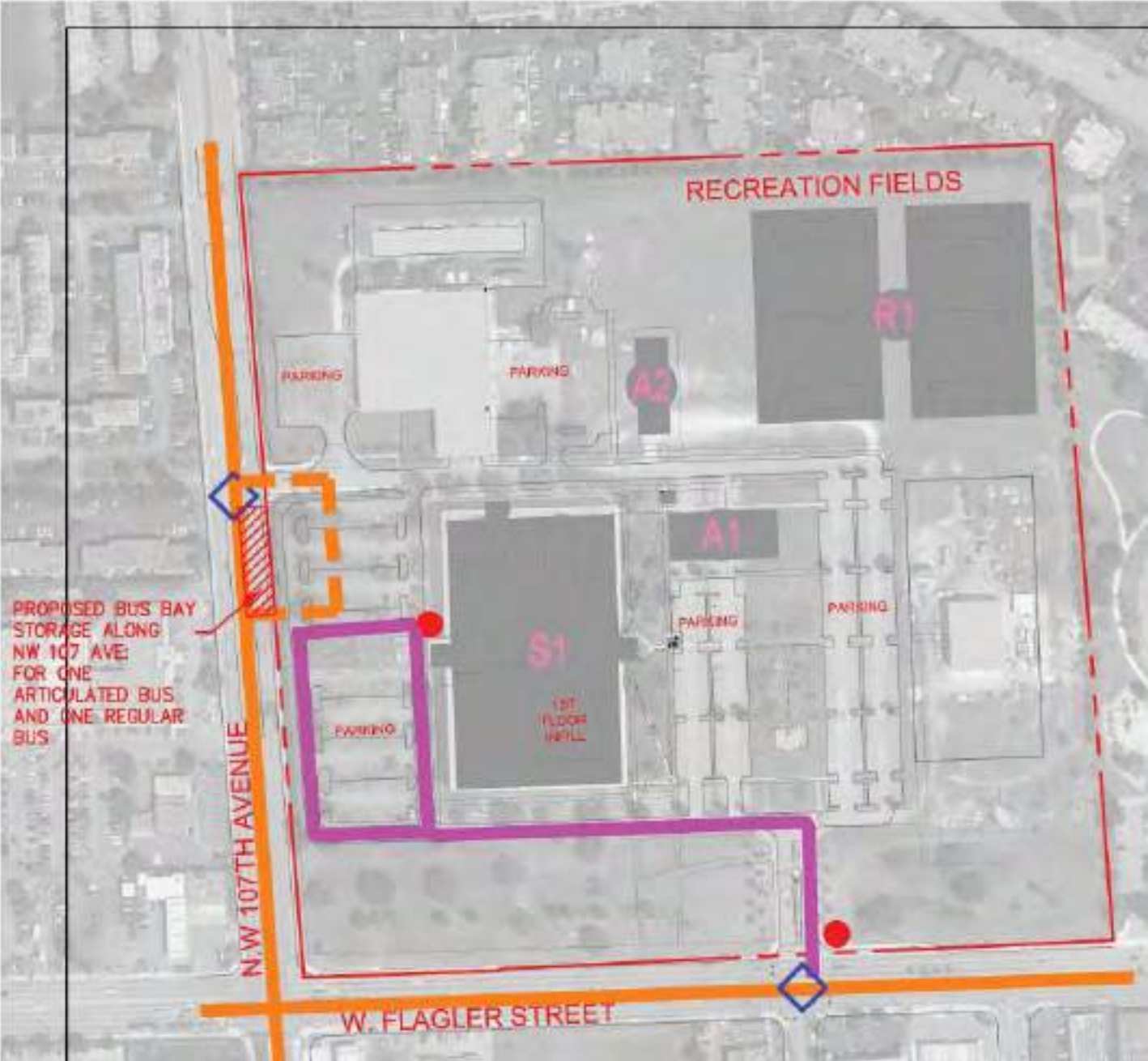


Figure 1.33 Engineering Center Transit, Circulation and Parking



Figure 1.34 Biscayne Bay Campus Transit, Circulation and Parking

12.0 INTERGOVERNMENTAL COORDINATION

Florida International University’s comprehensive planning process reflects and responds to the interaction between its people, programs, and amenities and vital elements of its surrounding host communities, concerned jurisdictions, and governmental agencies. The most important success factors for FIU in its relationships are cooperation, consideration, and coordination. The Campus Master Plan supports lasting and collaborative relationships with Miami-Dade County, the City of North Miami and the City of Sweetwater.

Cooperation

The Campus Master Plan recognizes the importance of the existing regulatory structure at the local, state and federal levels of government. Throughout the Campus Master Plan, FIU states its intention to cooperate with the permitting, concurrency and other applicable code requirements of overseeing regulatory agencies and departments of local and state government.

The University has dedicated itself to being a responsive and responsible member of both the Miami-Dade County business and educational communities. Existing programs, new areas of study, work-based learning opportunities for area businesses, and evolving student life amenities all rely on cooperation and communication between FIU, Sweetwater, and Miami-Dade business and economic development agencies. The current Sweetwater “University” Initiative and successful TIGER Grant application are important examples of this potential. These partnership opportunities and relationships have been structured into relevant elements of the Campus Master Plan.

Consideration

FIU recognizes that it is a large economic and development force within each host community. University projects have

the potential to affect planning, resources, development patterns, and surrounding land uses. Similarly, community land use and development around each campus have the potential to enhance or detract from the FIU’s unique academic environment. The Campus Master Plan supports the highest and best use of FIU property and development in consideration of its impact on the quality of life for neighboring businesses, residents, and land holders.

Coordination

The goal of intergovernmental coordination is the joint process for collaborative planning, decision making, and development review by governmental agencies. The Campus Master Plan identifies issues which, because of their unique circumstances, require intergovernmental coordination above and beyond that which routinely occurs in day-to-day university operations. FIU’s planning goals, objectives and policies facilitate coordination and communication with local government and service providers. If there are conflicts that arise, these mechanisms will be used to resolve the conflicts while working toward achievement of FIU’s planning implementation.

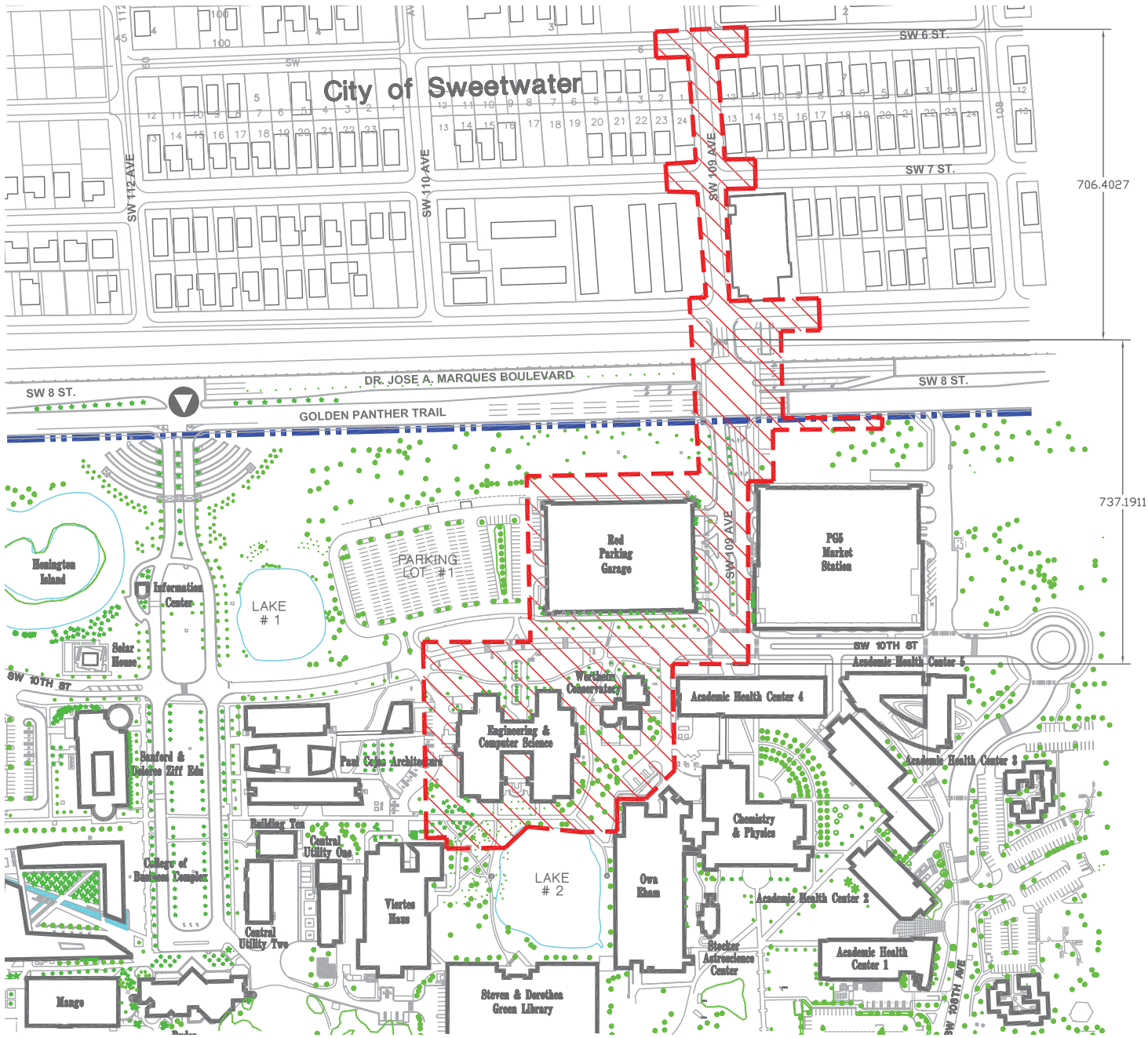


Figure 1.35 UniversityCity Prosperity Project



Figure 1.36 TIGER Grant Pedestrian Bridge



13.0 CONSERVATION

The overall goal of the Campus Master Plan is to allow for development that avoids negatively impacting existing natural resources or the environment. With future expansion planned to occur on each of Florida International University’s campuses, development must be sensitive to energy and water use as well as adverse impacts on native vegetative communities, wildlife habitats and ecosystems. All planning goals, objectives, and policies are consistent with the FIU Climate Action Plan, support USGBC standards for LEED Silver certification for New Construction, adhere to local, state and federal regulations, and comply with various agency guidelines and policies. Florida International University will partner with appropriate agencies, resources, and University faculty and staff to ensure all development is completed with minimal negative impacts.

In addition to conserving natural resources, FIU’s operational initiatives and procedures should minimize impacts to the environment. The overall energy, water, and waste footprint of the campus (and its growing student body) should be minimized by creating best practices that maintain high air and water quality, conserve water and energy, use non-hazardous materials, and promote campus-wide reuse and recycling. The Campus Master Plan recommendations support USGBC standards for LEED Silver certification for Existing Building Operations and Management.



Figure 1.37 The Preserve at Modesto A. Maidique Campus (top) & the BayWalk at Biscayne Bay Campus (bottom)



Figure 1.38 Modesto A. Maidique Conservation



Figure 1.39 Engineering Center Conservation



Figure 1.40 Biscayne Bay Campus Conservation

14.0 CAPITAL IMPROVEMENTS

Given the anticipated renovation, repurposing, new construction, and redevelopment needed to accommodate projected future growth at Florida International University, identifying and supporting funding mechanisms required for program and enrollment expansion is one of the most critical outcomes of the Campus Master Plan process. Implementation of the Campus Master Plan is contingent upon the application and efficient use of State University System (SUS) monies, FIU funds, collected revenues from public partnerships and private investments, and alumni and donor support. To supplement these sources of funding, more creative methods of gaining financial support must be explored should additional funds be needed.

The Campus Master Plan outlines both current projects as well as those that are scheduled for completion later in the 2020 planning period. While more immediate future projects have funding allocated to them, projects further down the timeline may not. Unforeseen funding and phasing complexities may evolve. As a result, the Master Plan serves as a flexible framework that can adapt to changes in the discreet timing of individual projects. Its effectiveness can be enhanced by continually monitoring and updating implementation as it proceeds. These updates should occur on an annual basis. The goals, objectives and policies of the Capital Improvements Element identify procedures and strategies to implement the Campus Master Plan in the most efficient and fiscally sound manner.



Figure 1.41 Planned projects at Modesto A. Maidique Campus and Biscayne Bay Campus include MANGO (top) and the Wildlife Center (bottom)



Figure 1.42 Modesto A. Maidique Campus Capital Improvements



Figure 1.43 Engineering Center Capital Improvements



Figure 1.44 Biscayne Bay Campus Capital Improvements

15.0 ARCHITECTURAL DESIGN GUIDELINES

The Architectural Design Guidelines outline protocol and procedures for the development and design of university-based facilities that consider more than just the exterior walls, but strive to meet both programmatic and aesthetic benchmarks. Emphasis is placed on creating facilities that are sensitive to their local environment and context, while utilizing sustainable construction materials and construction techniques.

Five comprehensive goals, outlined below, have been developed to inform the Architectural Design Element at FIU. These goals are used to develop buildings that preserve and enhance the image of higher education. They have been the base concept for past design and should serve as the foundation for future development of FIU facilities that stem from the Comprehensive Master Plan. The urban design guidelines, landscape design, and architectural design guidelines must work in conjunction to assure that future development supports the overall mission and vision of FIU and creates a cohesive campus fabric.

Highlights of Architectural Design Guidelines include the following:

- Incorporating a Project Responsibility Checklist, to assist in the process of following all necessary guidelines during the design and development of projects.
- Establishing Sustainable Design Guidelines and goals to help elevate the standards of energy efficiency and performance for all new buildings, as well as specifying principles and design drivers that will enhance pedestrian and outdoor environments.

- Outline the frame work for an Integrated Design Process, to assure successful implementation of all campus master plan guidelines.
- Establish the FIU Design Review Process, that will provide reviews and approvals of all designs within existing Campuses. This will ensure that all guidelines and goals established within the FIU Master Plan document are followed and achieved.
- Establish Architectural Guidelines and Components to reinforce and work in partnership with the Urban and Landscape Design guidelines, the FIU Building Standards, and the Office of Sustainability Guidelines.



Figure 1.45 Building styles, materials, public art and design used throughout Florida International University's campuses



Figure 1.46 Shaded walkways, courtyards and quads found throughout FIU's three campuses

16.0 LANDSCAPE DESIGN GUIDELINES

As the campuses at Florida International University continue to develop, ensuring adequate, high quality open space distributed throughout campus is an integral part of the Campus Master Plan. The Landscape Design Guidelines outline the procedures and framework needed for the creation, improvement and maintenance of existing and new outdoor spaces to aesthetically unify geographically separated campuses and showcase their unique natural environment. Emphasis is placed on reinforcing sustainable design practices as outlined by USGBC standards for LEED certification, American Society of Landscape Architects Sustainable Sites Initiative (SSI), and Florida Friendly Landscaping Principles.

The use of regulating axes, a hierarchy of outdoor spaces, and special purpose landscapes act as organizing elements that guide future on-campus development. Gathering spaces and main circulation routes should be reinforced with identifiable landscape treatments. Pedestrian corridors linking academic cores within campus should continue to be identified. As the overall character of the FIU campus continues to mature, various spaces will be defined following these guiding principles:

- Integrate architectural and site design in conjunction with landscape architectural design in the planning process to ensure that attractive settings and ample open spaces are provided in conjunction with new facilities.
- Seek to develop new significant landscape features in association with campus growth, including campus spaces such as quads, plazas, campus streets and campus edges while enhancing the concept of the "Avenue of the Arts" and "Avenue of the Professions",

"the Avenue of the Sciences", and the "Avenue of the Students".

- Blend new development sites with the character of the mature campus landscapes and other natural areas by retaining islands of natural vegetation in new development areas and creating new and similar vegetative areas that integrate the buildings and site facilities into the landscape.
- Continue the initial style and character of the original campus plantings with emphasis on transitioning and reflecting the natural formation of plantings.
- Maintain a selective palette of indigenous and site-adaptive plant species that express the subtropical environment, as well as those plants that promote Xeriscape principles.

17.0 FACILITIES MAINTENANCE

The Florida International University campuses boast a variety of original buildings – some dating back to its origins as the original Miami-Dade airport. The core facilities stem from the founding concrete facilities of the 1970’s; recent construction has included an era of innovative new buildings that are based on very different materials and design vocabulary. This wide array of buildings from different eras and with different architectural components displays the dynamic evolution of FIU. While finding ways to appropriately harmonize building systems, components and materials, equal attention should be given to all facilities to ensure proper maintenance and infrastructure changes.

FIU currently utilizes an Integrated Facility Maintenance Program. Priorities are assigned to address facility deficiencies based on explicit criteria and standards, with implementation limited by funding availability. The goals, objectives and policy outlined in the Campus Master Plan advocate for an expansion of the facilities maintenance program. A schedule for routine, preventative and deferred maintenance - along with strategic renovations and repurposing – will ensure that current and future facility needs are met.



Figure 1.47 Facilities incorporate a variety of materials and configurations accommodating an array of uses



Figure 1.48 Aerial view of the Biscayne Bay Campus



Figure 1.49 Biscayne Bay Campus Coastal Management

18.0 COASTAL MANAGEMENT

Biscayne Bay Campus boasts a location that few other universities can rival. The proximity to South Florida’s Atlantic coastline creates a picturesque, sub-tropical setting. However, the proximity comes with both its advantages and disadvantages and creates many challenges in the campus master planning process. Development on the campus must strive to take advantage of the amenities provided by the location, but be sensitive to the delicate ecosystem and the threat of hurricanes, tropical storms and flooding. Due to the complexity of the environment, the Campus Master Plan has been coordinated with local agency requirements such as Miami-Dade Division of Environmental Resource Management in order to ensure responsible development.

In addition to housing academic facilities, the location of Biscayne Bay Campus must also double as a refuge for individuals seeking shelter during a disaster. Requirements established by the State University System requires Florida International University to assess its facility’s capabilities to provide such shelter space when needed. The State University System is also required to survey existing University facilities to determine those that are appropriately designed and located to serve as shelters. The goals, objectives, and policies of the campus planning recommendations establish a framework for meeting these requirements.

FIU

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

March 27, 2014

Subject: Review of Financial Audit for Fiscal Year Ended June 30, 2013

Proposed Committee Action:

None. Discussion Item.

Background information:

The results of the State of Florida Auditor General's Financial Audit of the University for the fiscal year ended June 30, 2013 are submitted for Board of Trustees review.

Supporting Documentation: Financial Audit for Fiscal Year ended June 30, 2013

Facilitator/Presenter: Kenneth A. Jessell

FLORIDA INTERNATIONAL UNIVERSITY

Financial Audit

For the Fiscal Year Ended
June 30, 2013



STATE OF FLORIDA
AUDITOR GENERAL
DAVID W. MARTIN, CPA

BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2012-13 fiscal year are listed below:

Albert Maury, Chair
Michael M. Adler, Vice Chair
Sukrit Agrawal
Cesar L. Alvarez
Dr. Jose J. Armas
Jorge L. Arrizurieta
Robert T. Barlick, Jr.
Dr. Thomas A. Breslin to 7-31-12 (1)
Marcelo Claure
Mayi de la Vega
Laura Farinas to 5-5-13 (2)
Gerald C. Grant, Jr.
C. Delano Gray from 8-1-12 (1)
Claudia Puig
Liane M. Sippin from 5-6-13 (2)

Dr. Mark B. Rosenberg, President

Notes: (1) Faculty Senate Chair.
(2) Student Body President.

The Auditor General conducts audits of governmental entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The audit team leader was Michael K. Hollinger, and the audit was supervised by Ramon A. Gonzalez, CPA. Please address inquiries regarding this report to James R. Stultz, CPA, Audit Manager, by e-mail at jimstultz@aud.state.fl.us or by telephone at (850) 412-2869.

This report and other reports prepared by the Auditor General can be obtained on our Web site at www.myflorida.com/audgen; by telephone at (850) 412-2722; or by mail at G74 Claude Pepper Building, 111 West Madison Street, Tallahassee, Florida 32399-1450.

**FLORIDA INTERNATIONAL UNIVERSITY
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EXECUTIVE SUMMARY

Summary of Report on Financial Statements

Our audit disclosed that the University's basic financial statements were presented fairly, in all material respects, in accordance with prescribed financial reporting standards.

Summary of Report on Internal Control and Compliance

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

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

Audit Objectives and Scope

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

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

The scope of this audit included an examination of the University's basic financial statements as of and for the fiscal year ended June 30, 2013. We obtained an understanding of the University's environment, including its internal control, and assessed the risk of material misstatement necessary to plan the audit of the basic financial statements. We also examined various transactions to determine whether they were executed, in both manner and substance, in accordance with governing provisions of laws, rules, regulations, contracts, and grant agreements.

An examination of Federal awards administered by the University is included within the scope of our Statewide audit of Federal awards administered by the State of Florida. The results of our operational audit of the University are included in our report No. 2014-060.

Audit Methodology

The methodology used to develop the findings in this report included the examination of pertinent University records in connection with the application of procedures required by auditing standards generally accepted in the United States of America and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.



DAVID W. MARTIN, CPA
AUDITOR GENERAL

AUDITOR GENERAL STATE OF FLORIDA

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111 West Madison Street
Tallahassee, Florida 32399-1450



PHONE: 850-412-2722
FAX: 850-488-6975

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

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, as described in note 1 to the financial statements, which represent 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida International University and of its aggregate discretely presented component units as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

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

Respectfully submitted,



David W. Martin, CPA
Tallahassee, Florida
March 17, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

The 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, 2013, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements—and Management's Discussion and Analysis—for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of University management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2013, and June 30, 2012. **(STD Language)**

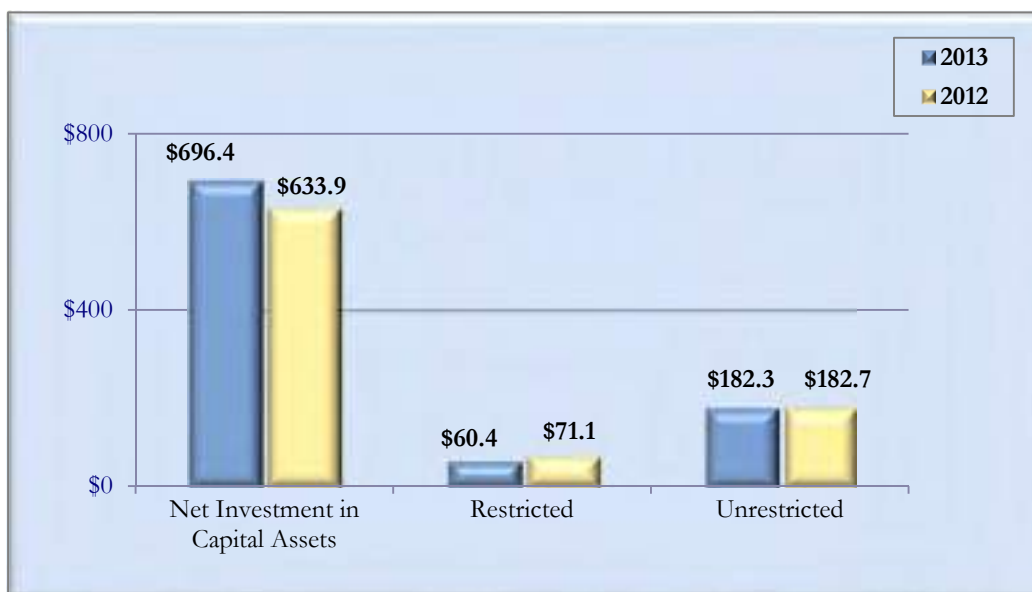
FINANCIAL HIGHLIGHTS

The University's assets totaled \$1.3 billion at June 30, 2013. This balance reflects a \$6.8 million, or 0.5 percent, increase as compared to the 2011-12 fiscal year. Contributing to the increase during the 2012-13 fiscal year was the \$76.7 million in additions to depreciable capital asset and \$66.4 million in net additions to construction in progress for several major construction projects. These increases were offset by a decrease of \$55.4 million due from the State for prior year capital appropriations that were approved for disbursement during the 2012-13 fiscal year, and \$38.3 million in prior year bond proceeds that were currently used for a major construction project, as well as \$39.6 million in current depreciation expense. While assets increased, liabilities decreased by \$44.6 million, or 12.3 percent, totaling \$319.0 million at June 30, 2013, as compared to \$363.6 million at June 30, 2012. This decrease was due to the current recognition of revenue, on previously reported unearned revenue, for encumbrances on construction projects that were approved by the State during the 2012-13 fiscal year. As a result, the University's net position increased by \$51.4 million, resulting in a year-end balance of \$939.1 million.

The University's operating revenues totaled \$462.5 million for the 2012-13 fiscal year, representing a \$43.5 million, or 10.4 percent, increase over the 2011-12 fiscal year. Major components of operating revenues are student tuition and fees, auxiliary enterprise revenues, and grants and contracts. Net tuition and fees increased \$53.1 million. Sales and services of auxiliary enterprises decreased \$15.4 million. Grants and contract revenue increased \$3.1 million. Explanations for these three changes are provided on pages 8 and 9. Operating expenses totaled \$773 million for the 2012-13 fiscal year, representing an increase of \$34.9 million, or 4.7 percent, over the 2011-12 fiscal year due mainly to an increase in compensation and employee benefits of \$34 million.

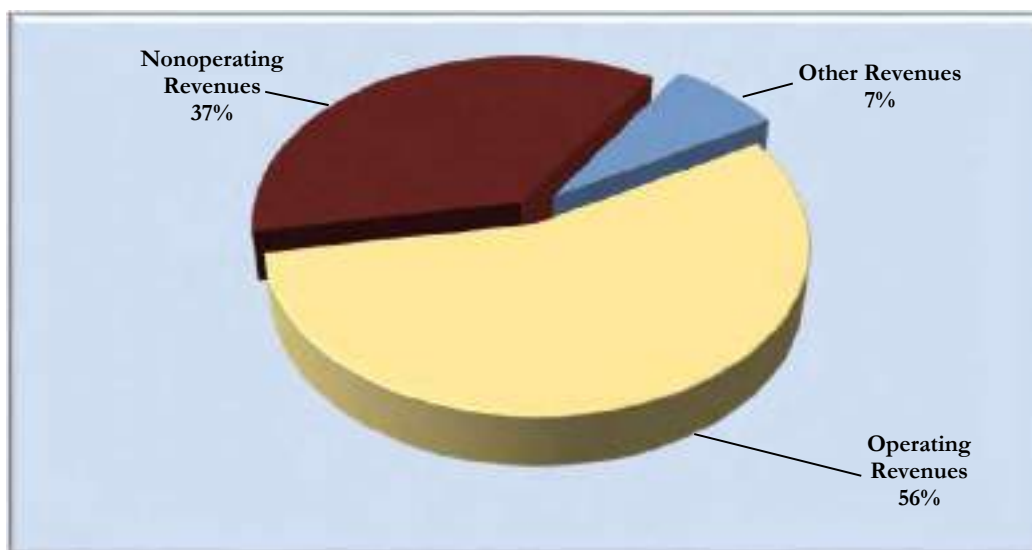
Net position represents the residual interest in the University's assets after deducting liabilities. The University's comparative total net position by category for the fiscal years ended June 30, 2013, and June 30, 2012, is shown in the following graph:

Net Position (In Millions)



The following chart provides a graphical presentation of University revenues by category for the 2012-13 fiscal year:

Total Revenues



OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. The financial statements, and notes thereto, encompass the University and its discretely presented component units as follows:

- Florida International University Foundation, Inc. (Foundation).
- Florida International University Research Foundation, Inc. (Research Foundation).
- FIU Athletics Finance Corporation (Finance Corporation).

- Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (Health Care Network).

Based upon the application of the criteria for determining component units, the Foundation, Research Foundation, Finance Corporation, and Health Care Network are included within the University reporting entity as discretely presented component units. Information regarding the discretely presented component units, including summaries of their separately issued financial statements, is presented in the notes to financial statements. This MD&A focuses on the University, excluding the discretely presented component units. For those discretely presented component units reporting under GASB standards, MD&A information is included in their separately issued audit reports.

During the 2012-13 fiscal year, University management determined that the Florida International University College of Medicine Self-Insurance Program (Program) was no longer reportable as a blended component unit, as in previous years. However, the Program became part of the University and the financial activities were reported as a part of the University for the 2012-13 fiscal year.

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. The difference between total assets and total liabilities, net assets, is one indicator of the University's current financial condition. The changes in net position that occurs over time indicate improvement or deterioration in the University's financial condition.

The following summarizes the University's assets, liabilities, and net position at June 30:

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

	2013	2012
Assets		
Current Assets	\$ 365.4	\$ 416.5
Capital Assets, Net	852.9	751.4
Other Noncurrent Assets	39.8	83.4
Total Assets	1,258.1	1,251.3
Liabilities		
Current Liabilities	75.8	102.8
Noncurrent Liabilities	243.2	260.8
Total Liabilities	319.0	363.6
Net Position		
Net Investment in Capital Assets	696.4	633.9
Restricted	60.4	71.1
Unrestricted	182.3	182.7
Total Net Position	\$ 939.1	\$ 887.7

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

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

The following summarizes the University's activity for the 2012-13 and 2011-12 fiscal years:

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

	2012-13	2011-12
Operating Revenues	\$ 462.5	\$ 419.0
Less, Operating Expenses	<u>773.0</u>	<u>738.1</u>
Operating Loss	(310.5)	(319.1)
Net Nonoperating Revenues	<u>298.4</u>	<u>291.2</u>
Loss Before Other Revenues, Expenses, Gains, or Losses	(12.1)	(27.9)
Other Revenues	<u>63.5</u>	<u>39.0</u>
Net Increase In Net Position	51.4	11.1
Net Position, Beginning of Year	<u>887.7</u>	<u>876.6</u>
Net Position, End of Year	<u><u>\$ 939.1</u></u>	<u><u>\$ 887.7</u></u>

Operating Revenues

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

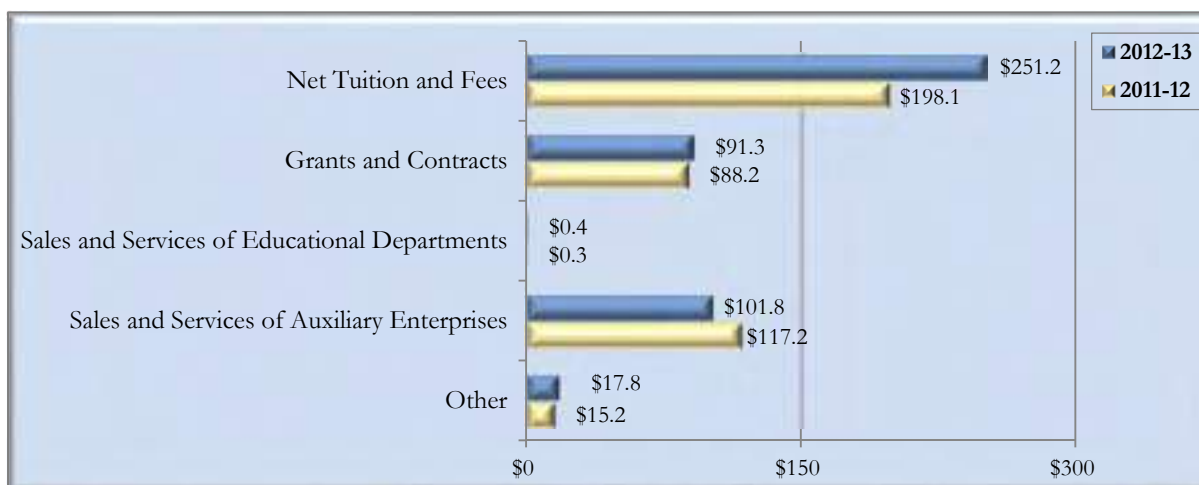
The following summarizes the operating revenues by source that were used to fund operating activities for the 2012-13 and 2011-12 fiscal years:

Operating Revenues
(In Millions)

	2012-13	2011-12
Net Tuition and Fees	\$ 251.2	\$ 198.1
Grants and Contracts	91.3	88.2
Sales and Services of Educational Departments	0.4	0.3
Sales and Services of Auxiliary Enterprises	101.8	117.2
Other	<u>17.8</u>	<u>15.2</u>
Total Operating Revenues	<u><u>\$ 462.5</u></u>	<u><u>\$ 419.0</u></u>

The following chart presents the University's operating revenues for the 2012-13 and 2011-12 fiscal years:

Operating Revenues (In Millions)



University operating revenue changes were the result of the following factors:

- Student tuition and fees increased \$53.1 million. There was a \$28 million increase primarily due to an increase in tuition and fees of 15 percent and an increase in student enrollment of 2.5 percent. In addition, market rate continuing education revenue also increased in the current year for expanded and new programs, the latter of which generated \$25.1 million in revenues. In prior years, these programs were included in sales and services of auxiliary enterprises.
- Grants and contracts revenue increased \$3.1 million primarily due to higher Federal and private funding for global water access and sanitation programs.
- Sales and services of auxiliary enterprises decreased \$15.4 million. An increase of approximately \$9.7 million was due to higher fees for non-market rate continuing education programs and higher distance learning fees due to increased enrollment in fully online courses. Additionally, other fees and revenue driven by higher student enrollment such as parking access fees, housing fees, and commissions on retail spaces also contributed to the increase. This increase was offset by a decrease of \$25.1 million due to revenues from market rate continuing education programs now reported as student tuition and fees.
- Other operating revenue increased \$2.6 million primarily due to revenue generated from new affiliation agreements with local healthcare providers entered into by the College of Medicine in the current year.

Operating Expenses

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

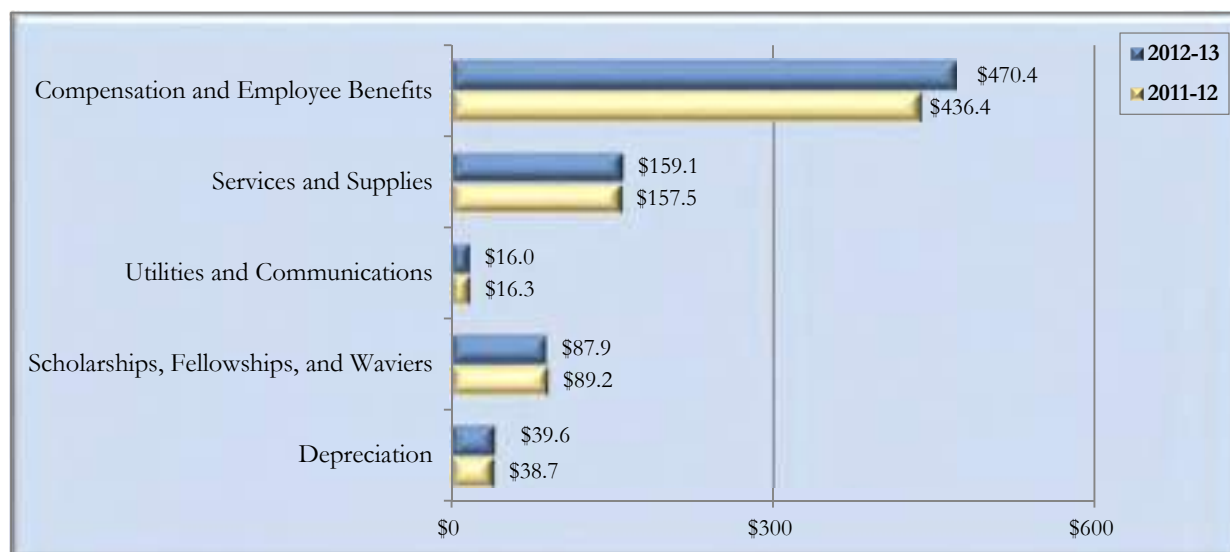
The following summarizes the operating expenses by natural classifications for the 2012-13 and 2011-12 fiscal years:

**Operating Expenses
For the Fiscal Years
(In Millions)**

	2012-13	2011-12
Compensation and Employee Benefits	\$ 470.4	\$ 436.4
Services and Supplies	159.1	157.5
Utilities and Communications	16.0	16.3
Scholarships, Fellowships, and Waivers	87.9	89.2
Depreciation	39.6	38.7
Total Operating Expenses	\$ 773.0	\$ 738.1

The following chart presents the University's operating expenses for the 2012-13 and 2011-12 fiscal years:

**Operating Expenses
(In Millions)**



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

- Compensation and employee benefits increased \$34 million. This increase was primarily due to an increase in the number of employees, a 2% across the board salary increase, and an increase in healthcare insurance costs borne by the University.
- Services and supplies increased \$1.6 million. The increase is primarily related to increases in other operating expenses of \$8.5 million for higher rent costs for building and facilities space, an increase in expenses for furniture and equipment costing less than \$5,000, and bad debt expense. This increase was offset by a decrease in contractual services of \$6.9 million.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State Student financial aid, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets. The following summarizes the University's nonoperating revenues and expenses for the 2012-13 and 2011-12 fiscal years:

Nonoperating Revenues (Expenses)
(In Millions)

	2012-13	2011-12
State Noncapital Appropriations	\$ 173.8	\$ 195.0
Federal and State Student Financial Aid	107.9	112.4
Investment Income	13.3	9.0
Other Nonoperating Revenues	10.5	9.5
Gain (Loss) on Disposal of Capital Assets	0.2	(0.5)
Interest on Capital Asset-Related Debt	(7.1)	(6.1)
Other Nonoperating Expenses	(0.2)	(28.1)
Net Nonoperating Revenues	\$ 298.4	\$ 291.2

Net nonoperating revenues increased by \$7.2 million, or 2.5 percent, from the prior fiscal year due mainly to the following factors:

- There was a decrease of \$21.2 million in State noncapital appropriations and a decrease of \$4.5 million in Federal and State student financial aid. The decreases were partially offset by an increase of \$4.3 million in investment income and an increase in other nonoperating revenue of \$1 million.
- Other nonoperating expenses decreased \$27.9 million primarily due to the inclusion in the prior fiscal year of a nonrecurring, noncash item totaling \$28 million, for capital assets removed from the accounting records due to a change in capitalization threshold.

Other Revenues, Expenses, Gains, or Losses

This category is mainly 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 2012-13 and 2011-12 fiscal years:

Other Revenues, Expenses, Gains, or Losses
(In Millions)

	2012-13	2011-12
State Capital Appropriations	\$ 59.4	\$ 34.3
Capital Grants, Contracts, Donations, and Fees	4.1	4.7
Total	\$ 63.5	\$ 39.0

Other revenues, expenses, gains, or losses totaled \$63.5 million for the 2012-13 fiscal year. The increase of \$24.5 million represents a 62.8 percent increase compared to the 2011-12 fiscal year and was due to a \$25.1 million increase in State capital appropriations earned from authorized encumbrances for current construction projects, offset by a \$0.6 million decrease in capital donations.

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 2012-13 and 2011-12 fiscal years:

Condensed Statement of Cash Flows (In Millions)		
	<u>2012-13</u>	<u>2011-12</u>
Cash Provided (Used) by:		
Operating Activities	\$ (249.9)	\$ (272.1)
Noncapital Financing Activities	276.2	315.5
Capital and Related Financing Activities	(82.7)	3.5
Investing Activities	<u>65.1</u>	<u>(53.7)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	8.7	(6.8)
Cash and Cash Equivalents, Beginning of Year	<u>3.2</u>	<u>10.0</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11.9</u>	<u>\$ 3.2</u>

Major sources of funds came from State noncapital appropriations (\$173.8 million), Federal direct student loan program receipts (\$254.9 million), net student tuition and fees (\$252.2 million), grants and contracts (\$91.2 million), sales and services of auxiliary enterprises (\$102.3 million), proceeds from sales and maturities of investments (\$893.7 million), State capital appropriations (\$103.1 million), and Federal and State student financial aid (\$107.9 million). Major uses of funds were for payments made to and on behalf of employees (\$457.7 million); payments to suppliers (\$172.1 million), disbursements to students for Federal direct student loan program disbursements (\$259.4 million), purchases of capital assets (\$173.8 million), purchases of investments (\$836.5 million), and payments to and on behalf of students for scholarships (\$87.9 million).

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2013, the University had \$1.3 billion in capital assets, less accumulated depreciation of \$409.6 million, for net capital assets of \$852.9 million. Depreciation charges for the current fiscal year totaled \$39.6 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30
(In Millions)

	2013	2012
Land	\$ 28.4	\$ 31.0
Construction in Progress	146.2	79.8
Buildings	591.7	552.9
Infrastructure and Other Improvements	4.5	4.1
Furniture and Equipment	34.2	33.6
Library Resources	42.6	45.7
Property Under Capital Leases and Leasehold Improvements	0.6	0.5
Works of Art and Historical Treasures	4.0	3.0
Computer Software	0.7	0.8
Capital Assets, Net	\$ 852.9	\$ 751.4

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

CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses through June 30, 2013, were incurred on the following projects: \$49.5 million for Parkview Housing, \$14.9 million for the Robert Stempel Public Health and Social Science Building, and \$9.5 million for the Science Classroom Complex. The University's major construction commitments at June 30, 2013, are as follows:

	Amount (In Millions)
Total Committed	\$ 270.5
Completed to Date	(146.2)
Balance Committed	\$ 124.3

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

DEBT ADMINISTRATION

As of June 30, 2013, the University had \$158.7 million in outstanding capital improvement debt payable representing a decrease of \$7.1 million, or 4.3 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30, 2013, and June 30, 2012:

Long-Term Debt, at June 30
(In Millions)

	2013	2012
Capital Improvement Debt	\$ 158.7	\$ 165.8
Capital Leases		0.3
Total	\$ 158.7	\$ 166.1

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 slow and steady economic improvement continued into the 2012-13 fiscal year and is a welcome trend in light of numerous national and global fiscal hurdles. Florida's economy was significantly impacted during the economic downturn and the recovery process has been lengthy. The limited available resources from the State hastened a change in the funding model, shifting to a greater reliance on tuition and heightened funding expectations from the governing board of the State University System (SUS). This was evidenced by the absence of legislative-based and differential tuition increases for the 2013-14 academic year. Base tuition rose by 1.7 percent due to statutory language that provides for an increase equal to the change in the consumer price index in the absence of any legislatively-approved increase. Additionally, performance-based funding is now reality and the Board of Governors is tasked with distributing \$20 million allocated by the legislature to the SUS. We expect future economic gains will be tied to performance-based funding. In other positive results from the 2013 legislative session, the prior fiscal year non-recurring reduction of \$300 million to the SUS was fully restored for the 2013-14 fiscal year; FIU's portion was \$24.3 million.

The FIU Herbert Wertheim College of Medicine (HWCOC) received full accreditation from the Liaison Committee on Medical Education (LCME) in February 2013, and held its first commencement for 33 students from its 2009 inaugural class. State appropriations for the HWCOC increased by \$3.2 million for the 2013-14 fiscal year, of which \$0.7 million was for the medical school implementation, \$1.8 million was for legislative budget requests (LBRs) on specific projects and programs, and \$0.7 million was for health and retirement benefits. Total State appropriations for the HWCOC reached \$30.1 million for the 2013-14 fiscal year.

Local, State, national, and global economic factors will continue to influence the resources available to the State. The economy is slowly recovering, but it is still too early to determine if the predictable and stable funding methods of the past will materialize and continue in the future. The SUS and FIU need to prepare for alternative funding strategies in order to participate in future allocations from the State and continue to provide educational opportunities to qualified students. The predominant theme for the upcoming years is one that requires maximizing resources through effective planning while focusing on student success. As the legislature and the Board of Governors place more emphasis on performance-based funding, FIU will strategically implement changes in order to excel or improve on the forthcoming performance measures while continuing to deliver Worlds Ahead programs.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A or other required supplementary information, the financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer and Senior Vice President for Finance and Administration, Dr. Kenneth Jessell, at Florida International University, 1120 Southwest 8th Street, Miami, Florida 33199.

BASIC FINANCIAL STATEMENTS

FLORIDA INTERNATIONAL UNIVERSITY A COMPONENT UNIT OF THE STATE OF FLORIDA STATEMENT OF NET POSITION June 30, 2013

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 11,601,314	\$ 11,529,128
Investments	262,774,892	195,505,802
Accounts Receivable, Net	31,204,797	69,774,604
Loans and Notes Receivable, Net	1,070,472	
Due from State	56,271,906	
Due from Component Units/University	984,217	252,963
Inventories	250,098	
Other Current Assets	1,288,153	2,272,949
Total Current Assets	365,445,849	279,335,446
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	280,647	2,017,600
Restricted Investments	28,504,339	2,828,859
Loans and Notes Receivable, Net	2,050,460	
Depreciable Capital Assets, Net	674,311,582	16,138,328
Nondepreciable Capital Assets	178,565,951	2,500
Due from Component Units/University	6,915,807	
Other Noncurrent Assets	2,043,075	25,699,779
Total Noncurrent Assets	892,671,861	46,687,066
Total Assets	1,258,117,710	326,022,512
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated Decrease in Fair Value of Hedging Derivatives		2,156,186
LIABILITIES		
Current Liabilities:		
Accounts Payable	14,374,582	886,822
Construction Contracts Payable	20,249,357	
Salaries and Wages Payable	4,923,703	
Deposits Payable	3,229,086	
Due to State	304,381	
Due to Component Units/University	252,963	984,217
Unearned Revenue	21,320,583	1,693,187
Other Current Liabilities	214,904	205,235
Long-Term Liabilities - Current Portion:		
Bonds Payable		656,479
Capital Improvement Debt Payable	8,465,350	
Notes Payable		720,000
Compensated Absences Payable	2,416,751	
Liability for Self-Insured Claims	44,681	
Total Current Liabilities	75,796,341	5,145,940

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2013

	<u>University</u>	<u>Component Units</u>
LIABILITIES (Continued)		
Noncurrent Liabilities:		
Bonds Payable	\$	\$ 31,753,843
Capital Improvement Debt Payable	150,217,974	
Notes Payable		6,920,000
Compensated Absences Payable	31,756,761	
Due to Component Units/University		6,915,807
Other Postemployment Benefits Payable	26,197,000	
Unearned Revenue	32,592,946	719,360
Liability for Self-Insured Claims	31,049	
Other Long-Term Liabilities	<u>2,431,463</u>	<u>5,196,457</u>
Total Noncurrent Liabilities	<u>243,227,193</u>	<u>51,505,467</u>
Total Liabilities	<u>319,023,534</u>	<u>56,651,407</u>
NET POSITION		
Net Investment in Capital Assets	696,348,935	6,153,447
Restricted for Nonexpendable:		
Endowment		194,151,119
Restricted for Expendable:		
Debt Service	2,868,839	
Loans	487,003	
Capital Projects	15,278,667	
Other	41,794,111	53,898,662
Unrestricted	<u>182,316,621</u>	<u>17,324,063</u>
TOTAL NET POSITION	<u>\$ 939,094,176</u>	<u>\$271,527,291</u>

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

FLORIDA INTERNATIONAL 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, 2013

	<u>University</u>	<u>Component Units</u>
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$96,797,580	\$ 251,226,703	\$
Federal Grants and Contracts	73,691,576	
State and Local Grants and Contracts	6,528,178	
Nongovernmental Grants and Contracts	11,053,453	
Sales and Services of Educational Departments	438,946	
Sales and Services of Auxiliary Enterprises	101,809,515	
Sales and Services of Component Units		2,578,877
Gifts and Donations		35,492,206
Interest on Loans and Notes Receivable	43,279	
Other Operating Revenues	<u>17,716,973</u>	<u>7,175,108</u>
Total Operating Revenues	<u>462,508,623</u>	<u>45,246,191</u>
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	470,438,146	
Services and Supplies	159,132,639	17,791,929
Utilities and Communications	15,977,665	157,165
Scholarships, Fellowships, and Waivers	87,936,402	
Depreciation	39,586,091	665,505
Other Operating Expenses		<u>6,911,738</u>
Total Operating Expenses	<u>773,070,943</u>	<u>25,526,337</u>
Operating Income (Loss)	<u>(310,562,320)</u>	<u>19,719,854</u>
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	173,819,413	
Federal and State Student Financial Aid	107,919,392	
Investment Income	13,314,091	21,617,493
Other Nonoperating Revenues	10,557,659	
Gain on Disposal of Capital Assets	180,464	
Interest on Capital Asset-Related Debt	(7,110,940)	(1,484,745)
Other Nonoperating Expenses	<u>(240,477)</u>	
Net Nonoperating Revenues	<u>298,439,602</u>	<u>20,132,748</u>
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	<u>(12,122,718)</u>	<u>39,852,602</u>
State Capital Appropriations	59,413,278	
Capital Grants, Contracts, Donations, and Fees	4,122,866	
Other Expenses		<u>(860,408)</u>
Increase in Net Position	51,413,426	38,992,194
Net Position, Beginning of Year	<u>887,680,750</u>	<u>232,535,097</u>
Net Position, End of Year	<u>\$ 939,094,176</u>	<u>\$ 271,527,291</u>

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

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS
For the Fiscal Year Ended June 30, 2013

	<u>University</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	\$ 252,152,779
Grants and Contracts	91,204,225
Sales and Services of Educational Departments	438,945
Sales and Services of Auxiliary Enterprises	102,269,028
Interest on Loans and Notes Receivable	41,240
Payments to Employees	(457,676,316)
Payments to Suppliers for Goods and Services	(172,134,326)
Payments to Students for Scholarships and Fellowships	(87,936,402)
Loans Issued to Students	(5,302,849)
Collection on Loans to Students	5,070,326
Other Operating Receipts	21,960,983
Net Cash Used by Operating Activities	<u>(249,912,367)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	173,819,413
Federal and State Student Financial Aid	107,929,024
Federal Direct Loan Program Receipts	254,931,125
Federal Direct Loan Program Disbursements	(259,368,913)
Operating Subsidies and Transfers	(593,394)
Net Change in Funds Held for Others	(12,970,841)
Other Nonoperating Receipts	12,490,983
Net Cash Provided by Noncapital Financing Activities	<u>276,237,397</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	103,108,162
Capital Grants, Contracts, Donations, and Fees	2,720,871
Proceeds from Sale of Capital Assets	76,472
Other Disbursements for Capital Projects	(105,795)
Capital Subsidies and Transfers	(233,162)
Purchase or Construction of Capital Assets	(173,761,025)
Principal Paid on Capital Debt and Leases	(7,085,726)
Interest Paid on Capital Debt and Leases	(7,468,558)
Net Cash Used by Capital and Related Financing Activities	<u>(82,748,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	893,677,378
Purchase of Investments	(836,480,829)
Investment Income	7,926,560
Net Cash Provided by Investing Activities	<u>65,123,109</u>
Net Increase in Cash and Cash Equivalents	8,699,378
Cash and Cash Equivalents, Beginning of Year	<u>3,182,583</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,881,961</u>

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2013**

	<u>University</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (310,562,320)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation Expense	39,586,091
Change in Assets and Liabilities:	
Receivables, Net	2,084,471
Inventories	240,427
Other Assets	(468,571)
Accounts Payable	3,108,794
Salaries and Wages Payable	4,923,703
Deposits Payable	2,708,133
Compensated Absences Payable	826,126
Unearned Revenue	765,847
Liability for Self-Insured Claims	(137,068)
Other Postemployment Benefits Payable	7,012,000
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (249,912,367)</u>

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

Unrealized gains on investments were recognized as an increase to investment income on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 5,513,893
Gains from the disposal of capital assets were recognized on the statement of revenues, expenses, and changes in net position, but are not cash transactions for the statement of cash flows.	\$ 180,464

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

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2013**

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 thirteen members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The 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. The Trustees select the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading. 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.

The Florida International University College of Medicine Self-Insurance Program (Program) was created June 18, 2009, by the Florida Board of Governors, pursuant to Section 1004.24, Florida Statutes, and provides professional and general liability protection for faculty, medical residents, and students of the College of Medicine. During the 2012-13 fiscal year, University management determined that the Program no longer qualified to be reported as a blended component unit. However, the Program became part of the University and the financial activities were reported as a part of the University for the 2012-13 fiscal year.

Discretely Presented Component Units. Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit, corporations are 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 are governed by separate boards. The Statute authorizes these organizations to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University. These organizations and their purposes are explained as follows:

- Florida International University Foundation, Inc. (Foundation), – The purpose of the Foundation is to encourage, solicit, receive, and administer gifts and bequests of property and funds for the advancement of the University and its objectives.

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- Florida International University Research Foundation, Inc. (Research Foundation), – The purpose of the Research Foundation includes the promotion and encouragement of, and assistance to, the research and training activities of faculty, staff, and students of the University through income from contracts, grants, and other sources, including, but not limited to, income derived from or related to the development and commercialization of University work products.
- FIU Athletics Finance Corporation (Finance Corporation) – The purpose of the Finance Corporation includes the support to the University in matters pertaining to the financing of the University's football stadium and, subsequently, the management and operation of the facility.
- The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. (Health Care Network), – The purpose of the Health Care Network is to improve and support health education at the University.

An annual audit of each organization's financial statements is conducted by independent certified public accountants. The annual report is submitted to the Auditor General and the University Board of Trustees. Additional information on the University's component units, including copies of audit reports, is available by contacting the University Controller. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

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

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

Basis of Accounting. Basis of accounting refers to when revenues, expenses, and related assets, deferred outflows of resources, and liabilities 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, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues,

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expenses, gains, losses, assets, deferred outflows of resources, and liabilities resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University follows GASB standards of accounting and financial reporting.

The University's discretely presented component units use the economic resources measurement focus and accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follow GASB standards of accounting and financial reporting except for the Foundation, which 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 on capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, and investment income (net of unrealized gains or losses on investments). Interest on capital asset-related debt is a nonoperating expense.

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 differences between the stated charge for goods and services provided by the University and the amount that is actually paid by a student or a third party making payment on behalf of the student. The University applied "The Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition 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 on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes. Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets, are classified as restricted.

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Concentration of Credit Risk – Component Units

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents in banks, investments, and promises to give.

In addition to insurance provided by the Federal Depository Insurance Corporation (FDIC), the Foundation, the Finance Corporation, the Health Care Network, and the Research Foundation deposits, with the exception of the Research Foundation's deposits held in Tanzania and Burkina Faso in West Africa, are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit with the Treasurer or another banking institution, eligible collateral. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, all amounts reported as deposits, with the exception noted above, are insured or collateralized with securities held by the entity or its agent in the entity's name.

Financial instruments that potentially subject the Finance Corporation to concentration of credit risk consist principally of cash in banks and investments.

In February 2012, the Research Foundation opened a bank account in Burkina Faso in West Africa to support the operations pertaining to the West Africa Water Supply, Sanitation and Hygiene (WA-WASH) Program under a U.S. Agency for International Development (USAID) grant. The balance in this account of \$151,794 as of June 30, 2013, is not FDIC-insured and is subject to foreign exchange risk. The Research Foundation maintains its cash balances with high quality financial institutions, which the Research Foundation believes limits these risks.

Capital Assets. University capital assets consist of land; works of art and historical treasures; construction in progress; buildings, infrastructure and other improvements; furniture and equipment; library resources; property under capital leases and leasehold improvements; and computer software. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair 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 \$250 for library resources, \$5,000 for tangible personal property, and \$50,000 for new buildings, leasehold improvements, and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 15 years
- Furniture and Equipment – 3 to 20 years
- Library Resources – 10 years
- Property Under Capital Leases – 5 years
- Leasehold Improvements – Various based on lease terms
- Computer Software – 5 years

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Depreciable assets of the Foundation are stated at cost and are net of accumulated depreciation of \$3,783,007. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from 5 to 40 years.

Depreciable assets of the Health Care Network are stated at cost and are net of accumulated depreciation of \$350,361. Depreciation is provided using the straight-line method over the estimated useful lives from 5 to 15 years for the assets.

Noncurrent Liabilities. Noncurrent liabilities include capital improvement debt payable, compensated absences payable, other postemployment benefits payable, unearned revenue, liability for self-insured claims, and other long-term liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt is reported net of unamortized premium or discount and deferred losses on refunding. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method. Deferred losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method. Although there were no issuance costs paid from debt proceeds, it is the University's policy to report such costs as deferred charges and amortize them over the life of the debt using the straight-line method.

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 University's Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the SBA; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

The University's investments at June 30, 2013, are reported at fair value, as follows:

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<u>Investment Type</u>	<u>Amount</u>
External Investment Pools:	
State Treasury Special Purpose Investment Account	\$ 44,717,864
SBA Florida PRIME	5,063
SBA Fund B Surplus Funds Trust Fund	4,232
SBA Debt Service Accounts	2,858,984
Mutual Funds:	
Limited Partnerships	24,062,197
Equities	82,912,153
Fixed Income and Bond Mutual Funds	94,003,352
Commodities	22,575,955
Money Market Funds	20,139,431
Total University Investments	<u><u>\$ 291,279,231</u></u>

External Investment Pools

State Treasury Special Purpose Investment Account

The University reported investments at fair value totaling \$44,717,864 at June 30, 2013, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of A+f by Standard & Poor's, had an effective duration of 2.65 years, and had a fair value factor of 0.9975 at June 30, 2013. 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.

State Board of Administration Florida PRIME

At June 30, 2013, the University reported investments totaling \$5,063 in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. The University's investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, at June 30, 2013, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had a weighted-average days to maturity (WAM) of 40 days as of June 30, 2013. A portfolio's WAM reflects the average maturity in days, based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at fair value, which is amortized cost.

State Board of Administration Fund B Surplus Funds Trust Fund

The Fund B Surplus Funds Trust Fund (Fund B) is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes, and is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME investment pool, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B on

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December 4, 2007. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME investment pool.

At June 30, 2013, the University reported investments at fair value of \$4,232 in Fund B. The University's investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 1.11845939 at June 30, 2013. The weighted-average life (WAL) of Fund B at June 30, 2013, was 3.98 years. A portfolio's WAL is the dollar-weighted average length of time until securities held reach maturity and is based on legal final maturity dates for Fund B as of June 30, 2013. WAL measures the sensitivity of Fund B to interest rate changes. The University's investment in Fund B is unrated.

State Board of Administration Debt Service Accounts

The University reported investments totaling \$2,858,984 at June 30, 2013, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

Fixed Income and Bond Mutual Funds

The University invested in various mutual funds in accordance with the University's investment policy. The following risks apply to the University's fixed income and bond mutual fund investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Pursuant to Section 218.415(6), Florida Statutes, the University's investments in securities must provide sufficient liquidity to pay obligations as they come due. The future maturities of the securities held in the fixed income and bond mutual funds at June 30, 2013, are as follows:

Type of Investment	University Debt Investment Maturities				
	Investment Maturities (In Years)				
	Fair Market Value	Less Than 1	1-5	6-10	More Than 10
Fixed Income					
Mutual Fund	\$ 54,525,162	\$ 2,617,209	\$ 24,814,401	\$ 19,443,672	\$ 7,649,880
TIPS Index Fund	19,835,377	11,124	7,208,278	7,271,735	5,344,240
High Yield Bond					
Mutual Fund	19,642,813	1,231,629	9,329,329	8,105,713	976,142
Total	\$ 94,003,352	\$ 3,859,962	\$ 41,352,008	\$ 34,821,120	\$ 13,970,262

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2013, the securities held in the fixed income and bond mutual funds had credit quality ratings by a nationally-recognized agency (i.e., Standard & Poor's or Moody's), as follows:

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University Debt Investment Credit Quality Ratings					
Type of Investment	Fair Value	AAA / Aaa	AA / Aa	A	BBB / Baa to Not Rated
Fixed Income					
Mutual Fund	\$ 54,525,162	\$ 32,191,656	\$ 1,897,476	\$ 8,042,461	\$ 12,393,569
TIPS Index Fund	19,835,377	19,830,211			5,166
High Yield Bond					
Mutual Fund	19,642,813	2,121			19,640,692
Total	\$ 94,003,352	\$ 52,023,988	\$ 1,897,476	\$ 8,042,461	\$ 32,039,427

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the University's investment in a single issuer. The University's investment policy addresses the issue of concentration of credit risk by establishing the following restrictions:

- Maximum position in an individual security (excluding government securities) must not exceed 5 percent of the account market value.
- Maximum position in any one issuer (excluding government securities) must not exceed 5 percent of the account market value.

Component Units Investments

The Foundation's investments at June 30, 2013, are reported at fair value as follows:

<u>Investment Type</u>	<u>Amount</u>
Domestic Common Stocks and Equity Funds	\$ 101,862,656
Fixed Income Securities and Funds	42,438,084
Hedge Funds and Interest in Private Equity	
Partnerships and Limited Liability Companies	40,216,998
International Equity Securities	10,175,762
Subtotal	194,693,500
Plus Accrued Income	272,597
Total	\$ 194,966,097

Concentration of Credit Risk: The Foundation maintains certain investment accounts with financial institutions that are not insured by the FDIC. These funds may be subject to insurance by Securities Investor Protection Corporation, subject to various limitations. The Foundation believes that the number, diversity, and financial strength of the issuers mitigates the credit risks associated with all investments.

The Finance Corporation investments are made in accordance with the trust indenture dated April 1, 2007. The investments at June 30, 2013, are reported at fair value, as follows:

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<u>Investment Type</u>	<u>Amount</u>
External Investment Pools:	
Florida State Board of Administration:	
Fund B	\$ 370,324
Money Market Funds	<u>2,998,240</u>
Total	<u>\$ 3,368,564</u>

Concentration of Credit Risk: The Finance Corporation maintains investment accounts with financial institutions that are not insured by the FDIC. Fund shares are not guaranteed by the United States Government. Current and future portfolio holdings are subject to risk. At June 30, 2013, \$3,368,564 was held in these accounts. The Finance Corporation believes that the number, diversity, and financial strength of the issuers mitigate the credit risks associated with all investments.

At June 30, 2013, the Finance Corporation reported investments in a Federated Government Obligations Fund at fair value of \$2,998,240. This is a money market mutual fund seeking to provide current income consistent with stability of principal by investing in a portfolio of short-term, U.S. Treasury and Government securities. The Fund prices of fixed-income securities generally fall when interest rates rise. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The money market mutual fund WAM at June 30, 2013, is 53 days while the WAL is 88 days. The Fund is rated AAAM by Standard & Poor's, Aaa-mf by Moody's, and AAAMmf by Fitch. The Fund complies with the requirements of SEC Rule 2a7, which sets forth portfolio quality and diversification restrictions for money market mutual funds.

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 students and third parties, and interest accrued on investments and loans receivable.

As of June 30, 2013, the University reported the following amounts as accounts receivable:

<u>Description</u>	<u>Amount</u>
Student Tuition and Fees	\$ 23,061,708
Contracts and Grants	8,076,571
Other	<u>66,518</u>
Total Accounts Receivable	<u>\$ 31,204,797</u>

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

Allowance for Doubtful Receivables. Allowances for doubtful accounts, and loans and notes receivable, are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. Student tuition and fees receivable, contracts and grants receivable, other

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receivables, and loans and notes receivable, are reported net of allowances of \$20,802,645, \$668,721, \$508,036, and \$1,402,626, respectively, at June 30, 2013.

4. DUE FROM STATE

This amount consists of \$56,271,906 of Public Education Capital Outlay funds due from the State for the construction of University facilities.

5. INVENTORIES

Inventories have been categorized into the following two types:

- Departmental Inventories – Those inventories maintained by departments and not available for resale. Departmental inventories are comprised of such items as classroom and laboratory supplies, teaching materials, and office supply items, which are consumed in the teaching and work process. These inventories are normally expensed when purchased and therefore are not reported on the statement of net position.
- Merchandise Inventory – Those inventories maintained which are available for resale to individuals and other University departments, and are not expensed at the time of purchase. These inventories are comprised of telephone, information technology, and pharmaceutical supplies, and items maintained at the University's duplicating service center. Merchandise inventories are reported on the statement of net position, and are valued at cost using the first-in, first-out method.

6. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2013, is shown below:

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Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 30,989,550	\$	\$ 2,600,000	\$ 28,389,550
Works of Art and Historical Treasures	2,985,469	1,008,960	32,390	3,962,039
Construction in Progress	79,787,982	125,218,286	58,791,906	146,214,362
Total Nondepreciable Capital Assets	\$ 113,763,001	\$ 126,227,246	\$ 61,424,296	\$ 178,565,951
Depreciable Capital Assets:				
Buildings	\$ 784,021,283	\$ 60,540,307	\$	\$ 844,561,590
Infrastructure and Other Improvements	17,091,809	828,709	1,097	17,919,421
Furniture and Equipment	109,123,146	9,290,272	4,943,175	113,470,243
Library Resources	104,280,221	5,382,444	4,451,225	105,211,440
Property Under Capital Leases and Leasehold Improvements	637,652	414,077	299,160	752,569
Computer Software	1,826,295	253,939	41,649	2,038,585
Total Depreciable Capital Assets	1,016,980,406	76,709,748	9,736,306	1,083,953,848
Less, Accumulated Depreciation:				
Buildings	231,149,485	21,668,922		252,818,407
Infrastructure and Other Improvements	13,021,821	433,369	1,097	13,454,093
Furniture and Equipment	75,460,356	8,505,112	4,666,643	79,298,825
Library Resources	58,545,720	8,539,445	4,451,225	62,633,940
Property Under Capital Leases and Leasehold Improvements	145,109	97,837	119,537	123,409
Computer Software	996,985	341,406	24,799	1,313,592
Total Accumulated Depreciation	379,319,476	39,586,091	9,263,301	409,642,266
Total Depreciable Capital Assets, Net	\$ 637,660,930	\$ 37,123,657	\$ 473,005	\$ 674,311,582

7. UNEARNED REVENUE

Unearned revenue includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida Department of Education, as of June 30, 2013, to spend the funds. Unearned revenue also includes prepaid stadium rental income received from the Finance Corporation, contracts and grants payments received in advance, nonrefundable admission fees, student housing fees, athletic revenues, and conference center fees received prior to fiscal year-end related to subsequent accounting periods.

As of June 30, 2013, the University reported the following amounts as unearned revenue:

Description	Amount
Capital Appropriations	\$ 13,233,268
Contracts and Grants	4,014,432
Admission Fees	1,753,445
Stadium Rental Income	1,304,083
Student Housing Fees	852,970
Athletic Revenues	85,919
Conference Center Fees	76,466
Total Unearned Revenue	\$ 21,320,583

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8. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2013, include capital improvement debt payable, compensated absences payable, other postemployment benefits payable, liability for self-insured claims, the long-term portion of unearned revenue, and other long-term liabilities.

Long-term liabilities activity for the fiscal year ended June 30, 2013, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	\$ 165,830,943	\$	\$ 7,147,619	\$ 158,683,324	\$ 8,465,350
Capital Leases Payable	295,726		295,726		
Compensated Absences Payable	33,347,386	3,325,965	2,499,839	34,173,512	2,416,751
Other Postemployment Benefits Payables	19,185,000	8,614,000	1,602,000	26,197,000	
Unearned Revenue (1)	49,239,496	8,917,235	25,563,785	32,592,946	
Liability for Self-Insured Claims	212,798		137,068	75,730	44,681
Other Long-Term Liabilities (1)	2,498,645		67,182	2,431,463	
Total Long-Term Liabilities	\$ 270,609,994	\$ 20,857,200	\$ 37,313,219	\$ 254,153,975	\$ 10,926,782

Note: (1) Unearned Revenue was reported as part of Other Long-Term Liabilities totaling \$51,738,141 at June 30, 2012.

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2013:

Type and Series	Amount of Original Debt	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Student Housing Debt:				
2004A Student Apartments	\$ 53,915,000	\$ 35,638,285	4.00 - 5.00	2034
2011 Student Apartments Refunding	22,210,000	21,774,527	3.00 - 5.00	2025
2012 Student Apartments	53,655,000	54,167,259	3.00 - 4.25	2041
Total Student Housing Debt	129,780,000	111,580,071		
Parking Garage Debt:				
1995 Parking Garage	7,780,000	1,753,330	5.375	2016
1999 Parking Garage	7,530,000	3,145,785	5.40 - 5.625	2019
2002 Parking Garage	22,915,000	12,588,664	3.75 - 4.60	2022
2009 Parking Garage A&B	32,000,000	29,615,474	2.25 - 6.875	2039
Total Parking Garage Debt	70,225,000	47,103,253		
Total Capital Improvement Debt	\$ 200,005,000	\$ 158,683,324		

Note: (1) Amount outstanding includes unamortized discounts and premiums, and deferred losses on refunding issues.

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The University has pledged a portion of future housing rental revenues, traffic and parking fees, and an assessed transportation fee per student to repay \$200,005,000 of capital improvement (housing and parking) revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student parking garages and student housing facilities. The bonds are payable solely from housing rental income, parking fees, and assessed transportation fees per student and are payable through 2041. The University has committed to appropriate each year from the housing rental income, parking fees, and assessed transportation fees per student amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$250,324,612, and principal and interest paid for the current year totaled \$14,246,451. During the 2012-13 fiscal year, housing rental income, traffic and parking fees, and assessed transportation fees totaled \$25,976,149, \$5,285,491, and \$9,105,488, respectively.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2013, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 8,095,000	\$ 7,180,382	\$ 15,275,382
2015	8,430,000	6,855,999	15,285,999
2016	8,780,000	6,487,368	15,267,368
2017	6,430,000	6,097,542	12,527,542
2018	6,695,000	5,819,127	12,514,127
2019-2023	33,450,000	24,603,160	58,053,160
2024-2028	29,330,000	17,980,209	47,310,209
2029-2033	24,980,000	11,657,575	36,637,575
2034-2038	21,365,000	5,546,163	26,911,163
2039-2041	9,735,000	807,087	10,542,087
Subtotal	157,290,000	93,034,612	250,324,612
Plus: Net Bond Discounts, Premiums, and Losses on Bond Refundings	1,393,324		1,393,324
Total	<u>\$ 158,683,324</u>	<u>\$ 93,034,612</u>	<u>\$ 251,717,936</u>

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, 2013, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$34,173,512. The current portion of the compensated absences liability, \$2,416,751, is the amount expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to the total accrued leave liability.

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

Plan Description. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer, defined-benefit plan (Plan). The University subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the Plan information is not included in the report of a public employee retirement system or another entity.

Funding Policy. Plan benefits are pursuant to provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The University has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. For the 2012-13 fiscal year, 369 retirees received postemployment healthcare benefits. The University provided required contributions of \$1,602,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$2,335,000, which represents 0.8 percent of covered payroll.

Annual OPEB Cost and Net OPEB Obligation. The University's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB 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 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)	\$ 4,770,000
Amortization of Unfunded Actuarial	
Accrued Liability	3,415,000
Interest on Normal Cost and Amortization	327,000
Annual Required Contribution	8,512,000
Interest on Net OPEB Obligation	767,000
Adjustment to Annual Required Contribution	(665,000)
Annual OPEB Cost (Expense)	8,614,000
Contribution Toward the OPEB Cost	(1,602,000)
Increase in Net OPEB Obligation	7,012,000
Net OPEB Obligation, Beginning of Year	19,185,000
Net OPEB Obligation, End of Year	<u>\$ 26,197,000</u>

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation as of June 30, 2013, and for the two preceding fiscal years, were as follows:

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
2010-11	\$ 5,222,000	26.4%	\$ 12,082,000
2011-12	8,561,000	17.0%	19,185,000
2012-13	8,614,000	18.6%	26,197,000

Funded Status and Funding Progress. As of July 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$101,015,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$101,015,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$305,657,917 for the 2012-13 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 33 percent.

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

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the

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employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The University's OPEB actuarial valuation as of July 1, 2011, used the entry-age cost actuarial method to estimate the actuarial accrued liability as of June 30, 2013, and the University's 2012-13 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 4 percent per year and an inflation rate of 3 percent. Initial healthcare cost trend rates were 8.29, 9.16, and 8.13 percent for the first three years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and 10.43, 4.92, and 8.80 percent for the first three years for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates are both 6.50 percent in the fourth year, grading identically to 5 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, 2013, was 24 years.

Other Long-Term Liabilities. Primarily represent the University's liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan program. This Federal advance payable amount will ultimately be returned to the Federal Government should the University cease making Federal Perkins Loans or has excess cash in the loan program.

9. COMPONENT UNITS DEBT ISSUES

Notes Payable – Florida International University Foundation, Inc.

On January 20, 2000, the Miami-Dade County Educational Facilities Authority (the Authority) issued \$13 million tax-exempt revenue bonds (Florida International University Foundation Project – Series 1999). These bonds are payable from and secured by a pledge of payments to be made to the Authority under a loan agreement dated December 1, 1999, between the Foundation and the Authority.

The bonds are secured by an irrevocable letter of credit issued by a commercial bank as described below. The Foundation will finance the payments to the Authority under the loan agreement with lease payments received from the University under an operating lease (see note 14). The \$13 million original principal amount was issued under a variable rate structure with a final maturity date of May 1, 2022. The variable rate on fifty percent of the original issue, \$6.5 million, has been synthetically fixed at 4.63 percent through February 1, 2015, by way of an interest rate swap agreement with a commercial bank (see note 10). The bond proceeds were used to acquire, construct, and equip a multi-function support complex located on the Modesto A. Maidique campus and to pay issuance costs. As of June 30, 2013, the outstanding principal balance due under this note payable was \$7.54 million. For the year ended June 30, 2013, total interest incurred and paid was \$324,453.

On December 1, 1999, the Foundation entered into a letter of credit agreement with a commercial bank that permitted the Foundation to borrow up to \$13 million through December 15, 2004, bearing interest at the prime

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rate plus 2 percent. On November 29, 2004, this agreement was extended, with the same terms and conditions, through December 15, 2009. There were two additional extensions subsequent to that date through July 30, 2010. The Foundation must pay an annual commitment fee of 0.45 percent on the unused portion of the commitment. Borrowings under the financing agreement mature 90 days after the date of the borrowing.

Under the letter of credit agreement and loan agreement noted above, the Foundation is obligated under certain debt covenants with which they are in compliance.

The bonds were repurchased by the Trustee under a commercial bank letter of credit due to the diminishing ability to remarket the variable rate demand bonds in the public marketplace. On July 30, 2010, the bank converted the variable rate demand bonds into a five year tax exempt qualified loan. After the initial five year period, the bank would have the right to require the Foundation to refinance the bank qualified loan or could agree to extend the maturity date for an additional five year period. The Foundation agrees to pay interest at a rate of 67 percent of the one-month London Interbank Offered Rate (LIBOR) plus 1.68 percent. As of June 30, 2013, the interest rate was 1.80 percent. The bond maturity date of May 1, 2022, remains unchanged as does the swap agreement. On July 30, 2010, the Foundation paid \$52,213 in refinancing fees to complete this transaction. Since the terms remained substantially the same and the present value of the cash outflows is not substantially different, this is not considered an exchange of debt instruments.

The aggregate maturities of the notes payable, as of June 30, 2013, are shown in the following table:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$ 720,000
2015	755,000
2016	745,000
2017	785,000
2018	825,000
Thereafter	<u>3,810,000</u>
Total	<u>\$ 7,640,000</u>

Notes Payable – The Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.

On June 1, 2009, the Health Care Network entered into a loan agreement totaling \$100,000 with the University in order to fund startup costs associated with the operations. This agreement was amended on January 25, 2010, reducing the total principal payment due to \$51,100. The loan matured on May 31, 2013, and was paid in full prior to June 30, 2013.

On August 27, 2010, the Health Care Network entered into a loan agreement totaling \$5,321,198 with the University in order to provide working capital and build out capital to fund the expansion of the faculty practice plan and the establishment of the ambulatory care center and other University clinical activities. Interest on the loan accrues at 2 percent simple interest and the loan is scheduled to mature on June 1, 2030. Drawdowns on the loan for the fiscal year ended June 30, 2013, totaled \$4,915,807 and relate principally to expenses paid directly by the University on behalf of Health Care Network. The loan also includes approximately \$104,000 of accrued

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interest as of June 30, 2013. Payments on the loan are scheduled to begin on June 1, 2015, at which time drawdowns on the loan will be completed and a final amortization schedule will be available.

Estimated principal and interest payments for the life of the amounts due to the University based on the balances as of June 30, 2013, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$	\$ 98,316	\$ 98,316
2015		98,316	98,316
2016		98,316	98,316
2017		98,316	98,316
2018	334,857	98,316	433,173
2019-2023	1,777,460	388,404	2,165,864
2024-2028	1,962,459	203,405	2,165,864
2029-2030	841,031	25,314	866,345
Total	\$ 4,915,807	\$ 1,108,703	\$ 6,024,510

Bonds Payable – FIU Athletics Finance Corporation

On December 1, 2009, the Finance Corporation issued \$30,000,000 of Miami-Dade County Industrial Development Authority Revenue Bonds Series 2009A and \$5,310,000 of Miami-Dade County Industrial Development Authority Taxable Revenue Bonds Series 2009B.

These bonds were issued and secured under and pursuant to the Trust Indenture. Repayments of the bonds will be payable from pledged revenues, which are all operating and nonoperating revenues. Principal payments for the bonds began March 1, 2010. Interest payments are made on a quarterly basis. The interest rate on the Series 2009A bonds is equal to the sum of 63.7 percent of the three-month LIBOR plus 1.90 percent. The interest rate on the Series 2009B bonds shall be at a rate equal to the three-month LIBOR plus 2.65 percent. The total proceeds from the new bond issues were used solely to retire and refund the outstanding Series 2007A and Series 2007B bonds and pay costs of issuance of the bonds and other refinancing costs. The bonds are secured by operating and nonoperating revenues as well as University athletic fees, not to exceed 5 percent of the total athletic fees collected. Total principal due at June 30, 2013, was \$32,748,923.

The Finance Corporation has funded a debt service reserve fund in accordance with the bond indenture requirement of maintaining an amount equal to the maximum allowable debt service on the bond in the current and any future fiscal year. This debt service reserve fund currently totals \$2,828,860 and is included in restricted investments.

The Finance Corporation is required to maintain minimum deposits of \$2,000,000 with a commercial bank. The deposit is to be held in an interest-bearing additional reserve fund and is included in restricted cash.

The interest rate on these bonds is both fixed and variable and is subject to a swap agreement (see note 10) that was entered into to reduce the exposure to market risks from changing interest rates. Interest is computed on the basis of the actual number of days elapsed over a year of 365 or 366 days.

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The aggregate maturities of these bonds as of June 30, 2013, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 656,479	\$ 1,677,592	\$ 2,334,071
2015	676,567	1,719,051	2,395,618
2016	697,270	1,684,647	2,381,917
2017	1,090,035	1,649,191	2,739,226
2018	1,300,000	1,592,684	2,892,684
2019-2023	7,442,857	6,849,539	14,292,396
2024-2028	9,285,714	4,659,023	13,944,737
2029-2033	11,600,001	1,925,965	13,525,966
Subtotal	32,748,923	21,757,692	54,506,615
Less: Amount Deferred on Refunding	(338,601)		(338,601)
Total	\$ 32,410,322	\$ 21,757,692	\$ 54,168,014

10. DERIVATIVE FINANCIAL INSTRUMENTS – COMPONENT UNITS

The Foundation and the Finance Corporation entered into derivative instruments (i.e., interest rate swap agreements) to reduce their exposure to market risks from changing interest rates. For interest rate swap agreements, the differential to be paid or received is accrued and recognized as interest expense and may change as market interest rates change. These interest rate swap agreements, and a related Letter of Credit agreement entered into by the Finance Corporation, are discussed below.

Florida International University Foundation, Inc.

On February 1, 2000, the Foundation entered into an interest rate swap agreement with a commercial bank on a notional amount of \$6,500,000 which represents 50 percent of the principal amount of the bond issue, as described in note 9. Under the original interest rate swap agreement, the Foundation agreed to pay a fixed rate of 5.03 percent per annum and receive variable rates based on 67 percent of the one-month U.S. Dollar London Interbank Offered Rate (LIBOR). Effective October 1, 2005, the Foundation renegotiated the interest rate swap agreement reducing the interest rate swap to 4.63 percent per annum. The renegotiated interest rate swap agreement expires on February 1, 2015. The derivative liability, included with reported other long-term liabilities at June 30, 2013, was \$264,027.

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FIU Athletics Finance Corporation

Objectives. As a means to lower its borrowing costs and increase its savings, the Finance Corporation entered into an interest rate swap agreement in connection with its \$30,000,000 2009A Miami-Dade County Industrial Development Authority Revenue Bond issuance. The intention of the interest rate swap agreement was to effectively change the Finance Corporation's variable interest rate on the bonds to a synthetic fixed rate of 5.50 percent, which is the fixed rate payable by the Finance Corporation under the interest rate swap agreement of 3.60 percent plus 1.90 percent.

Terms. On December 22, 2009, the Finance Corporation entered into an interest rate swap agreement to hedge the floating rate on \$21,000,000 of the principal amount of the 2009A bonds. This represents the fixed portion of the tax exempt bonds payable mentioned above. Under the interest rate swap agreement, the Finance Corporation agrees to pay a fixed rate of 3.60 percent and receive a variable rate equal to 63.7 percent of the three-month LIBOR. The interest rate swap agreement has a maturity date of March 1, 2033.

Fair Value. As of June 30, 2013, the Finance Corporation interest rate swap agreement has a derivative liability of \$4,068,875 as included with reported other long-term liabilities in the statement of net position. The negative fair value was determined using Mark-to-Market Value and represents the closing mid-market values.

As of June 30, 2013, the fair value of the Series 2007A ineffective interest rate swap agreement was \$1,912,689, which is included with reported other long-term liabilities. This interest rate swap agreement was not terminated when the bonds were refunded in December 2009. The interest rate on the refunding Series 2009 bonds reflects a higher rate due to not terminating this interest rate swap agreement. Accordingly, the fair value of \$1,912,689 of the ineffective Series 2007A interest rate swap agreement is being amortized over the remaining life of the refunding Series 2009A bonds.

The synthetic instrument method evaluates the effectiveness of a potential hedging derivative instrument by quantitative approach. The synthetic instrument method evaluates effectiveness by combining the hedgeable item and the potential hedging derivative instrument to simulate a third synthetic instrument. A potential hedging derivative instrument is effective if its total variable cash flows substantially offset the variable cash flows of the hedgeable item. The Finance Corporation determined that it met the criteria of the synthetic instrument method. Therefore, the change in the fair value of the effective interest rate swap agreement is presented in the component units column of the statement of net position as a deferred outflows of resources in the amount of \$2,156,186.

Credit Risk. As of June 30, 2013, the Finance Corporation was not exposed to credit risk because the interest rate swap agreement had a negative fair value. However, should interest rates change and the fair value of the interest rate swap agreement become positive, the Finance Corporation would be exposed to credit risk in the amount of the derivative's fair value. The interest rate swap agreement counterparty was rated Baa3 by Moody's Investors Service, BBB by Standard and Poor's and BBB- by Fitch.

Basis Risk. Basis risk arises when different indexes are used in connection with a derivative. Given that both the bond and the interest rate swap agreement are based on 63.7 percent of the three-month LIBOR rate, there is limited basis risk.

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Termination Risk. The derivative contract uses the International Swap Dealers Association (ISDA) Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The schedule to the Master Agreement includes an “additional termination event”. That is, the interest rate swap agreement may be terminated if: (i) the loan or other indebtedness in connection with which a transaction entered into by the Finance Corporation for the purpose or with the effect of altering the net combined payment from a floating to fixed or a fixed to floating rate basis is repaid, whether upon acceleration of principal, at maturity, or otherwise, or for any other reason ceases to be an obligation of the Finance Corporation, with or without the consent of the counterparty; or (ii) any credit support document expires, terminates, or ceases to be of full force and effect. Also, the interest rate swap agreement may be terminated or assigned by the Finance Corporation if the counterparty’s long-term, senior, unsecured, unenhanced debt rating is withdrawn, suspended, or falls below at least two of the following: a) “Baa3” as determined by Moody’s; or b) “BBB-” as determined by Standard and Poor’s; or c) “BBB-” as determined by Fitch.

Swap Payments and Associated Debt. Using rates as of June 30, 2013, debt service requirements of the variable-rate portion of the debt and net swap payments, assuming current interest rates remain the same for their term, are as follows:

Fiscal Year Ending June 30	Variable-Rate Bond		Interest Rate Swap, Net	Total
	Principal	Interest		
2014	\$	\$ 399,368	\$ 755,632	\$ 1,155,000
2015		399,368	755,632	1,155,000
2016		399,368	755,632	1,155,000
2017	260,000	399,368	755,632	1,415,000
2018	910,000	394,424	746,276	2,050,700
2019-2023	5,210,000	1,696,270	3,209,456	10,115,726
2024-2028	6,500,000	1,153,794	2,183,056	9,836,850
2029-2033	8,120,000	476,959	902,440	9,499,399
Total	\$ 21,000,000	\$ 5,318,919	\$ 10,063,756	\$ 36,382,675

Note: As rates vary, variable-rate bond interest payments and net swap payments will vary.

11. RETIREMENT PROGRAMS

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

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Employees in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or at any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans may include up to 4 years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments.

DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in 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.

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 this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in the Investment Plan vest at one year of service.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2012-13 fiscal year were as follows:

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Class	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	5.18
Florida Retirement System, Senior Management Service	3.00	6.30
Florida Retirement System, Special Risk	3.00	14.90
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	5.44
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Investment Plan.

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

The University's liability for participation is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the University. The University's contributions including employee contributions for the fiscal years ended June 30, 2011, June 30, 2012, and June 30, 2013, totaled \$9,998,061, \$7,113,640, and \$7,771,995, respectively, which were equal to the required contributions for each fiscal year.

There were 531 University participants in the Investment Plan during the 2012-13 fiscal year. The University's contributions including employee contributions to the Investment Plan totaled \$1,856,423, which was equal to the required contribution for the 2012-13 fiscal year.

Financial statements and other supplementary information of the FRS are included in the State's Comprehensive Annual Financial Report, which is available from the Florida Department of Financial Services. An annual report on the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services, Division of Retirement.

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 eight or more years.

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes, on behalf of the participant, 5.64 percent of the participant's salary, less a small amount used to cover administrative costs and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by

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payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

There were 2,153 University participants during the 2012-13 fiscal year. The University's contributions to the Program totaled \$10,449,163 and employee contributions totaled \$9,088,117 for the 2012-13 fiscal year.

12. CONSTRUCTION COMMITMENTS

The University's construction commitments at June 30, 2013, are as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Mixed-use Auxiliary Building	\$ 35,703,112	\$ 3,155,434	\$ 32,547,678
Student Academic Support Center	18,460,254	441,023	18,019,231
Robert Stempel College of Public Health and Social Science	29,863,143	14,932,165	14,930,978
International Hurricane Center	15,000,000	2,083,147	12,916,853
FIU Ambulatory Care Center	10,015,500	81,248	9,934,252
Utilities/Infrastructure/Capital Renewal	15,527,674	7,816,504	7,711,170
Science Classroom Complex	15,454,059	9,589,852	5,864,207
Parkview Housing	52,805,661	49,538,887	3,266,774
Subtotal	192,829,403	87,638,260	105,191,143
Projects with Balance Committed Under \$3 Million	77,725,005	58,576,102	19,148,903
Total	\$ 270,554,408	\$ 146,214,362	\$ 124,340,046

13. OPERATING LEASE COMMITMENTS

The University leased building space under operating leases, which expire in 2027. These leased assets and the related commitments are not reported on the University's statement of net position. Operating lease payments are recorded as expenses when paid or incurred. Outstanding commitments resulting from these lease agreements are contingent upon future appropriations.

Future minimum lease commitments for noncancelable operating leases are as follows:

Fiscal Year Ending June 30	Amount
2014	\$ 4,472,450
2015	3,490,886
2016	3,576,352
2017	3,689,818
2018	3,830,285
2019-2023	15,503,343
2024-2027	1,155,000
Total Minimum Payments Required	\$ 35,718,134

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**

14. OPERATING LEASE COMMITMENTS – RELATED PARTY TRANSACTIONS

Florida International University Foundation, Inc.

On December 1, 1999, the former Board of Regents of the State University System of the State of Florida for and on behalf of the University entered into a ground lease agreement with the Foundation. Under this agreement, the Foundation leases from the University the grounds on which a multi-function support complex facility was built on the Modesto A. Maidique campus. The consideration required to be paid by the Foundation is \$10 annually. The ground lease will expire on December 31, 2024, or on the date the Foundation makes its final payment under a letter of credit agreement related to the financing of the facility. Total amounts paid to the Foundation under this agreement were \$1,405,552 and \$1,327,862 for the years ended June 30, 2013, and June 30, 2012, respectively.

On December 1, 1999, the former Board of Regents on behalf of the University also entered into a 20-year operating lease agreement with the Foundation for the facility. Under the terms of the operating lease, the University will pay the Foundation rent in the amount equal to all amounts due and payable by the Foundation under the letter of credit agreement, if any, and loan agreement related to the financing of the facility. The payments also include any costs of operating and maintaining the facility, in addition to amounts necessary to pay any unanticipated and extraordinary costs. The lease commenced during August 2002 when the facility became operational. The lease will terminate on May 1, 2022, which is the date of maturity of the loan agreement.

The facility under the above operating lease is not recorded as an asset on the statement of net position; however, the operational lease payments are recorded as expenses in the statement of revenues, expenses, and changes in net assets when paid or incurred.

The following schedule by years presents management's best estimate of future minimum rental payments for this noncancelable operating lease as of June 30, 2013:

**FLORIDA INTERNATIONAL UNIVERSITY
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JUNE 30, 2013**

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$ 1,363,000
2015	1,363,000
2016	1,363,000
2017	1,363,000
2018	1,418,000
Thereafter	<u>5,672,000</u>
Total Minimum Payments Required	<u>\$ 12,542,000</u>

FIU Athletics Finance Corporation

The University and the Finance Corporation entered into two 25-year ground sublease agreements dated April 1, 2007, rendering the rights to the Finance Corporation to issue a series of capital improvement bonds of which a portion of the proceeds, along with contributions from the University, was used to finance a stadium improvement project located on University premises. Under this agreement, the Finance Corporation prepaid to the University, for rental of the premises, the sum of \$31,937,211.

The following schedule by years represents management's best estimate of future minimum rental expense that will be recognized for these sublease agreements:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2014	\$ 1,304,083
2015	1,304,083
2016	1,304,083
2017	1,304,083
2018	1,304,083
2019-2023	6,520,416
2024-2028	6,520,416
2029-2033	<u>6,411,742</u>
Total	<u>\$ 25,972,989</u>

15. GIFT AGREEMENT - FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC.

The Wolfsonian, Inc. (Wolfsonian), was established in 1986 to create and operate a museum and research center in Miami Beach, Florida, and to support a comprehensive program focused on the collection, exhibition, interpretation, preservation, research and publication of the decorative, or design and architectural arts. The Wolfsonian has been loaned the Mitchell Wolfson, Jr., collection of nearly 27,000 objects of art and rare books dating from the late nineteenth to the mid-twentieth century. It encompasses furniture, sculpture, paintings, books, graphics and other works of art on paper, as well as archives relating to the period. Through a series of academic study and fellowship programs, national and international traveling exhibitions, and scholarly initiatives, the Wolfsonian promotes public education and awareness of the social, historical, technological, political, economic, and artistic material culture of Europe and America in the 1885-1945 period.

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**

On July 1, 1997, the Foundation entered into a gift agreement (Agreement) with Mitchell Wolfson, Jr., the Wolfsonian, and the University, whereby Mitchell Wolfson, Jr., agreed to donate all rights, title, and interest in and to all objects constituting the Mitchell Wolfson, Jr., Collection of Decorative and Propaganda Arts to the Foundation, subject to a loan agreement made and entered into by the Wolfsonian and Mr. Wolfson, Jr., dated July 29, 1991. The loan agreement was extended through to July 2021.

The Foundation has elected to exercise the option of not capitalizing the items that meet the definition of "collection" as prescribed by accounting principles generally accepted in the United States. Therefore, the fair value of the donated Collection of Decorative and Propaganda Arts is not reflected in the University's financial statements. Purchases of collection items are recorded as decreases in unrestricted net position in the year in which the items are acquired, or as temporarily or permanently restricted net position if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net position classes.

As a result of the Agreement, the Wolfsonian amended its articles of incorporation and bylaws to provide that all its directors be appointed and removed at any time with or without cause by the Foundation, to effect a transfer of complete control of all of the assets, interest, and obligations of the Wolfsonian to the Foundation. On May 26, 1999, the Foundation passed a revision to the bylaws of the Wolfsonian to make the Foundation the sole voting member of the Wolfsonian.

The gifts are conditional upon the provisions outlined in the Agreement including, but not limited to, the Foundation continuing the museum and educational activities and operations that were conducted by the Wolfsonian. As a result of the Agreement, the University and Foundation have assumed all administrative functions and operating costs of the Wolfsonian.

The most significant of the obligations under the Agreement is for the University to provide the Wolfsonian with the same financial support from its general budget, as provided to other departments, and to continue the museum and educational activities and operations of the Wolfsonian. The University provided support of approximately \$1.4 million during the 2012-13 fiscal year for Wolfsonian expenses which included salaries, equipment, administrative expenses, insurance premiums for the art collection, and building security. In addition, the University provided support of approximately \$339,000 during the 2012-13 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

16. 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 2012-13 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

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$50 million for named windstorm and flood losses. 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 three 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.

University Self-Insurance Program. The Florida International University College of Medicine Self-Insurance Program was established pursuant to Section 1004.24, Florida Statutes, on June 18, 2009. The Self-Insurance Program provides professional and general liability protection for the Florida International University Board of Trustees for claims and actions arising from the clinical activities of the College of Medicine faculty, staff, and resident physicians. Liability protection is afforded to the students of the College. The Self-Insurance Program provides legislative claims bill protection.

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Self-Insurance Program also provides: \$1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; \$300,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; \$300,000 per claim protection for participants who engage in approved community service and act as Good Samaritans; and student protections of \$100,000 for a claim arising from an occurrence for any one person, \$300,000 for all claims arising from an occurrence and professional liability required by a hospital or other health care facility for educational purposes not to exceed the per occurrence limit of \$1,000,000.

FLORIDA INTERNATIONAL UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

The Self-Insurance Program's estimated liability for unpaid claims at fiscal year-end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported.

Changes in the balances of claims liability for the Self-Insurance Program during the 2010-11, 2011-12, and 2012-13 fiscal years are presented in the following table:

<u>Fiscal Year Ended</u>	<u>Claims Liabilities Beginning of Year</u>	<u>Current Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Claims Liabilities End of Year</u>
June 30, 2011	\$ 75,259	\$ 182,510	\$ (14,003)	\$ 243,766
June 30, 2012	243,766	55,785	(86,753)	212,798
June 30, 2013	212,798	(137,068)		75,730

17. 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 academic departments 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	\$ 246,370,580
Research	84,343,898
Public Services	9,469,939
Academic Support	90,679,481
Student Services	53,686,798
Institutional Support	55,698,496
Operation and Maintenance of Plant	50,961,204
Scholarships, Fellowships, and Waivers	87,936,402
Depreciation	39,586,091
Auxiliary Enterprises	54,338,054
Total Operating Expenses	\$ 773,070,943

18. SEGMENT INFORMATION

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

FLORIDA INTERNATIONAL UNIVERSITY
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013

following financial information for the University's Housing and Parking facilities represents identifiable activities for which one or more bonds are outstanding:

Condensed Statement of Net Position

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Assets		
Current Assets	\$ 21,730,087	\$ 11,137,683
Capital Assets, Net	130,520,384	70,437,029
Other Noncurrent Assets	7,469,397	3,424,938
Total Assets	<u>159,719,868</u>	<u>84,999,650</u>
Liabilities		
Current Liabilities	13,764,643	3,527,579
Noncurrent Liabilities	106,220,911	44,343,698
Total Liabilities	<u>119,985,554</u>	<u>47,871,277</u>
Net Position		
Net Investment in Capital Assets	13,444,242	23,927,984
Restricted - Expendable	2,346,632	2,869,456
Unrestricted	23,943,440	10,330,933
Total Net Position	<u>\$ 39,734,314</u>	<u>\$ 37,128,373</u>

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

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Operating Revenues	\$ 25,976,149	\$ 14,391,068
Depreciation Expense	(2,818,898)	(2,059,735)
Other Operating Expenses	(16,656,970)	(7,495,888)
Operating Income	<u>6,500,281</u>	<u>4,835,445</u>
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	449,066	56,163
Interest Expense	(4,308,432)	(2,790,401)
Other Nonoperating Expenses	(79,239)	(32,411)
Net Nonoperating Expenses	<u>(3,938,605)</u>	<u>(2,766,649)</u>
Income Before Transfers	2,561,676	2,068,796
Net Transfers	(372,086)	340,768
Capital Grants		614,372
Increase in Net Position	<u>2,189,590</u>	<u>3,023,936</u>
Net Position, Beginning of Year	37,544,724	34,104,437
Net Position, End of Year	<u>\$ 39,734,314</u>	<u>\$ 37,128,373</u>

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**

Condensed Statement of Cash Flows

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Net Cash Provided (Used) by:		
Operating Activities	\$ 10,604,842	\$ 7,102,520
Capital and Related Financing Activities	(51,236,694)	(5,277,895)
Investing Activities	<u>41,892,468</u>	<u>(1,590,207)</u>
Net Increase in Cash and Cash Equivalents	1,260,616	234,418
Cash and Cash Equivalents, Beginning of Year	<u>657,464</u>	<u>251,359</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,918,080</u></u>	<u><u>\$ 485,777</u></u>

19. DISCRETELY PRESENTED COMPONENT UNITS

The University has four discretely presented component units as discussed in note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements.

The following financial information is from the most recently available audited financial statements for the component units:

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**

Condensed Statement of Net Position

	Direct-Support Organizations				Total
	Florida International University Foundation, Inc.	Florida International University Research Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	
Assets:					
Current Assets	\$ 274,466,370	\$ 536,203	\$ 2,985,295	\$ 1,347,578	\$ 279,335,446
Capital Assets, Net	14,824,262			1,316,566	16,140,828
Other Noncurrent Assets	110,120		30,436,118		30,546,238
Total Assets	289,400,752	536,203	33,421,413	2,664,144	326,022,512
Deferred Outflows of Resources			2,156,186		2,156,186
Liabilities:					
Current Liabilities	3,233,062	309,468	1,339,931	263,479	5,145,940
Noncurrent Liabilities	8,047,582		38,542,078	4,915,807	51,505,467
Total Liabilities	11,280,644	309,468	39,882,009	5,179,286	56,651,407
Net Position:					
Net Investment in Capital Assets	6,153,447				6,153,447
Restricted Nonexpendable	194,151,119				194,151,119
Restricted Expendable	53,898,662				53,898,662
Unrestricted	23,916,880	226,735	(4,304,410)	(2,515,142)	17,324,063
Total Net Position	\$ 278,120,108	\$ 226,735	\$ (4,304,410)	\$ (2,515,142)	\$ 271,527,291

**FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2013**

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

	Direct-Support Organizations				Total
	Florida International University Foundation, Inc.	Florida International University Research Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	
Operating Revenues	\$ 40,308,416	\$	\$ 3,608,981	\$ 1,328,794	\$ 45,246,191
Depreciation Expense	(480,938)			(184,567)	(665,505)
Other Operating Expenses	(19,842,716)	(22,283)	(2,027,953)	(2,967,880)	(24,860,832)
Operating Income (Loss)	19,984,762	(22,283)	1,581,028	(1,823,653)	19,719,854
Nonoperating Revenues (Expenses)					
Investment Income	21,456,432		161,061		21,617,493
Interest Expense			(1,407,085)	(77,660)	(1,484,745)
Net Nonoperating Revenues (Expenses)	21,456,432		(1,246,024)	(77,660)	20,132,748
Other Revenues, Expenses, Gains, or Losses		60,000	(2,403,372)	1,482,964	(860,408)
Increase (Decrease) in Net Position	41,441,194	37,717	(2,068,368)	(418,349)	38,992,194
Net Position, Beginning of Year	236,678,914	189,018	(2,236,042)	(2,096,793)	232,535,097
Net Position, End of Year	\$ 278,120,108	\$ 226,735	\$ (4,304,410)	\$ (2,515,142)	\$ 271,527,291

20. SUBSEQUENT EVENTS

To achieve debt service savings from lower interest rates, the Board of Governors is issuing revenue refunding bonds. Sale and issuance of the \$48,365,000 State of Florida, Board of Governors, Florida International University Parking Facility Revenue Bonds, Series 2013A, will be used to defease all of the outstanding State of Florida, Board of Regents, Florida International University Parking Facility Revenue Bonds Series 1999 and 2002, maturing in the years 2014 through 2022, with the remaining portion used to finance the construction of a parking facility on the main campus of the University. The sale and issuance was completed on September 26, 2013.

**FLORIDA INTERNATIONAL UNIVERSITY
OTHER REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS –
OTHER POSTEMPLOYMENT BENEFITS PLAN**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) (1) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	Percentage of Covered Payroll [(b)-(a)/(c)]
7/1/2007	\$	\$ 48,762,000	\$48,762,000	0%	\$223,494,966	21.8%
7/1/2009		72,099,000	72,099,000	0%	239,559,653	30.1%
7/1/2011		101,015,000	101,015,000	0%	280,051,835	36.1%

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

Notes to Required Supplementary Information:

The July, 1, 2011, unfunded actuarial accrued liability of \$101,015,000 was significantly higher than the July 1, 2009, liability of \$72,099,000 as a result of changes in methodology used by the actuary to calculate this liability. The most significant modifications were due to changes in the long-term trend model, an increase in the coverage election assumption, and the passage of the Patient Protection and Affordable Care Act.



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

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

Report on the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Florida International University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 17, 2014, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who audited the financial statements of the aggregate discretely presented component units, as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, rules, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to University management in our operational audit report No. 2014-060.

Purpose of this Report

The purpose of the **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*** is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA
Tallahassee, Florida
March 17, 2014

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

Subject: Office of Internal Audit Status Report

Proposed Committee Action:
None. Discussion Item.

Background Information:

The Office of Internal Audit Report provides the status of audits, investigations and work in progress since the Finance and Audit Committee last met on January 9, 2014.

Supporting Documentation: Office of Internal Audit Status Report

Facilitator/Presenter: Allen Vann



Office of Internal Audit Status Report

BOARD OF TRUSTEES

March 27, 2014

Date: March 27, 2014

To: Board of Trustees and Finance and Audit Committee

From: Allen Vann, Audit Director

Subject: **OFFICE OF INTERNAL AUDIT STATUS REPORT**

I am pleased to provide you with the quarterly update on the status of our office's work activities. Since our last update to you on January 9, 2014, we completed the following audits:

1. **Student Activity and Service Fee** – During fiscal year 2013, FIU collected \$14.8 million in Activity and Service (A&S) Fees. We verified that A&S fees collected were appropriate and that there were adequate controls and procedures over the use of A&S fees. While there were no audit exceptions relating to revenue, we recommended that the calculation of the A&S fee increase cap should be refined, commingling of A&S fee funds with Auxiliary funds should be avoided, and that the manner in which expenditures are accounted for and processed can be improved. Management agreed to implement our eight recommendations.
2. **College of Business Expenditures** – We included this audit in our approved annual plan based on a request from the Dean of the College of Business. During fiscal year 2013, the College expended approximately \$58.8 million. While the College's controls and procedures relating to those expenditures were well defined, there were areas where internal controls need strengthening, particularly for: extra compensation, program related expenditures, credit card controls, travel authorization and expenses, and asset management. Management agreed with our eleven recommendations.
3. **FIU Football Attendance for the 2013 Season in Accordance with the National Collegiate Athletic Association** – We performed an audit to certify the accuracy of attendance at FIU home football games reported to the NCAA for the 2013 season. Based on the methodology adopted by the Athletics Department, we found that the football attendance data reported to the NCAA were supported by sufficient, relevant and competent records.

Office of Internal Audit Status Report

March 27, 2014

Page 2 of 2

INVESTIGATIONS

We performed a preliminary investigation of an allegation of financial impropriety referred to us by Office of Equal Opportunity Programs and Diversity, which did not merit further inquiry.

WORK IN PROGRESS

We are currently working on the following audits:

1. Purchasing Practices for Commodities (Office of the Controller)
2. Frost Art Museum (Academic Affairs)
3. School of Computing and Information Sciences (College of Engineering and Computing)
4. University Lab Safety (Environmental Health and Safety)
5. Business Services; Vendor and Retail Contracts (Office of Business Services)
6. Southeast Environmental Research Center (College of Arts and Sciences)
7. Minor Construction Projects (Facilities Management)

PROFESSIONAL DEVELOPMENT

The Internal Audit staff continues to take advantage of professional development opportunities. Seven staff members attended a one day Conference of The Institute of Internal Auditors at the FIU Kovens Conference Center and our Information Systems Audit Manager attended a four day IT training conference in Miami, Florida.

During the period, we provided an overview of our internal audit operations and a tour of the University to a visitor from the University of West Indies' Internal Audit Department. The exchange of information was mutually beneficial.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

Subject: Financial Performance Review - Second Quarter FY 2013-14

Proposed Committee Action:
None. Discussion Item.

Background Information:
The Financial Summary Overview provides the budget variance analysis for the second quarter of Fiscal Year 2013-14.

Supporting Documentation: Financial Summary Overview, Second Quarter FY 2013-14

Facilitator/Presenter: Kenneth A. Jessell

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Notes:

- ¹ *The financials presented above reflects the state budgeting methodology which differs from full accrual Financial Statements. The following have the most significant impact:*
 - *Depreciation of Assets: For budgeting purposes equipment purchases are fully expensed in their acquisition year, therefore depreciation is not included in the budget.*
 - *Payables: At fiscal year-end, E&G expenses will include year end commitments (encumbrances) which have not yet been invoiced.*
 - *Unrealized gains and losses: The investment results are recognized as revenues in the budget however GASB accounting principles require that it be recorded as a non-operating revenue / expense.*
- ² *E&G revenues include State Funding and Tuition and are net of waivers, uncollectible amounts and 30% Financial Aid need-based amounts per BOG regulation. The difference between E&G Revenues and Expenses will be funded from prior years carry forward.*
- ³ *Interfund transfers have been included resulting in higher revenue and expenses by fund allowing for an individual fund performance analysis. The interfund adjustments above eliminate this double counting. However, interfund transactions such as tuition funded by scholarships and auxiliary services provided to other units have not been eliminated. Since revenues and expenses are equal, the interfund adjustments are the same for both.*
- ⁴ *Principal payment of debt reflected above per BOG requirement that debt service payments be shown on a cash basis.*

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

Subject: Clery Act Overview

Proposed Committee Action:
None. Discussion Item.

Background Information:
Chief of University Police, Alexander D. Casas, will provide an overview of the Jeanne Clery Disclosure of Campus Security Policy and Campus Crime Statistics Act (Clery Act).

Supporting Documentation: N/A

Facilitator/Presenter: Alexander D. Casas

**THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES**

Finance and Audit Committee

March 27, 2014

Subject: Treasury Report

Proposed Committee Action:

None. For information only.

Background Information:

The Treasury Report provides an update on liquidity, a comparison of fiscal YTD performance vs. benchmarks by investment style, debt portfolio performance and treasury summary for the quarter ending on December 31, 2013.

Supporting Documentation: Treasury Report

Facilitator/Presenter: Phong Vu



THE FLORIDA INTERNATIONAL UNIVERSITY

BOARD OF TRUSTEES

Finance and Audit Committee

March 27, 2014

TREASURY REPORT FOR THE QUARTER ENDING ON DECEMBER 31, 2013

Report (For Information Only – no action required)

OVERVIEW

The University's total liquidity position of \$353.9 million was 1.9 times the University debt position of \$188.0 million at the quarter end and 1.6 times total debt of \$227.9 million, which includes Direct Support Organization ("DSO") outstanding balances. These results were higher than both the liquidity to university debt ratio (1.7x) and the liquidity to total debt ratio (1.3x) for the same period last year. The favorable variance was primarily due to a higher liquidity position that was the result of higher cash inflows.

LIQUIDITY

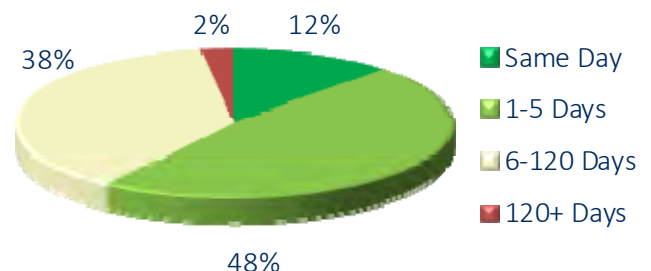
Real Days Payable

\$211.6 million, or 60 percent, of the liquidity position was accessible within 5 business days (See *Liquidity Allocation* chart for detail). The university, FYTD 2014, had 55 real days payable¹ ("RDP") versus 29 RDP in FYTD 2013. The variance in RDP was due mainly to the higher liquidity position that was the result of higher inflows in FYTD2014 (see details in Sources section).

Stress Tests

Treasury analyzes the effect of negative market performance on its liquidity position by generating 10,000 one-year investment performance simulations. At quarter end, the scenario with the bottom decile (the lowest 1,000) equity performance generates a projected 3.3 percent portfolio loss scenario that would equate to \$11.7 million in unrealized losses. Liquidity, as measured by 5-day accessibility, would drop to \$206.2 million, or 58 percent of the total current available cash and investment balances. RDP would fall to 53 days based on FYTD outflows.

LIQUIDITY ALLOCATION



¹ Real Days Payable represents the available balance of liquid funds divided by the average cash outflows of the university. The calculation uses the available balance in the university's bank accounts plus the market value of investments that are accessible within 5 business days as its balance of liquid funds.

The scenario of the bottom decile of overall portfolio performance represents a 4.3 percent loss, or \$15.2 million. This would result in a projected drop in liquidity to \$188.9 million, or 53 percent of the total current available balances. This balance translates into 49 RDP based on FYTD outflows. The scenario of the bottom decile fixed income scenario generates a 1.7 percent portfolio loss that will equate to \$6.0 million in unrealized losses. Liquidity, as measured by 5-days accessibility, would drop to \$209.2 million or 59% of the total current available cash and investment balances. RDP would fall to 54 days based on FYTD outflows.

Sources²

The University started the fiscal year with \$62.6 million in cash balances³. Total FYTD inflows (state and operational) were \$587.9 million as compared to \$457.1 million for the same period in the prior fiscal year. On average, \$4.5 million flowed into the university each business day FYTD versus \$3.5 million/day in FYTD 2013.

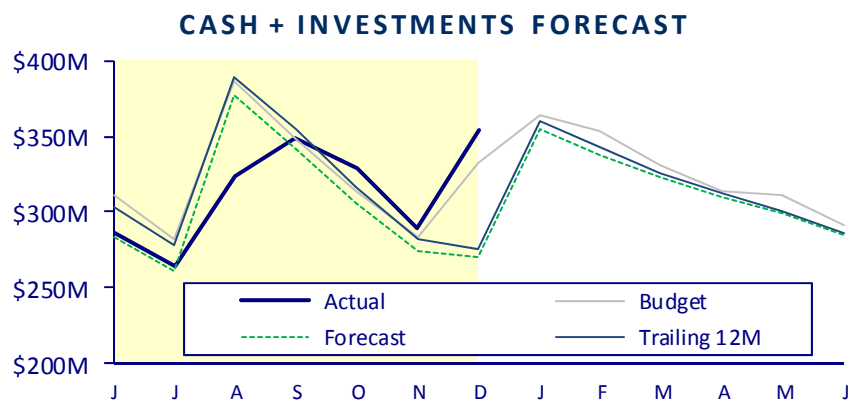
Uses

FYTD, the university expended \$510.7 million and ended the period with \$139.8 million in cash balances. The reason for difference in term of cash balances was because we added a new working capital account, and SPIA had higher inflow. In FYTD 2013, uses totaled \$488.2 million and ended the period with \$38.0 million in cash balances. The FYTD velocity cash outflows increased to \$3.9 million/day from \$3.7 million/day in FYTD 2013. The increase in outflow was primarily due to \$27.3 million in higher payroll disbursements during the period.

Forecast and Budget

Combined Cash and Investment Balances continue to follow historical seasonality. Actual balances at the end of FY 2014 Q2 were 31.3 percent higher than the rolling forecast, 6.3 percent higher than the budget and 28.3 percent higher than Q2 of prior year. The December variance versus the forecast and budget was driven by increased inflows in the last

week of December due to increased enrollments and the timing of tuition payments in the forecast. For the next quarter, the university should experience a slow drawdown in the balances lasting through the fourth quarter of FY 2014 (See *Cash + Investment Forecast* chart for month-by-month projections).



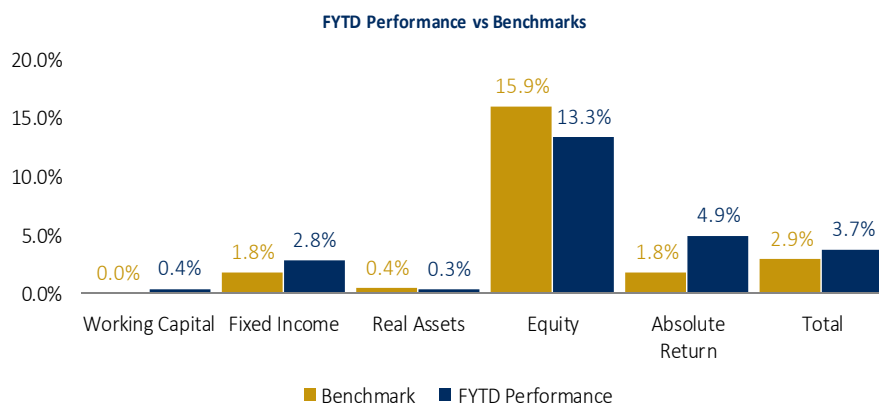
² Sources reported include transfers from the state, transfers from any bond proceeds on debt funded projects and cash from operations. The Treasury Summary details transfers from the state in the W/C (Working Capital Pool) Transfers.

³ Cash includes Working Capital Pool assets and cash balances in the concentration bank account.

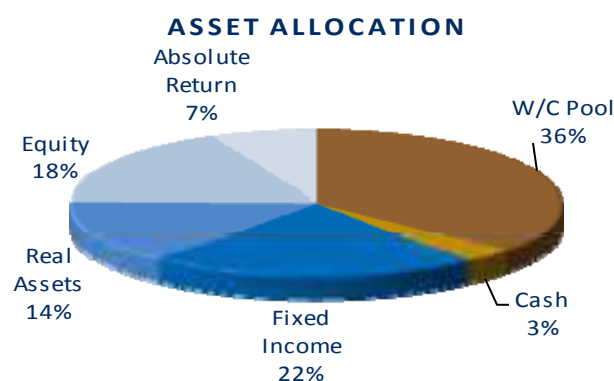
INVESTMENTS

Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 4.7 percent since inception versus the SPIA's 3.0 percent for the same time period. FYTD 2014 the portfolio returned 3.7 percent. This compares unfavorably to 4.5 percent for the same period last year. The Strategic Capital and Reserve Pools gained 5.2 percent while the Working Capital Pool gained 0.4 percent. Returns from the SPIA totaled 0.5 percent during the same period (See *FYTD Performance vs. Benchmarks* chart for additional performance detail by asset class). This compares unfavorably to 0.8 percent for the Working Capital Pool and 5.6 percent for the Strategic and Reserve Capital Pools for FYTD for the same period last year.



Two asset classes underperformed their benchmarks for the period: Real Assets (0.3 percent versus 0.4 percent benchmark), Equity (13.3 percent versus 15.9 percent benchmark). Equity's underperformance was largely due to the non-US manager's overweighting of emerging markets. The underperformance in Real Assets was largely due to the REITS manager's underweight of lower quality properties.



Composition

Asset allocations at the end of FY 2014 Q2 remained within policy guidelines (See *Asset Allocation* chart for detail of asset allocation at quarter end).

The quarter-end market value of the University's operating funds portfolio and cash is \$353.9 million. This balance reflects an increase of \$5.3 million or 1.5 percent, from the previous quarter. The total portfolio market value was \$78.3 million more than the market value the end of FY 2013 Q2.

DEBT

Total

The University and DSOs ended FY 2014 Q2 with \$227.9 million in outstanding debt versus \$205.4 million for the same period in FY 2013. The weighted average interest rate for the University and DSO issuances was 4.3 percent. At the end of FY 2014 Q2, 93.2 percent (\$212.5 million) of the University and DSOs' outstanding debt was fixed rate debt and 6.8 percent (\$15.5 million) was variable rate debt. The variable rate debt is an obligation of the Direct Support Organizations (Athletics Finance Corporation, FIU Foundation).

Housing

The University's housing system debt consists of revenue bonds that are secured by and payable from pledged net revenues derived from the operations of FIU's student housing system (rental income). The outstanding housing debt was \$110.0 million at the end of FY 2014 Q2. This compares to \$114.0 million at the end of FY 2013 Q2. The year over year decrease was due to the scheduled principal payments as included in the debt service. The weighted average interest rate for the housing bonds, at the end of FY 2014 Q2, was 4.1 percent. The housing bonds are rated A+/A/Aa3 (Fitch/S&P/Moody's).

Parking

The University's parking system debt consists of revenue bonds that are secured by pledged net revenues derived from the operation of FIU's parking system, including the mandatory transportation access fee assessed on all students. The outstanding parking debt was \$78.0 million at the end of FY 2014 Q2. This compares to \$50.1 million at the end of FY 2013 Q2. The year over year increase was due to the issuance of Parking Garage 6 bonds. This increase was partially offset by the redemption of the 1995 Parking Bonds and scheduled principal payments as included in the debt service. The weighted average interest rate for the parking bonds, at the end of FY 2014 Q2, was 4.6 percent. The parking bonds are rated A+/AA-/Aa3 (Fitch/S&P/Moody's).

Direct Support Organizations

Currently, DSOs' outstanding debt of \$39.9 million includes stadium bonds with \$32.7 million outstanding and a Foundation loan with \$7.2 million outstanding. In FY 2013 Q2, DSOs had outstanding debt of \$41.3 million including \$33.4 million of stadium bonds and \$7.9 million outstanding for the Foundation loan. The average interest rate for the stadium bonds was 4.5 percent and 4.2 percent for the Foundation Loan. Neither of the DSOs' debt is rated.

Rating Agency - Fitch

The University met with rating agency Fitch on January 28, 2014 for an annual rating review via phone conference. Fitch affirmed the "A+" rating on the Housing System's dormitory revenue bonds. The rating outlook on the housing bonds is considered "Stable." Fitch, also, affirmed the "A+" rating on the Parking System's parking facility revenue bonds. The Rating Outlook on the parking bonds is considered "Stable."

OVERVIEW
Liquidity Position

Cash + W/C Pool	\$ 139,794
Strategic + Reserve Pools	214,105
Total	\$ 353,899

Debt Position

University Debt	\$ 187,985
OSO Debt	39,954
Total	\$ 227,939

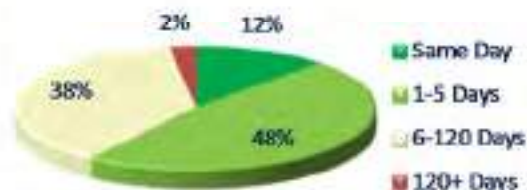
Liquidity/University Debt	1.88
Liquidity/Total Debt	1.55

LIQUIDITY
Availability

Same Day	\$ 43,461
1-5 Days	168,144
6-120 Days	133,627
120+ Days	8,667
Total	\$ 353,899

Real Days Payable (<5 Days)

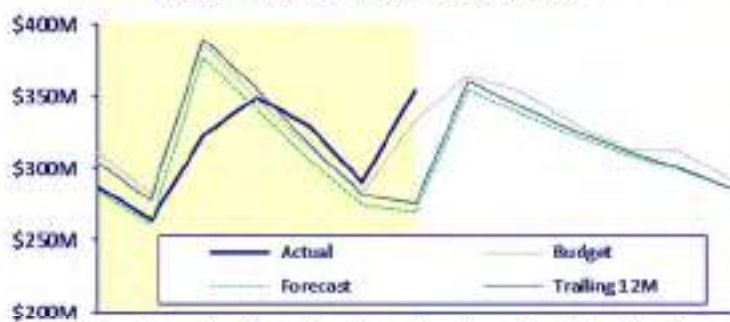
MTD Outflows	64
QTD Outflows	58
YTD Outflow	55

LIQUIDITY ALLOCATION

CASH SOURCES AND USES

Sources	MTD	QTD	YTD
Opening W/C Pool Balance	\$ 73,525	\$ 137,266	\$ 58,977
Opening Cash Balance	3,166	2,796	3,634
From State	20,735	57,493	120,643
From Operations	115,478	181,739	467,242
Uses	MTD	QTD	YTD
To Payroll	(42,028)	(137,699)	(241,061)
To Operations	(24,489)	(80,906)	(167,994)
To Students	(6,592)	(20,895)	(101,647)
Cash + W/C Pool	\$ 139,794	\$ 139,794	\$ 139,794

INVESTMENTS

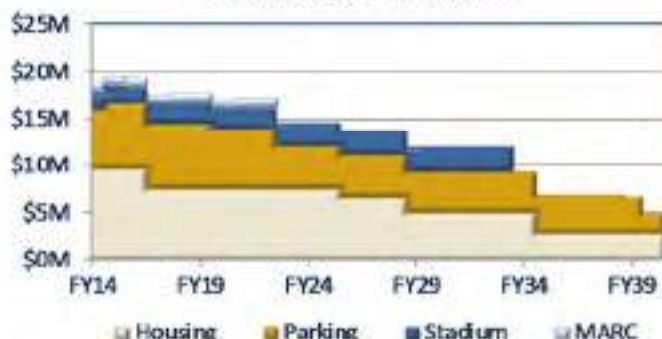
Cash + W/C Pool	Balance	FYTD	Last 1Y
W/C Pool	\$ 127,475	0.4%	1.1%
Cash	12,320	0.0%	0.0%
Strategic + Reserve Pools			
Fixed Income	76,238	2.8%	1.3%
Real Assets	50,341	0.3%	-4.9%
Equity	62,291	13.3%	23.0%
Absolute Return	25,234	4.9%	10.9%
Total	\$ 353,899	3.7%	3.8%

CASH + INVESTMENTS FORECAST

ASSET ALLOCATION

DEBT

University	O/s Balance	Avg. Rate
Housing (Aa3/A+/A+)*	\$ 110,000	4.1%
Parking (Aa3/AA-/A+)*	77,985	4.6%
Direct Support Organizations		
AFC (Stadium)	32,749	4.5%
Foundation (MARC)	7,205	4.2%
Total Outstanding Debt	\$ 227,939	4.3%
* (Moody's/S&P/Fitch)		

Fixed Rate Debt	212,450	93.2%
Variable Rate Debt	15,489	6.8%

ANNUAL DEBT SERVICE


THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

Subject: Business Services Report

Proposed Committee Action:
None. For information only.

Background Information:
The Office of Business Services Report provides information on services, sales, investments and venues.

Supporting Documentation: Business Services Report

Facilitator/Presenter: Aime Martinez



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

BUSINESS SERVICES REPORT AS OF FEBRUARY 26, 2014

Report *(For Information Only – no action required)*

Updates

- A new **Subway**, opening fall 2014, will replace the existing Bistro Subs and Bay café at BBC. The new subway will offer its traditional menu of subs and salads along with pizza, soups, coffee and breakfast items.
- A new **Starbucks kiosk** in the BBC library, opening fall 2014, will offer a full menu of drinks, food and café seating.
- A newly renovated **BBC Bookstore** for fall 2014, will have a storefront system that folds away to allow for open access to the bookstore and the marketplace. Café seating outside and a new cash wrap will be added along with some additional counters in the 'Marketplace' to expand product offerings and to alleviate clutter that exists along the current storefront.
- **The MANGO building**, opening fall 2014, will feature Panda Express, Starbucks and Taco Bell with over 6,000 sq. ft. of indoor/outdoor seating designed to foster collaboration and community engagement.
- **Parking Garage 6**, opening in 2015, will include 2,000 new parking spaces, classrooms and over 30,000 sq. ft. of retail.

Quick Facts

Services under Management

- 46 Food and Retail Venues, Beverage & Snack Vending, FIU *One Card* Program, Office Supplies, Printing and Copying, Multi-use Facilities, Property Management and University-Wide Advertising.

Investments

- In fiscal year 2013-14 Business Services plans to invest \$8.9M to build out new facilities, expand services and increase indoor and outdoor seating to help foster affinity and retention at FIU. Business Services will also contribute over \$1.8M to fund university initiatives, provide scholarships, underwrite student services and support FIU facilities.

Revenues

- The Office of Business Services manages sales of over \$41M annually from operations. Revenues from operations in fiscal year 2013-14 are on pace to exceed the estimated \$7.5M. Through the month of December, total operating revenue is up 8% vs. budget.

Barnes & Noble at FIU

Barnes and Noble textbook rental program showed a 37% increase over prior year. In spring 2014 students rented 15,139 titles, compared to 12,791 in spring 2013; an 18% increase. B&N also sold 2,363 units of eBooks in 2014, compared to 1,961 units in 2013; a 20% increase. Online textbook sales continue to climb, up 14% over prior year.

FIU One Card/Wells Fargo

- Over 58,000 *One* Cards have been issued. Links to Wells Fargo accounts continue to climb through orientations augmented by new services like passport photos and student rewards pilot.

Marketing and Consumer Insights

- Wave 7 of the OBS bi-annual Quality of Service Study will be fielded in April. OBS uses the insights drawn from this study to identify opportunities for improved performance and ensure best practices in service are continuously implemented across our varied partnerships.
- ShopFIU's Instagram presence continues to grow at a steady pace with an average of 33% new subscribers per month.

Beverage and Snack Vending

Year to date sales are up 26% over prior year and more than 50% of the sales are generated through credit card transactions.

New BBC Capital Projects

New Entrance - BBC Wolfe University Center



New Starbucks Kiosk - BBC Library



New Subway - BBC Food Court



Opening Fall 2014

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

Subject: Athletics Update

Proposed Committee Action:
None. For information only.

Background Information:

The Athletics Update provides an unaudited preliminary recap and financial highlights since the Finance and Audit Committee last met on January 9, 2014.

Supporting Documentation: Athletics Update

Facilitator/Presenter: Pete Garcia



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

ATHLETICS UPDATE AS OF FEBRUARY 25, 2014

Report *(For Information Only – no action required)*

Pete Garcia

Executive Director of Sports and Entertainment

Athletics Finance Corporation

FIU Athletics Finance Corporation
Unaudited Preliminary Recap
Through the Period Ended December 31, 2013 (in thousands)

	Budget	Actual	Variance
Revenues	\$2,265	\$2,419	\$154
Expenses	\$1,294	\$1,467	(\$173)

- Favorable Operating Revenues of \$154 thousand, driven by favorable external Rental Revenues, as well as Tickets and Net Suite Revenue.
- Unfavorable Operating Expenses of \$173 thousand, driven mainly by scoreboard repairs, as well as accelerated payment of game management expenses versus budget.
- The debt coverage covenant requirement has been met for the period ending December 31, 2013.

Other Financial Highlights

- FIU Arena naming rights sold to the Fontainebleau at \$35,000 per year, for three years with mutual one-year renewal options, for a total gift of \$105,000.
- FIU Arena Court naming rights sold to Lime Fresh Mexican Grill at \$25,000 per year, for four years for a total gift of \$100,000.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

Subject: Emergency Management Status Report

Proposed Committee Action:
None. For information only.

Background Information:

The Emergency Management Status Report provides updates on training, exercises and preparedness since the Finance and Audit Committee last met on January 9, 2014.

Supporting Documentation:	Emergency Management Status Report FIU Alert Emergency Notification System, January 21, 2014 Incident FIU Alert Emergency Notification System, January 27, 2014 Incident
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Facilitator/Presenter:	Ruben D. Almaguer
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THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

EMERGENCY MANAGEMENT STATUS REPORT AS OF FEBRUARY 25, 2014

Report *(For Information Only – no action required)*

Training and Exercises

On May 2, 2014, Department of Emergency Management (DEM) staff will facilitate a table top exercise with the University President and his executive staff. The exercise will be based upon one of the federal National Planning Scenarios and involve outside agencies as well as FIU staff.

On January 30, 2014, FIU hosted federal, state and local partners in conjunction with the Florida Department of Health in Miami-Dade County to conduct a point of dispensing exercise to test the region's ability to dispense medicine in the event of a large scale health emergency. The exercise was held at the FIU Arena.

Staff from DEM and the Herbert Wertheim College of Medicine attended the 4th Annual National Hospital Disaster Planning, Preparations and Response Symposium: An All-Hazards Approach jointly sponsored by Jackson Health System and the University of Miami Miller School of Medicine.

DEM staff continues to train departments on the University's web based continuity of operations planning tool known as FIU Ready. All units are expected to review their respective plans by May 1, 2014.

Preparedness

DEM staff continues to conduct University-wide informational sessions and training on emergency preparedness, hurricane preparedness and FIU's new emergency notification system.

DEM staff is participating in monthly conference calls with the other state university system emergency managers to discuss common concerns, best practices and trends within emergency management.

Emergency Notification System

Attached are two (2) reports of separate incidents where the new system was utilized.



Emergency Management
FLORIDA INTERNATIONAL UNIVERSITY



Emergency Notification System January 21, 2014 Incident

Compiled: January 23, 2014

Section I: Incident Summary

On January 21, 2014, at approximately 10:00 p.m., FIU Police responded to a fire alarm that was triggered at Parkview Hall Housing East building located on the Modesto Maidique Campus. FIU Police initiated a limited FIU Alert emergency notification at 10:04 p.m., utilizing outdoor speakers, campus phones and callboxes at the location of the incident. That message read as follows:

FIU ALERT! Please evacuate your building immediately.

A similar message was also sent to the executive group (13 individuals) simultaneously via text message and voice call. The message that was sent to the executive group that read as follows:

FIU ALERT! Please evacuate Park View East immediately.

Following the first alert that was sent to individuals located at the building and to the executive group, a cell phone text message and automated voice call was again sent to the executive group only. This message contained a brief description regarding the incident at 10:17 pm. That message stated:

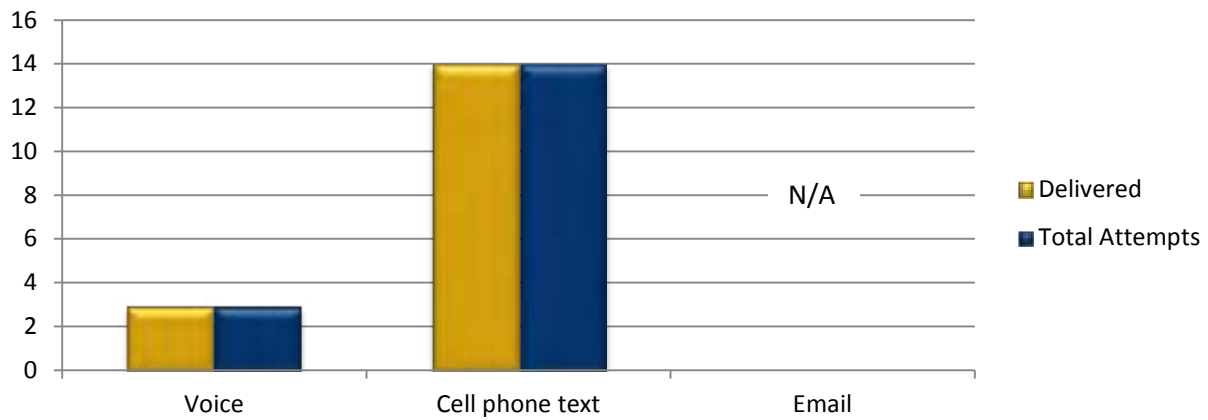
STOVE FIRE REPORTED IN PARKVIEW EAST, BUILDING EVACUATED DUE TO FLOODING FROM SPRINKLERS

Miami-Dade Fire Rescue (MDFR) and the FIU Police Department responded to the scene and determined that a grease fire from one of the stoves in a residential unit triggered a sprinkler head located in that room.



Section II: FIU Alert™ Performance Evaluation Data

Blackboard Connect™ Device Deliveries

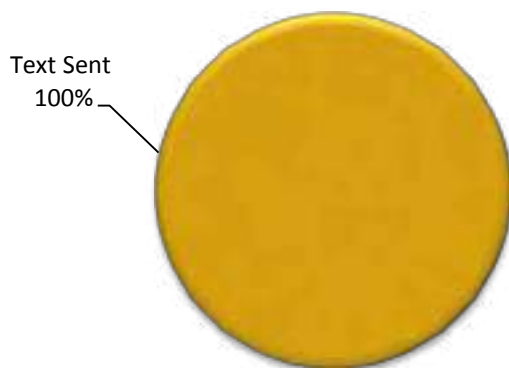


Email was not utilized in during this incident.

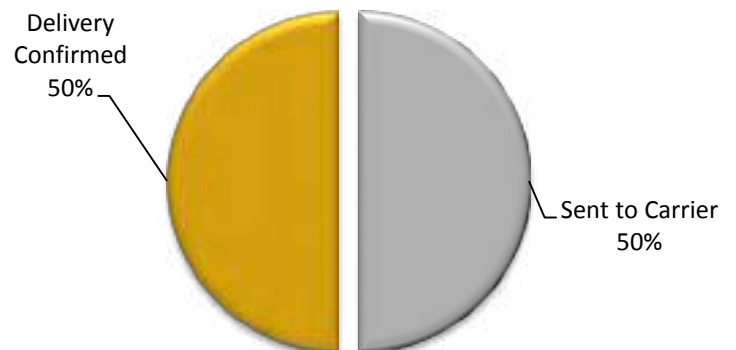
Voice Delivery



Text Deliveries



Text Delivery Confirmation



VOIP Phone System Deliveries to Park View East Building

Outdoor Speaker and Callbox Deliveries Park View East Building



Web & Outdoor Large Digital Displays

FIU Media Relations directs the main FIU webpage (www.fiu.edu) and the outdoor large digital display boards. Because these systems are manually operated, they are not used in the initial primary stage of rapid general notification. Instead, these may be used for follow up messages. External Relations did not receive any requests from FIU Police to send out any messages for this incident.



Social Media: Facebook® & Twitter® Deliveries

- Blackboard Connect™ was not utilized to post to the FIU Twitter® account.
- Blackboard Connect™ was not utilized to post to the FIU Facebook® account.



Section III: Issues & Solutions

VOIP phone, outdoor speakers and callboxes at
Parkview failed to receive alert

The Blackboard Connect™ system has no record of a message being sent to Park View's VOIP phones, outdoor speakers or callboxes. There is no record on the campus system receiving an alert from Blackboard Connect™. The reason for this failure is currently not known but is being investigated by technicians from Blackboard Connect™.

Confusion regarding recipients of the text messages
directed to the executive group

There was some confusion regarding whether the text messages being sent to the executive group had gone out to the community or just to the executive group. A possible solution to avoid this confusion could be differentiating the message that is directed to the executive group by prefacing the message with "X".

Section IV: Summary

- Despite the issues identified in the previous section, it is important to note that the system delivered alerts in a timely fashion.
- Police communication operators initiated the alerts expeditiously.
- The ad hoc message directed to the executive group was effective in communicating the proper message.
- The failure of the VOIP phone, outdoor speakers and callbox system in this case highlights the importance of redundancy in emergency communications. It also highlights the importance of continuing to expand and or improve the FIU Alert emergency notification system.
- The failure of the VOIP phone, outdoor speakers and callbox system in this case highlights the importance of regular testing of the system to discover technical issues that may arise during incidents.



Emergency Management
FLORIDA INTERNATIONAL UNIVERSITY



Emergency Notification System January 27, 2014 Incident

Compiled: February 19, 2014

Section I: Incident Summary

On January 27, 2014, at approximately 11:14 p.m., FIU Police responded to a gas leak in the Chemistry and Physics building located on the Modesto Maidique Campus. Miami-Dade Fire Rescue (MDFR) was alerted and responded. FIU Police initiated a limited FIU Alert emergency notification at 11:21 p.m., utilizing outdoor speakers, campus phones and callboxes at the location of the incident. That message read as follows:

FIU ALERT! Please evacuate your building immediately.

A similar message was also sent to the executive group (16 individuals) simultaneously via text message and voice call. The message that was sent to the executive group read as follows:

FIU ALERT! Please evacuate the Chemistry and Physics building immediately.

Following the first alert that was sent to individuals located at the building and to the executive group, a cell phone text message and automated voice call was again sent to the executive group only. This message contained a brief description regarding the incident at 11:26 pm. That message stated:

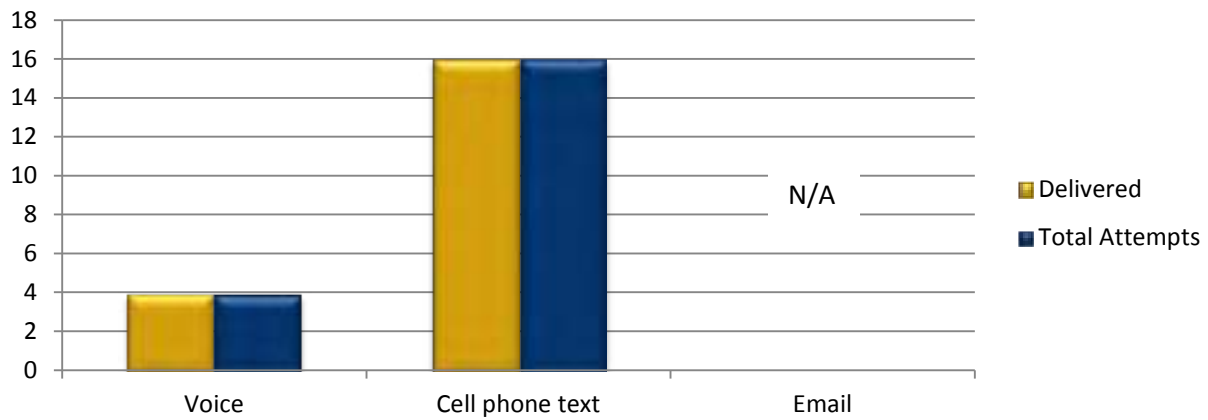
FIU ALERT: GAS LEAK WAS REPORTED IN THE CP BUILDING, BUILDING WAS EVACUATED; OFFICERS AND MDRF ON SCENE

Miami-Dade Fire Rescue (MDFR) and the FIU Police Department responded to the scene and determined that a small gas tank had produced a minor leak with no risk of injury.



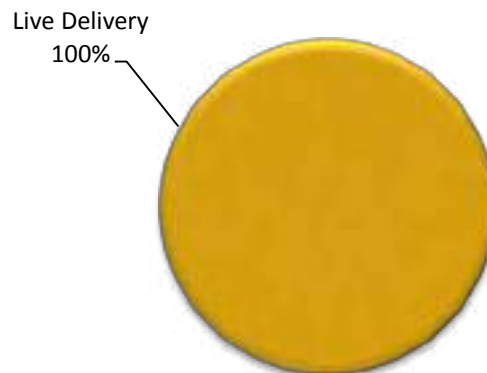
Section II: FIU Alert™ Performance Evaluation Data

Blackboard Connect™ Device Deliveries

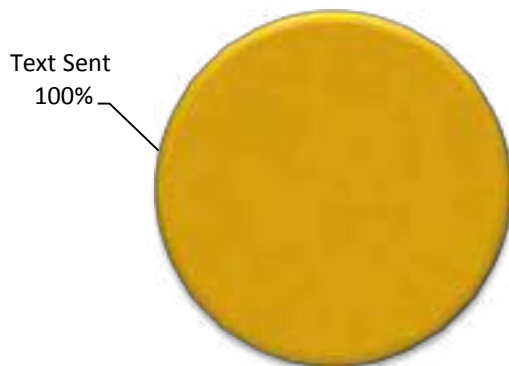


Email was not utilized in during this incident.

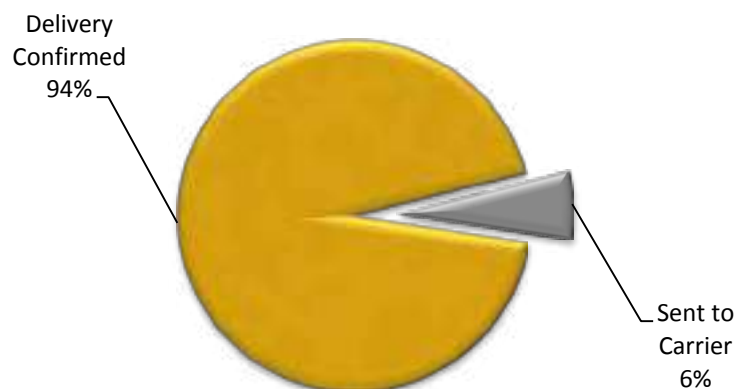
Voice Delivery



Text Deliveries

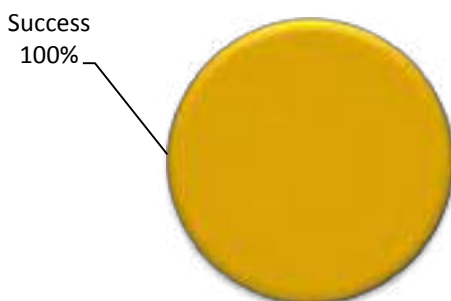


Text Delivery Confirmation



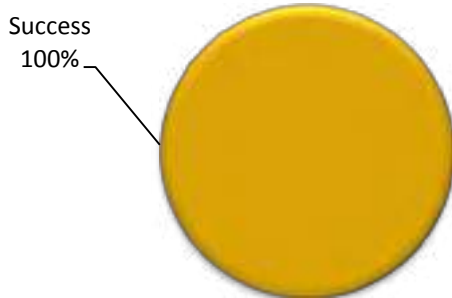
VOIP Phone System Deliveries to Chemistry and Physics Building

VOIP Phone System Delivery



Outdoor Speaker and Callbox Deliveries to Chemistry and Physics Building

Outdoor Speakers and Callboxes



Web & Outdoor Large Digital Displays

FIU Media Relations directs the main FIU webpage (www.fiu.edu) and the outdoor large digital display boards. Because these systems are manually operated, they are not used in the initial primary stage of rapid general notification. Instead, these may be used for follow up messages. External Relations did not receive any requests from FIU Police to send out any messages for this incident.



Social Media: Facebook® & Twitter® Deliveries

- Blackboard Connect™ was not utilized to post to the FIU Twitter® account.
- Blackboard Connect™ was not utilized to post to the FIU Facebook® account.



Section III: Issues & Solutions

None reported. System worked as expected.

Section IV: Summary

- Police communication operators initiated the alerts expeditiously.
- The ad hoc message directed to the executive group was effective in communicating the proper message.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

Subject: University Compliance Program Report

Proposed Committee Action:
None. For information only.

Background Information:

The University Compliance Program Report provides an update on the status of the University's Compliance and Ethics program.

Supporting Documentation: University Compliance Program Report

Facilitator/Presenter: Joann Bova



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

UNIVERSITY COMPLIANCE PROGRAM REPORT AS OF FEBRUARY 26, 2014

Reports (*For Information Only – no action required*)

The Office of University Compliance & Integrity has been involved in numerous initiatives since its last report to the Finance and Audit Committee of the Florida International University Board of Trustees on the status of the University's Compliance and Ethics Program. Following is our current report on the status of the program.

Current Compliance Initiatives and Activities

- *University Compliance and Integrity New Web Site.* The Office of University Compliance and Integrity launched its new web site on December 28, 2013. The updated web site contains new features such as a Compliance Newsletter, Policy of the Month, and links to over 25 units that offer compliance-related education and training opportunities throughout the University. Please visit the new web site at: <https://compliance.fiu.edu/index.html>.
- *Mandatory Reporting of Known or Suspected Child Abuse, Neglect or Abandonment for Universities.* On April 16, 2014, during national Child Abuse Awareness month, FIU's in-house subject matter expert, Dr. Maureen Kenny, will provide University-wide training on the prevention of child abuse, abandonment or neglect to FIU employees, coaches or volunteers who administer or oversee summer camps or activities or programs involving minors on campus or during campus sponsored events.
- *Mandatory Reporting of Child Abuse, Abandonment or Neglect Web Page.* The Office of University Compliance and Integrity has added a web page addressing the reporting requirements for any instances of known or suspected child abuse, abandonment or neglect that occur on FIU's campus or at a university sponsored

event. The new web page is located under the Education and Training section of the Web site and provides information and resources for training and reporting.

- *University Privacy and Data Security Matters - Online Campus Solutions Parent/Guest Access System.* This office worked closely with UTS-PantherSoft representatives in the Division of Information Technology and Student Enrollment Services to review, assess, and revise the content of the Academic Affairs' Campus Solutions Parent/Guest Access system in accordance with federal and state privacy laws and regulations. The Office also created the terms & conditions for students and third-party guests, which were reviewed and finalized and sent to the Division of IT to post on the access portal.
- *University Compliance Program Advisory Committee.* The University Compliance Program Advisory Committee ("UCPAC") will hold its next quarterly meeting on March 5, 2013. The Committee consists of representatives in mid-to-upper level management positions from the College of Medicine, Office of the Controller, Division of Research, Enrollment Services, Environmental Health & Safety, Equal Opportunity Programs and Diversity, Human Resources, IT Security, Office of the General Counsel, Risk Management and University Compliance. The Office of Internal Audit and the University Ombudsperson have been invited to attend the next committee meeting. The UCPAC meets quarterly and serves as a forum for information-sharing and awareness-raising to help ensure accountability for compliance throughout the University.

Standards and Procedures

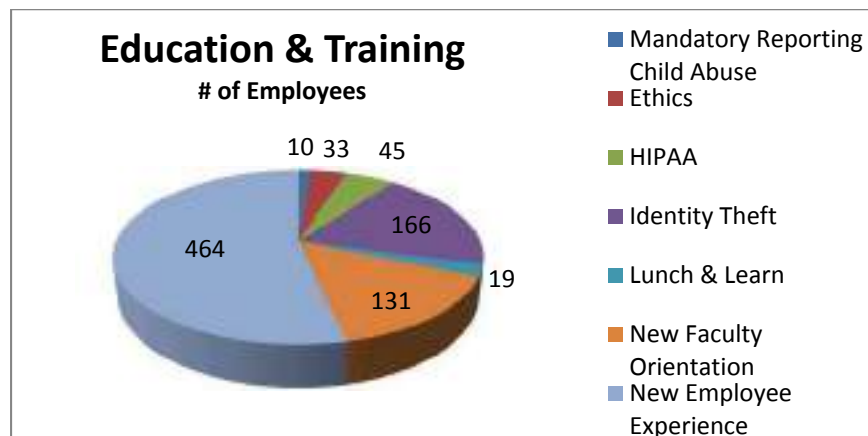
- *Department of Defense Information Security Breach Reporting Requirements.* This regulation issued on November 18, 2013 by the DoD entitled Safeguarding Unclassified Controlled Technical Information ("UCTI"), applies solely to DoD contracts and subcontracts in which UCTI is stored or transferred on computer systems and requires DoD contractors and subcontractors to follow the 13 minimum NIST security controls identified in DARS and DFARS. A workgroup consisting of representatives from the Office of University Compliance and Integrity, the Office of the General Counsel, the Division of Research, Information Technology and the IT Security Office met to review the requirements of the final rule and determine any necessary action steps to ensure compliance.
- University policies which have been added, updated or revised since the last report to this Board include the following:

- Division of Human Resources:
 - Firearms and Dangerous Weapons Policy
 - Moving and Relocation Procedure
- Office of Financial Aid
 - Academic Tuition Waivers
 - Financial Aid Administration
 - Financial Aid Refunds/Repayments

Education and Training

- Education and Training sessions held in FY 2013-14 to date, are as follows:

FY 2013-2014		
Training	# of Presentations	# Attending
Child Abuse Reporting Requirements	1	10
Ethics	3	33
Export Controls*	0	0
HIPAA	4	45
Identity Theft	9	166
Lunch & Learn Workshops	4	19
New Faculty Orientation	1	131
New Employee Experience	17	464
TOTAL	39	868



Monitoring and Reporting

- *Internal/External Inquiries.* The office has received a total of 37 inquiries this fiscal year: four external inquiries and 33 internal inquiries. Most of the inquiries were related to issues involving Academic Affairs, Human Resources, or University Policies.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

Subject: Safety and Environmental Compliance Report

Proposed Committee Action:
None. For information only.

Background Information:
The Safety and Environmental Compliance Report provides the status of compliance issues since the Finance and Audit Committee last met on January 9, 2014.

Supporting Documentation: Safety and Environmental Compliance Report

Facilitator/Presenter: Ruben D. Almaguer



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

SAFETY AND ENVIRONMENTAL COMPLIANCE REPORT AS OF FEBRUARY 25, 2014

Report *(For Information Only – no action required)*

Issue: National Pollutant Discharge Elimination System Stormwater Phase II Permit Audit (5 year)

Agency: Florida Department of Environmental Protection (FDEP)

Status: Final Update: On December 30, 2013, FDEP reviewed the final outstanding item outlined in the audit and determined that the Modesto A. Maidique Campus was in full compliance with all FDEP rules and regulations.

Issue: Bureau of Radiation Control Radioactive Material License Inspection (Semi-Annual)

Agency: Florida Department of Health (FDOH)

Status: Final Update: FIU's Broad Scope Radioactive Material License requires semi-annual leak testing of 34 sealed radiation sources. Analysis results showed that all sealed sources are compliant.

Issue: Life Safety Building Code Compliance Inspections and Other Life Safety Code Activities (Annual)

Agency: State Fire Marshal

Status: Update: Efforts are being focused on improving the processing of life safety building code violations and reporting to the State. Technological solutions to improve tracking and resolution of violations are being sought.

Issue: Scientific & Commercial Diving Safety Program

Agency: US Department of Labor Occupational Safety and Health Administration (OSHA) and American Academy of Underwater Sciences (AAUS)

Status: Update: FIU's Aquarius Reef Base facility will be undergoing a voluntary independent OSHA Commercial Diving standards review. A final report should be completed by the end of March 2014.

FIU's annual scientific diving statistics are currently being compiled and will be submitted to the AAUS in March 2014. FIU's Diving Safety Officer has been AAUS approved as compliant and recognized scientific diving instructor.

scope items are resolved and funding secured, the final Certificate of Occupancy (CO) will be obtained. Resolution of the water ponding at the sidewalk, immediately in front of the building, is being designed and priced. Construction is anticipated immediately following Spring graduation when pedestrian traffic decreases in that area of campus.

Projects under Construction

- **Academic Health Center 5 (BT-877/895)** - \$44.9 M (multiple sources: \$38.5M bond, \$6.4 auxiliary) project budget. A/E – Perkins + Will; CM – Skanska. (121,465 gsf). The Robert Stempel College of Public Health and Social Work (RSCPHSW) project (\$23.3M) and the International Hurricane Center (IHRC) project (\$15.0 M) were combined into one project; the DoR contributed an additional \$6.6M for research facilities. Exterior fenestration has passed water testing. Interior partitions and mechanical systems are now approximately 80% complete. Furniture delivery is anticipated in mid-March. The audio-visual (AV) design package hard bid proposals were received February 13th with anticipated AV contract execution projected for early March. Preliminary move-in date for the RSCPHSW is April 28th. The remaining academic units including Earth and Environment and the Extreme Environment Institute (EEI)/IHRC will relocate to AHC5 during the summer 2014. The RSCPHSW move will trigger renovations for the Herbert Wertheim College of Medicine in AHC1 and AHC2. Current Owner Direct Purchase (ODP) tax savings are \$381,962.10 -- slightly shy of the 1% objective of \$385,000. Target delivery date: April 2014.
- **Management and New Growth Opportunities (MANGO) Mixed-Use College of Business Building- (BT-886)** - \$35.7M (multiple sources) project budget. A/E – HOK; CM-Arellano. (107,912 gsf). Pre-cast installation is complete. Exterior glazing for floors 2 through 6 will be complete by the end of March. The signature “canyon” storefront will also be complete by the end of March. First floor storefront completion will be sequenced last to maintain construction access through April. Elevators will be operational by mid-March. Drywall installation has begun on the second floor and will be completed by the end of April. Mechanical room finishes are being completed prior to the installation of equipment. Electrical rough-in’s are complete up to the 5th floor. Program changes initiated by the College of Business include a shift from an open office plan to more traditional individual faculty offices. Food service equipment orders are being evaluated for the most efficient procurement delivery method. Current ODP savings tally \$319,526 toward the 1% objective of \$370,524. Target delivery date: July 2014.
- **Parking Garage 6 (BT-868)** – \$42.6M (multiple sources) project budget. A/E – PGAL; CM – Facchina. This facility will reuse the PG5/Market Station design.

Dimensions: 779,815 gsf total with 36, 0920 gsf shelled for retail and academic use; approximately 2,000 parking spaces. The project will incorporate site specific modifications such as improved traffic lanes at the SW 112th Avenue entry, a traffic circle at the intersection of Palm Avenue and Loop Road, and a pedestrian bridge across the loop road. The project has broken ground. Dewatering and foundation work is ongoing. Pre-cast is in fabrication with installation starting in May 2014. A temporary construction entrance on SW 8th Street was completed on February 14th to minimize the impact of construction traffic on the University's interior roadways. Campus road improvements (expansion of 112th Avenue entry, new traffic circle and widening of Loop Road) are being engineered to minimize disruption to campus vehicular traffic. Facchina Construction (CM) is analyzing all options including night road work. Funding for the design of classrooms within the retail shell has been received. Design kickoff meeting was held on February 19th. Classrooms will accommodate over 300 student seats. Studies to identify the most efficient classroom layouts are being conducted. Facchina will submit the budget confirmation based on 100% CDs at the end of March 2014. Planning with Miami-Dade Transit and Florida Department of Transportation continues. Landscaping plans are being studied and refined. Current ODP savings tally \$14,186 toward the 1% objective of \$342,727. Target delivery date: January 2015.

- **Ambulatory Care Center (BT-870)** - \$8.6M (County bond) project budget. A/E - AECOM; CM - Klewin. (32,023 gsf). The University has negotiated with Klewin an acceptable Guaranteed Maximum Price (GMP) of \$7,875,000. The University issued the Notice to Proceed (NTP) February 3rd. Mobilization north of PG5/Market Station has begun. Both the project budget and the schedule are extremely tight; the budget, for example, does not include furniture, fixtures and equipment and includes minimal telecommunication. Target delivery date: November 2014.

Projects in Design

- **Student Academic Support Center (SASC) (BT-882)** - \$30.9M (PECO) project budget/\$25.8M PECO/GR funded. A/E - Gould Evans; CM - Balfour Beatty. (73,173 GSF). The University and Balfour Beatty are attempting to refine the construction cost estimate and negotiate a GMP within the reduced construction budget of \$19M. The shortfall in funding has a severe impact on the project. Full funding from the legislature to complete the project as originally appropriated would be a major breakthrough. Value engineering continues, however, the gap may require significant re-design if no additional funding is available. The budget issue has already impacted the schedule. The June 2015 delivery date was contingent on a March 2014 NTP. Target delivery date: Pending impact of program changes and acceptable GMP.

Projects in Planning Stage

Recreation Center Expansion (BT-903) - \$8.6M Capital Improvement Trust Fund project budget. A/E - TBD; CM - TBD. (30,585 gsf). The project will expand the existing facility into Parking Lot #8 and will include a basketball/volleyball gym, a weight training room, and locker room addition. A/E final selection was held February 24th and is pending the University President's approval. CM advertisement was posted February 26th. Target delivery date: April 2016

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 27, 2014

Subject: Foundation Report

Proposed Committee Action:
None. For information only.

Background Information:

The FIU Foundation, Inc. Report contains the Financial Statements Recap and Investment Summary as of January 31, 2014.

Supporting Documentation: FIU Foundation, Inc – Financial Statements Recap and Investment Summary, January 31, 2014

Facilitator/Presenter: Richard Brilliant

FIU FOUNDATION, INC.

**FINANCIAL STATEMENTS RECAP
& INVESTMENT SUMMARY**

January 31, 2014

FIU FOUNDATION, INC.
Recap of Statement of Activities
For the Period Ended January 31, 2014

(In Thousands of Dollars)

	2013-14	2013-14		2013-14	2012-13	2012-13
	7-Month	7-Month		Annual	7-Month	Total Year
	<u>Budget</u>	<u>Actuals</u>	<u>Variance</u>	<u>Budget</u>	<u>Actuals</u>	<u>Actuals</u>
REVENUES:						
<u>Contributions:</u>						
Endowments	\$ 9,825	\$ 5,945	\$ (3,880)	\$ 18,847	\$ 4,672	\$ 9,920
Non-Endowed Funds:						
Scholarship & Programs	10,172	7,722	(2,450)	19,569	6,295	9,554
Building Funds	173	80	(93)	3,901	273	4,959
Unrestricted Annual Revenues	702	391	(311)	1,259	412	532
Pledged Revenue	-	(3,969)	(3,969)	-	(1,268)	8,033
TOTAL CONTRIBUTIONS	\$ 20,872	\$ 10,169	\$ (10,703)	[1] \$ 43,576	\$ 10,382	\$ 32,999
<u>Other Revenues:</u>						
MARC Building	\$ 988	\$ 1,408	\$ 419	[2] \$ 1,672	\$ 1,305	\$ 1,917
Foundation Enterprise Holdings I	129	117	(12)	227	119	209
Foundation Enterprise Holdings II	26	28	2	130	2,927	2,927
Foundation Enterprise Holdings III	-	1,400	1,400	[3] -	-	-
Estimated Investment Returns	7,046	17,774	10,728	[4] 12,726	14,746	21,258
Administrative Reserve	-	(0)	(0)	2,800	(0)	2,743
TOTAL OTHER REVENUES	\$ 8,189	\$ 20,726	\$ 12,537	\$ 17,555	\$ 19,097	\$ 29,054
TOTAL REVENUES	\$ 29,061	\$ 30,895	\$ 1,834	\$ 61,132	\$ 29,479	\$ 62,052
EXPENSES:						
<u>University Programs:</u>						
Scholarships & Programs	\$ 9,138	\$ 5,241	\$ 3,897	\$ 14,106	\$ 4,191	\$ 11,739
Building Funds	3,552	644	2,908	3,552	421	1,056
Unrestricted Annual Expenses	681	575	106	926	526	811
TOTAL UNIVERSITY PROGRAMS EXPENSES	\$ 13,370	\$ 6,460	\$ 6,911	[5] \$ 18,584	\$ 5,138	\$ 13,606
<u>Operational:</u>						
MARC Building	\$ 507	\$ 317	\$ 190	\$ 904	\$ 256	\$ 816
Foundation Enterprise Holdings I	131	102	29	171	102	131
Foundation Enterprise Holdings II	40	22	18	79	-	11
Foundation Enterprise Holdings III	-	49	(49)	[3] -	-	-
Administrative Reserve	1,070	980	89	1,743	801	1,541
General Reserve	3,904	2,468	1,436	6,686	249	905
Administrative Fee	-	(0)	0	2,800	(0)	2,743
TOTAL OPERATIONAL EXPENSES	\$ 5,651	\$ 3,938	\$ 1,713	[6] \$ 12,384	\$ 1,408	\$ 6,148
TOTAL EXPENSES	\$ 19,022	\$ 10,398	\$ 8,624	\$ 30,968	\$ 6,546	\$ 19,754
EXCESS REVENUES OVER EXPENSES	\$ 10,039	\$ 20,497	\$ 10,458	\$ 30,164	\$ 22,934	\$ 42,298

*These financial statements recaps reflect revenues and expenses on a modified accrual basis.

**Please refer to Appendix A for detailed variance notes.

Variance Notes:

[1] The negative variance of \$10.7 million in contributions is a result of timing. Approximately \$6.7 million in cash from anticipated new gifts has not materialized. The Development team is actively working the campaign plan to eliminate the negative variances by the end of the fiscal year. Further driving the negative variance is the change in contributions receivable, which totals \$(4.0 million). This represents an excess of pledged payments over new signed gift agreements, net of the related allowance for uncollectable pledges and the 1.41% discount. The entire pledged revenue component is a variance as this non-cash item is not budgeted.

Below is an aging schedule of all Foundation contributions receivable as of January 31, 2014 net of a 0.65% allowance for doubtful accounts and proposed write-offs totaling \$805,673:

	Current Year	1 - 2 Years	3 - 4 Years	5+ Years	TOTAL
Non-Endowed*	\$ 6,186,124	\$ 5,551,166	\$ 2,023,217	\$ 974,577	\$ 14,735,084
Endowed*	\$ 1,458,758	\$ 5,170,359	\$ 14,515,589	\$ 33,743,243	\$ 54,887,949
COMBINED TOTAL*	\$ 7,644,883	\$ 10,721,525	\$ 16,538,806	\$ 34,717,820	\$ 69,623,034

** Receivables on the statement of financial position total \$65.3 million and are discounted by \$4.5 million to their present value. The total also includes other receivables totaling \$134,645.*

[2] The positive variance for MARC Building revenues is a result of unrealized gains related to the derivative liability on the swap portion of the building loan. Adding to the positive variance is the fact that the budgeted 5% allowance for vacancies did not materialize since occupancy remains at 100%.

[3] Foundation Enterprise Holdings III is a new line item and therefore did not have a budget. In July 2013, FIU Foundation closed on the gift of real property located on 100 East Flagler Street (floors 2, 8 and 9) in Miami, Florida. The property was transferred to Foundation Enterprise Holdings III, a single member LLC with FIU Foundation as its sole member. The value of the building, furniture and equipment totaling \$1.35 million is recognized as a contribution. Expenses related to the building (e.g. condominium association fees, property taxes, insurance, repairs and maintenance, etc.) will initially be funded from proceeds on the recent sale of The Women's Club.

[4] Investment returns for fiscal year 2013-14 were projected at 6.0% or \$12.7 million, based on a beginning balance of \$200 million. The monthly budgeted returns were forecasted based on our asset allocation and the historical performance of indexes for each asset class. Fiscal year-to-date investment gains on the portfolio through January 31, 2014 totaled approximately 9.2%, or \$17.8 million.

[5] The positive \$6.9 million variance in university program expenses is mainly due to timing. The processing of several scholarships, reimbursements to DSO's, and transfers of building funds to the university for construction projects will occur over the third and fourth quarters.

[7] The positive \$1.7 million variance in operating expenses is mainly attributed to \$2.4 million in Capital Campaign expenses budgeted out of the General Reserve that will not materialize in the current fiscal year. The savings are specifically related to salaries for new positions that have not been filled as expected; travel costs incurred but not fully transferred; Annual Giving campaigns running on a different schedule than budgeted; donor recognition events have not occurred as budgeted; Campaign Counsel has not yet been used; MARC building renovations are occurring on a different schedule than budgeted; and furniture expenses have not been incurred to-date. The positive variance in Capital Campaign expenses has been offset by the unbudgeted payment of the Pi Kappa Alpha fraternity house loan guaranty in the amount of \$1,033,478 paid to Regions Bank.