FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE

Friday, March 11, 2016
9:00 am **approximate start time*
Florida International University
Modesto A. Maidique Campus
Parkview Hall, Multipurpose Room

Committee Membership:

Gerald C. Grant, Jr, *Chair;* Justo L. Pozo, *Vice Chair;* Cesar L. Alvarez; Leonard Boord; Natasha Lowell; Kathleen L. Wilson

Liaison:

Richard Brilliant, *Foundation Board of Directors*

AGENDA

1.	**Call to Order and Chair's Remarks**	**Gerald C. Grant, Jr.**
2.	**Approval of Minutes**	**Gerald C. Grant, Jr.**
3.	**Action Items**	
FA1.	**Finance and Audit Committee Charter**	**M. Kristina Raattama**
FA2.	**Investment Policy Amendment**	**Kenneth A. Jessell**
FA3.	**Proposed Amendment to Regulation – FIU-115 Skateboarding, Skates, Scooters, Ripsticks, and Other Similar Devices and High Risk Activities on University Property**	**M. Kristina Raattama**
FA4.	**Approval of Amendment to the 2010-20 Campus Master Plan for the Modesto A. Maidique Campus to accommodate the construction of two intramural/athletics department practice fields**	**Kenneth A. Jessell**
4.	**Discussion Items** *(No Action Required)*	
4.1	**Review of FIU Financial Statements (Unaudited) for Fiscal Year Ended June 30, 2015**	**Kenneth A. Jessell**
4.2	**Office of Internal Audit Status Report**	**Allen Vann**
4.3	**Financial Performance Review- Second Quarter FY 2016**	**Kenneth A. Jessell**
4.4	**University Compliance Report**	**Karyn Boston**

5. **Reports** *(For Information Only)*

5.1	**Athletics Update**	**Pete Garcia**
5.2	**Business Services Report**	**Aime Martinez**
5.3	**Emergency Management Status Report**	**Ruben D. Almaguer**
5.4	**Facilities and Construction Update**	**John Cal**
5.5	**Foundation Report**	**Richard Brilliant**
5.6	**Safety and Environmental Compliance Report**	**Ruben D. Almaguer**
5.7	**Treasury Report**	**Phong Vu**

6. **New Business**

6.1	**Office of Internal Audit Discussion of Audit Processes**	**Gerald C. Grant, Jr.**

7. **Concluding Remarks and Adjournment** — **Gerald C. Grant, Jr.**

The next Finance and Audit Committee Meeting is scheduled for Thursday, June 2, 2016

Finance and Audit Committee Meeting
Date: March 11, 2016

Subject: Approval of Minutes of Meeting held December 9, 2015

Proposed Committee Action:

Approval of Minutes of the Finance and Audit Committee meeting held on Wednesday, December 9, 2015 at the FIU, 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 Wednesday, December 9, 2015 at the FIU, Modesto A. Maidique Campus, Graham Center Ballrooms.

This page intentionally left blank

DRAFT

FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
FINANCE AND AUDIT COMMITTEE
MINUTES
DECEMBER 9, 2015

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 Gerald C. Grant, Jr. at 9:03 am on Wednesday, December 9, 2015, at the Modesto A. Maidique Campus, Graham Center Ballrooms.

The following attendance was recorded:

Present
Gerald C. Grant, Jr., *Chair*
Justo L. Pozo, *Vice Chair*
Cesar L. Alvarez
Leonard Boord
Natasha Lowell
Kathleen L. Wilson

Trustees Jorge L. Arrizurieta and Alexis Calatayud and University President Mark B. Rosenberg were also in attendance.

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

2. Approval of Minutes
Committee Chair Grant asked that the Committee approve the Minutes of the meeting held on September 10, 2015. A motion was made and passed to approve the Minutes of the Finance and Audit Committee Meeting held on Thursday, September 10, 2015.

3. Action Items
FA1. FIU Direct Support Organizations Financial Audits FY 2014-15
Senior Vice President of Administration and Chief Financial Officer Kenneth A. Jessell presented the FIU Direct Support Organizations (DSO) FY 2014-15 Financial Audits for Committee review. He reported that James Moore Certified Public Accountants and Consultants performed the financial audits for: the Florida International University Foundation, Inc.; the Florida International University Research Foundation, Inc.; the Florida International University Athletics Finance Corp; and the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. He noted that the Florida International University Foundation Inc. audit was

prepared in conformity with Financial Accounting Standards Board requirements. He noted that the remaining DSO 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 all of the audits received an Unmodified Opinion, adding that results of the respective audits also did not identify any deficiencies in internal control 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 2014-15 financial audit at its October 24, 2015 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 2014-15 fiscal year and authorize the 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 2014-15 financial audit at its October 14, 2015 meeting and was submitting the audit to the Board of Trustees for approval. He stated that James Moore Certified Public Accountants and Consultants 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 other independent auditors, in accordance with International Standards on Auditing.

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 2014-15 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 2014-15 financial audit at its October 22, 2015 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 2014-15 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. Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.
Sr. VP and CFO Jessell noted that the Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc. Board of Directors approved the 2014-15 financial audit at its October 22, 2015 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 2014-15 fiscal year and authorize the Executive Director 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.

FA2. Amendment to Signature Authority – Authorization to Sign Checks for Certain Foreign Research Program Accounts
Sr. VP and CFO Jessell presented the Amendment to Signature Authority – Authorization to Sign Checks for the West Africa Water Supply, Sanitation and Hygiene Program and the Rwanda Integrated Water Security Program for Committee review. He noted that the FIU Board of Trustees is updating its official records to reflect University officers and employees authorized to sign checks to pay legal obligations on behalf of the University.

A discussion ensued regarding the affiliations of the authorized signatories and the check and bank account monetary limits. Sr. VP and CFO Jessell further noted that access to the bank accounts by local Program staff is kept to the minimum persons necessary to effectively perform the Program. He stated that authorized signatories undergo thorough background screening and that controls are in place 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. He indicated that the maximum check amount for the largest grant account has a balance of no more than US $300,000 at any given time.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend that the Florida International University Board of Trustees amend the Signature Authority - Authorization to Sign Checks for Certain Foreign Research Program Accounts to reflect the following changes:

For the West Africa Water Supply, Sanitation and Hygiene Program:
Remove: Ms. Sara Miner, West Africa Deputy Program Director

For the Rwanda Integrated Water Security Program:
Remove: Ms. Liliane Cyakwela, Office Manager
Ms. Jan Stofkoper, Director

Approve: Mr. Jean Pierre Nkuranga, Program Accountant

FA3. Approval of construction of two (2) intramural/athletics department practice fields (the "Project"); Approval of Amendment to the 2015-16 Operating and Fixed Capital Budgets to include the Project; Approval of Amendment to the 2010-20 Campus Master Plan for the Modesto A. Maidique Campus to accommodate the Project
Sr. VP and CFO Jessell presented the request for approval of the construction of two (2) intramural/athletics department practice fields (the "Project") for Committee review, noting that FIU students have very limited access to recreational intramural fields. He added that the practice fields will serve both the recreational needs of students engaged in intramural athletics programs as well as the needs of football and other athletics programs. He stated that all football practice sessions are held on the Ocean Bank Football Field at FIU stadium, which he indicated is an artificial turf field. He also stated that it is important that the football team has the ability to train on grass fields, which they later are required to compete in, and that data supports that grass fields may reduce certain types of injuries.

Sr. VP and CFO Jessell presented an overview of key aspects of the Project, providing details on the proposed location and estimated cost of the Project, which he noted is $8.9 million. He added that funding for the Project will consist of $500,000 from the student Activity and Service Fee Trust Fund balance and FIU unrestricted fund balances through Treasury. He stated that the Department of Athletics will be responsible for one-half of the Project cost repaid through an internal loan and/or fundraising, such as the naming of the Project.

A discussion ensued regarding the proposed sites of the intramural/practice fields and the relocation of the parking spaces currently in those locations.

A motion was made and passed that the FIU Board of Trustees Finance and Audit Committee recommend that the Florida International University Board of Trustees hereby approve (i) construction of the Project, (ii) an amendment to the 2015-16 Operating and Fixed Capital Budgets for the Project, and (iii) an amendment to the 2010-20 Campus Master Plan for the Modesto A. Maidique Campus (MMC) to accommodate the Project; delegate to the University President the authority to amend the construction program as required, consider and implement alternative lower-cost opportunities for the Project that achieve the same objectives, and finalize all exhibits and execute all documents related thereto.

Trustee Kathleen L. Wilson voted against this item.

Discussion Items
4.1 Office of Internal Audit Status Report
Internal Audit Director Allen Vann presented the Internal Audit Report, providing an update on work in progress, investigations and a follow-up status report on past audit recommendations. He noted that 42 of the 55 recommendations due for implementation this quarter were completed and that the remaining 13 recommendations are in progress. Mr. Vann stated that the Board of Trustees is required to certify that the University maintains reliable systems as they relate to Board of Governors data and reporting requirements. He reported that the current audit of the University's processes completeness, accuracy and timeliness confirmed the findings of the 2014 audit, adding

that the University has good process controls for maintaining and reporting performance metrics data.

Mr. Vann presented the results of the audit of the University's IT network security controls, stating that the audit identified areas where network security could be strengthened, particularly in reducing access privileges, coordinating and formalizing threat identification and mitigation processes, and performing risk assessments. He indicated that the 13 audit recommendations are in progress. Mr. Vann also discussed the audit of laboratory safety, noting that an audit was last concluded in May 2014. He added that during the current audit, nine of the previous recommendations were fully implemented and five were partially implemented. He reported that the University recently partnered with an outside vendor to provide hazardous substances tracking management and support service, stating that this will provide better control over monitoring access to and tracking hazardous substances.

Committee Chair Grant requested another audit of the University's IT network security controls within the next year. He stated that managing risks, ensuring compliance and facilitating security training, are all critical components to maintaining a strong IT security framework.

4.2 Financial Performance Review – First Quarter FY 2015-16
Sr. VP and CFO Jessell presented the Financial Performance Review for the first quarter of 2015-16 and provided a summary of University revenues and expenditures. He reported that the University and direct support organizations' operating revenues were above estimates by $9.4M (or 3 percent), which can be primarily attributed to: higher auxiliary enterprise revenue, such as higher housing occupancy; higher than projected federal and other grants; and higher financial aid awards. He noted that these increases were offset by lower than anticipated cash donations to the FIU Foundation and elimination of scholarship funds transferred from Financial Aid to Athletics earlier than budgeted. He added that expenses were below estimates by $13.3M (or 5 percent), primarily due to lower expenditures, delayed spending and University and College of Medicine vacant positions.

4.3 University Compliance Report
Assistant Vice President, University Compliance and Privacy Officer Karyn Boston presented the University Compliance Report, providing implementation updates on compliance program goals for 2015-16. She also identified the compliance categories for risk assessment conducted and delineated the top categories, since September 1, 2015, for substantiated reports, policies communicated and compliance-related trainings.

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

Trustee Natasha Lowell recommended that Board members receive a proforma and repayment schedule, when available and practicable, as part of the agenda materials for Board approval items relating to construction and/or major cost matters. Trustee Leonard Boord concurred and in addition to the earlier recommendation, requested that third-party contracts be included as part of the agenda materials when Board approval is required. University General Counsel M. Kristina Raattama recommended that executive summaries be included as part of the agenda materials in lieu of fully executed agreements.

6. New Business
6.1 Senior Management Discussion of Audit Processes
Committee Chair Grant noted that as is stipulated in the Finance and Audit Committee Charter, the Committee must meet with Senior Management without the presence of the Office of Internal Audit. He further noted that as a public meeting conducted pursuant to the Sunshine law, no one present was required to leave during the discussion with senior management, adding that this was strictly voluntary. Members of Senior Management discussed the auditor's performance.

7. Concluding Remarks and Adjournment
With no other business, Committee Chair Gerald C. Grant, Jr. adjourned the meeting of the Florida International University Board of Trustees Finance and Audit Committee on Wednesday, December 9, 2015 at 10:16 am.

Trustee Requests	***Follow-up***	***Completion Date***
1. Committee Chair Gerald C. Grant, Jr. requested an audit of the University's IT network security controls within the next year.	*Internal Audit Director Allen Vann*	*December 2016*
2. Trustee Natasha Lowell recommended that Board members receive a proforma and repayment schedule, when available and practicable, as part of the agenda materials for Board approval items relating to construction and/or mayor cost matters.	*University administration*	*On-going*
3. Trustee Leonard Boord requested that third-party contracts be included as part of the agenda materials for items requiring Board approval.	*University administration*	*On-going*

12.15.15 MB

Finance and Audit Committee Meeting
March 11, 2016

Subject: Finance and Audit Committee Charter

Proposed Committee Action:

Recommend that the Florida International University Board of Trustees (the BOT) approve the proposed revisions to the Finance and Audit Committee Charter.

Background Information:

The Finance and Audit Committee Charter sets forth the audit and compliance related responsibilities of the Finance and Audit Committee.

Following the review and update of the Board of Trustees bylaws, the Finance and Audit Charter was reviewed and updated and is being presented to the BOT for discussion and approval.

The BOT Finance and Audit Committee Charter, adopted November 22, 2004, states that the Finance and Audit Committee shall review the Committee's charter periodically and recommend any proposed revisions for the Board's approval.

This page intentionally left blank

EXECUTIVE SUMMARY OF CHANGES TO FINANCE AND AUDIT COMMITTEE CHARTER

Changes to Charter Throughout

- Charter title confirms scope is the audit and compliance-related responsibilities of the Committee.
- Titles of Chief Audit Executive and Chief Compliance Officer updated.

Section on Composition and Member Qualifications

- Changed minimum committee membership number to “at least 3” instead of 4 to avoid potential of a tie. Committee currently has 6 members.

Section on General Activities and Responsibilities

- Going forward charter to be reviewed every 2 years instead of periodically.
- Removes provision for senior management to meet with the Committee without Chief Audit Executive.
- Reduces from 2 times per year to 1 time per year the minimum number of times the Chief Audit Executive meets with the Committee without senior management.

Section on Specific Responsibilities: Internal Controls and Risk Assessment

- Added Chief Compliance Officer to list of positions involved in reporting on internal controls when appropriate.
- Incorporates reference to personnel-related internal controls to tie into U.S. Sentencing Guidelines.

Section on Specific Responsibilities: Compliance with Laws, Regulations, Policies and Standards

- Consolidates section on compliance with laws and regulations and section on policies and standards.
- Added training will be provided to the Committee on specific elements of the compliance program.

Specific Responsibilities: Financial Reporting

- Confirms the Committee consults with the CFO (not the Chief Audit Executive) regarding financial reporting and internal controls.
- Regarding reporting on accounting policy and practice changes, changes the standard for reporting to the Committee from <u>significant</u> policies and practices to <u>material</u> policies and practices.

Specific Responsibilities: The Office of Internal Audit

- Confirms Committee participates through the Chair in appointment and dismissal decisions of the Chief Audit Executive.

Specific Responsibilities: The Office of Compliance & Integrity

- New section which generally mirrors the Office of Internal Audit section reflects roles and responsibilities of the Office, Chief Compliance Officer and Committee regarding the University's compliance program.
- Provides for Committee to review effectiveness of the compliance program by:
  - Reviewing results of program effectiveness evaluation
  - Assessing staffing and budget
  - Reviewing major modifications to the compliance program
  - Reviewing compliance-related training topics for the Board
- Provides for the Chair to participate in the appointment and dismissal of the Chief Compliance Officer.
- Provides for the Committee to review and approve the annual compliance plan.
- Provides for the Committee to review organizational reporting lines to assure the continued independence of the Office and staff.

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES

FINANCE ~~and~~AND AUDIT COMMITTEE
CHARTER
AUDIT AND COMPLIANCE-RELATED RESPONSIBILITIES

PURPOSE

This charter sets forth the ~~operations~~audit and compliance-related responsibilities of the Finance and Audit Committee (the ~~(~~"~~Finance~~ Committee") of ~~the~~ Florida International University (the "University"). One of ~~T~~the ~~Finance~~ Committee's primary functions is to assist the University's Board of Trustees ~~(the "Finance Board")~~ in fulfilling its oversight responsibilities by reviewing procedures in place to assess and minimize significant risks, overseeing the quality and integrity of financial reporting practices (including the underlying system of internal controls, policies and procedures, regulatory compliance programs, and ethical code of conduct), and overseeing the overall audit process.

The ~~Finance~~ Committee's role is one of oversight, not preparation or operation. Its members rely on the representations of Senior Management, General Counsel, the ~~Office of Internal~~Chief Compliance Officer, the Chief Audit Executive and the Auditor General, other committees of the Board and other professional consultants. The ~~Finance~~ Committee promotes open communication among and between Senior Management, the ~~Office of Internal~~Chief Audit Executive, the Auditor General, and the Board.

COMPOSITION AND MEMBER QUALIFICATIONS

- The ~~Finance~~ Committee consists of at least ~~four~~three members, all of whom are voting Trustees of the University.

- Members shall possess general accounting, business and financial knowledge, including the ability to read and understand fundamental financial statements. At least one member shall have accounting or financial expertise, as defined by the Board.

- Members shall be independent and objective in the discharge of their responsibilities. They are to be free of any financial, family, or other material personal relationship, including relationships with members of University management, University auditors and other professional consultants.

- A simple majority of the ~~Finance~~ Committee membership will constitute a quorum.

- It is the responsibility of the ~~Finance~~ Committee Chair to approve each meeting's agenda and to update the Board on the significant matters discussed by the ~~Finance~~ Committee.

GENERAL ACTIVITIES AND RESPONSIBILITIES

The ~~Finance~~ Committee shall:

- Meet at least four times each year.

- Provide the Board with regular updates of ~~Finance~~ Committee activities and make recommendations to the Board for matters within the ~~Finance~~ Committee's area of responsibility.

- Review the ~~Finance~~ Committee's charter ~~periodically~~, at least every two years, and recommend any proposed revisions for the Board's approval.~~;~~

- Meet separately with~~:~~ the Office of Internal Audit without the presence of management~~;~~ ~~Senior Management, without the presence of the Office of Internal Audit to discuss any matters the Finance Committee or these individuals believe should be discussed privately.~~. This should be performed at least ~~two times~~one time annually, at the conclusion of a regularly scheduled ~~Finance~~ Committee meeting.

- ~~Ensure~~Affirm that the ~~Office of Internal~~Chief Audit ~~understands that they~~Executive and Chief Compliance Officer are ultimately responsible to the ~~Finance~~ Committee and the Board and they should communicate directly with the ~~Finance~~ Committee Chair when deemed prudent and necessary.

- Have the authority to conduct investigations into any matters within the ~~Finance~~ Committee's scope of responsibilities, set forth below. During such investigations, the ~~Finance~~ Committee shall have unrestricted access to the University's independent auditors and anyone employed by the University, and to all relevant information. The ~~Finance~~ Committee may retain, at the University's expense, independent counsel, accountants and other professional consultants to assist with such investigations. The results of any such investigations must be reported to the Board by the ~~Finance~~ Committee Chair.

SPECIFIC RESPONSIBILIITES: INTERNAL CONTROLS AND RISK ASSESSMENT

The ~~Finance~~ Committee shall consider and review with Senior Management, the ~~Office of Internal~~Chief Audit Executive and the Chief Compliance Officer, as appropriate, and other relevant offices~~,~~ and Board committees:

- The effectiveness of the University's process for identifying significant financial, operational, reputational, strategic and regulatory risks or exposures and management's plans and efforts to monitor and control such risks.

- The effectiveness of the University's internal controls, including the status and adequacy of information systems and security, for purposes of meeting expectations of the U.S. Sentencing Guidelines, personnel systems internal controls, and other relevant matters.

- The University's oversight and monitoring of its ~~subsidiaries, affiliates and joint ventures~~affiliated organizations.

- The University's insurance coverage and the process used to manage any uninsured risks.

SPECIFIC RESPONSIBILITIES: COMPLIANCE WITH LAWS, ~~AND~~ REGULATIONS, POLICIES AND STANDARDS

The ~~Finance~~ Committee shall:

- Ascertain whether the University has an effective process for determining risks and exposure from asserted and unasserted litigation and other claims of noncompliance with laws and regulations.

- Review and discuss with Senior Management, General Counsel, ~~University~~the Chief Compliance Officer and the ~~Director of Internal~~Chief Audit Executive:

  - significant results of compliance audits;

  - any significant matters of litigation or contingencies that may materially affect the University's financial statements; and

  - any legal, tax or regulatory matters that may have a material impact on University operations, financial statements, policies and programs.

- Receive information and training regarding specific elements of the University's compliance program.

- Review, through delivery of reports provided by the Chief Compliance Officer, Chief Audit Executive and/or Auditor General:

  - The University's monitoring of compliance with University policies, including (but not limited to) polices regarding the conduct of research.

  - The results of the University's monitoring and enforcement of compliance with University standards of ethical conduct and conflict of interest policies.

SPECIFIC RESPONSIBILITIES: FINANCIAL REPORTING

The ~~Finance~~ Committee shall:

- Consult annually with the ~~Office of Internal Audit~~CFO regarding the integrity of the University's financial reporting processes and related internal controls~~, including (but not limited to) the depth of experience and sufficiency of Finance and the Office of the Office of Internal Audit staff~~.

- Review and approve~~ significant~~ material, non-mandated changes to accounting policies and practices.

- Advise Senior Management, based upon the ~~Finance~~ Committee's review, whether the ~~Finance~~ Committee believes that the annual audited financial statements (including the footnotes) contain any material misstatements or omissions.

- Review with Senior Management at the completion of the annual financial statement audit:

  – the University's annual financial statements and related footnotes, including their degree of clarity;

  – the Auditor General's opinion regarding the financial statements;

  – any significant changes required to the state auditor's audit plan;

  – any difficulties or disputes with management encountered during the audit, including an overall assessment of management cooperation;

  – the University's accounting principles, including the consistency, appropriateness and quality (not just acceptability) thereof, with particular emphasis on sensitive accounting estimates and accruals;

  – the University's overall level of compliance with governmental regulations;

  – reports concerning internal controls, including significant findings and recommendations and management's response;

  – other matters that should be communicated to the ~~Finance~~ Committee under generally accepted generally accepted auditing standards; and

  – any other financial filings required by law or regulation.

SPECIFIC RESPONSIBILITIES: THE OFFICE OF INTERNAL AUDIT

The ~~Finance~~ Committee shall:

- Evaluate the Office of Internal Audit's role and scope of activities.

- ~~Participation~~Participate, through the Chair, in the process of the appointment and dismissal of the ~~Director of Internal~~Chief Audit Executive.

- Review and approve the Office of Internal Audit's annual audit plan (and any subsequent changes thereto), considering the University-wide risk assessment and the degree of coordination with the Auditor General's Office for an effective, efficient, non-redundant use of audit resources.

- Review and discuss with management and the Office of Internal Audit:

  - significant findings and recommendations, including management's response and timeframe for corrective action;

  - the degree of implementation of past audit recommendations; and

  - any difficulties encountered in the course of the audit activities such as restrictions on the scope of work or access to information.

- Assess the staffing of the Office of Internal Audit, including the annual budget.

- Review and approve modifications to the Office of Internal Audit.

- Review the organizational reporting lines related to the Office of Internal Audit, particularly related to confirming and assuring the continued independence of the Office of Internal Audit and its staff.

SPECIFIC RESPONSIBILITIES: THE OFFICE OF COMPLIANCE & INTEGRITY

The Committee shall:

- Evaluate the effectiveness of the University's compliance program by:

  - Reviewing the results of the program effectiveness evaluation;

  - Assessing the staffing of the Office of Compliance & Integrity, including the annual budget;

  - Reviewing major modifications to the University's compliance program; and

  - Reviewing compliance-related training topics for the Board.

- Participate, through the Chair, in the process of the appointment and dismissal of the Chief Compliance Officer.

- Review and approve the Office of Compliance & Integrity's annual compliance plan (and any subsequent changes thereto), considering the University-wide risk assessment.

- Review and approve modifications to the Office of Compliance & Integrity.

- Review the organizational reporting lines related to the Office of Compliance & Integrity, particularly related to confirming and assuring the continued independence of the Office of Compliance & Integrity and its staff.

~~**SPECIFIC RESPONSIBILITIES: COMPLIANCE WITH POLICIES AND STANDARDS**~~

~~The Finance Committee shall review with the Office of Internal Audit, the University Compliance Officer~~

- ~~The University's monitoring of compliance with University policies, including (but not limited to) polices regarding the conduct of research.~~

- ~~The results of the University's monitoring and enforcement of compliance with University standards of ethical conduct and conflict of interest policies.~~

* * *

The ~~Finance~~ Committee has the responsibilities and the powers set forth in this Charter. It is not the responsibility of the ~~Finance~~ Committee to conduct audits or other examinations and investigations, nor to provide assurance regarding compliance with laws, regulations, internal policies and codes of conduct, nor the completeness, accuracy or conformity with generally accepted accounting standards of the University's financial statements. ~~generally accepted~~

Finance and Audit Committee Meeting
March 11, 2016

Subject: Investment Policy Amendment

Proposed Committee Action:

Recommend to The Florida International University Board of Trustees (the BOT) adoption of revisions to the University's Investment Policy.

Background Information:

The University Investment Committee is an advisory committee created by the BOT to make recommendations to the University administration and BOT regarding University investments. The University is recommending approval of the proposed revisions to the Investment Policy. The proposed revisions were ratified by the University Investment Committee on November 19, 2015.

The proposed change recognizes the University's desire to invest funds in a socially responsible manner. The University will integrate environmental, social and governance factors into the investment due diligence process, provided that they do not conflict with the safety, liquidity and return objectives required by the Florida Statutes.

The BOT is authorized to adopt an investment policy pursuant to Sections 1011.42 and 218.415 Florida Statutes. The University's Investment Policy was last revised on January 14, 2015.

This page intentionally left blank

SUBJECT (R*)	EFFECTIVE DATE (R*)	POLICY NUMBER (O*)
INVESTMENT POLICY	June 29, 2005	1160.010

POLICY STATEMENT (R*)

It is the policy of Florida International University (the "University") that:

The investment of the University's operating funds investment pool (the "Portfolio") shall be based on an analysis that will, at a minimum, consider:

- The financial condition of the University
- The expected long term capital market outlook
- The University's risk tolerance
- Future planned capital expenditures and cash requirements
- Debt service requirements
- Current and projected expenses
- Inflation

The financial plan measures the potential impact of alternative investment policies in terms of risk and return based on various levels of asset diversification and the current and projected cash flows of the Portfolio.

I. GENERAL INVESTMENT GOALS AND OBJECTIVES

The general investment goals established herein are designed to broadly take into account the purpose of the Portfolio and articulate the philosophy and parameters by which the University will manage the Portfolio's assets.

The overall goal of the Portfolio is to provide funds through a carefully planned and executed investment program necessary for regular expenses, capital expenditures and overall liquidity needs. There are both short term liquidity needs and longer term needs that allow for some incremental longer term growth of these assets. Specifically, the Portfolio shall be managed with the following objectives:

i. Maintain the safety of the principal;
ii. Maintain the necessary liquidity to ensure funds are available to support operational needs;
iii. Obtain a reasonable return for a prudent level of risk.

The University seeks to produce a return on investment which is based on levels of operating liquidity needs and investment risk that are prudent and reasonable, given prevailing capital market conditions. While the University recognizes the importance of the preservation of capital, it also adheres to the theory of capital market pricing which maintains that varying degrees of investment risk should be rewarded with compensating returns.

The University recognizes its ability to invest funds strategically in a socially responsible manner. In line with its strategy and role as an international educator, research leader and steward of the environment, the University will seek long-term sustainable investments by integrating environmental, social and governance factors into its due diligence process that do not conflict with the objectives above.

II. GOVERNANCE

A. BOT Finance and Audit Committee

The Florida International University Board of Trustees (“BOT”) is responsible for the oversight and approval of this Policy (and any amendments thereto) and oversight of the University's implementation of the Policy.

This Policy addresses specifics relating to:

- Investment goals and objectives
- Asset allocation policy targets specifying minimum and maximum ranges
- Rebalancing policy
- Selection of investment managers
- Authorized investments

B. Investment Committee

The BOT’s Investment Committee recognizes that matters concerning the investment of the operating fund assets owned by the University merit serious attention and frequent consideration. The Investment Committee, at a minimum, will consist of:

- An individual designated by the BOT,
- The Chief Financial Officer of the University,
- The Treasurer of the University and
- A representative from University academics.

In addition, the Investment Committee may include up to two business community representatives and other representatives with specific expertise in investment and portfolio management to strengthen the Committee’s capabilities. The need for adding members will be determined by the Chair of the BOT, in consultation with the Chair of the Finance and Audit Committee.

The Investment Committee, with the guidance and recommendations of the investment consultant hired by the University, is responsible for:

- Directing all of its efforts toward the investment objectives stated herein
- Performing at least annually a review of the investment objectives stated herein
- Ensuring that the objectives stated in this Policy are practical and reflect the mission of the University
- Hiring an investment consultant, consistent with University procurement requirements
- Implementing and monitoring the asset allocation policy
- Conducting an annual formal review of the investment structure
- Developing an updated financial projection a minimum of every three years
- Selecting and monitoring of qualified, competent investment managers
- Terminating investment managers failing to maintain acceptable quantitative (e.g. risk/return profile) and/or qualitative (e.g. organizational changes) standards
- Developing and reviewing the objectives and guidelines given to each specific investment manager
- Meeting at least quarterly to review the results of the investment portfolios
- determining whether the investment objectives set forth herein are being met and whether the investment guidelines are being followed
- Providing the BOT with regular performance reports on the investment portfolios
- Completing annually eight (8) hours of continuing education in subjects or courses of study related to investment practices and procedures, or the Chief Financial officer shall complete this requirement.

C. Staff

The staff is an integral part of the day-to-day requirements of the operating portfolio. The staff has the responsibility of administering and coordinating the implementation of decisions made by the Investment Committee and the BOT. The staff is responsible for:

- Administering the investments of the Portfolio at the lowest possible cost, being careful to avoid sacrificing quality
- Administering the rebalancing policy
- Day-to-day interaction with the consultants and investment managers

III. INVESTMENT GUIDELINES

The investment guidelines set forth herein establish parameters for the Portfolio and for the University's investment managers to follow in implementing their respective investment strategies. These guidelines address asset allocation, restricted transactions, diversification, quality and turnover.

A. Investment Pools*

1. TOTAL COMBINED POOL
This pool is the overall combined investments of the Portfolio. In its entirety, it is intended to satisfy the overall objectives and constraints set forth in this Policy. The Total Combined Pool is divided into three distinct pools; each pool has a different investment time horizon, investment objective and minimum and maximum asset class allocations.

2. WORKING CAPITAL POOL
This pool is intended to provide for the immediate normal operating requirements of the University (funds awaiting clearance), and other short-term investments of the University. This pool includes funds that must be invested in a restricted manner in accordance with federal and/or state law.

3. STRATEGIC CAPITAL POOL
This pool is intended to be invested over the medium-term, as the cash needs of this pool are intermediate and long-term in nature.

4. RESERVE POOL
This pool encompasses a state-mandated unencumbered reserve. This pool is intended to be invested over the medium-longer term.

*University and affiliated-organization bond proceeds are outside the purview of this Policy and will be invested in compliance with all relevant federal and state laws.

B. Asset Class/Category Characteristics

1. CASH EQUIVALENTS
The purpose of the cash equivalents portfolio is to provide liquidity to fund operational expenses, debt service and other short term cash needs.

2. FIXED INCOME

Investment Grade
This asset class is intended to be representative of the overall U.S. investment grade bond market. The purpose of the fixed income asset class is to provide a high level of current income to provide liquidity for intermediate cash flow needs and to provide diversification benefits during periods of a stock market decline.

Credit Fixed Income
This asset class is intended to be representative of the overall U.S. corporate credit bond market. The purpose of this asset class is to provide a high level of current income, total return enhancement, and diversification benefits. An active investment manager with strong credit research capabilities will be used to implement this exposure.

High Yield
This asset class is intended to be representative of the non-investment grade U.S. bond market (bonds rated BB or lower). The purpose of this fixed income asset class is to provide a higher level of current income to compensate for the additional level of credit risk employed. The purpose of this asset class is to provide some return enhancement and diversification benefit in order for the Portfolio to realize long-term growth above inflation.

3. EQUITIES

U.S. Equity
This asset class is intended to be representative of the overall U.S. stock market. The purpose of the equity asset class is to provide a high level of capital appreciation in order for the Portfolio to realize long-term growth above inflation.

International Equity
The purpose of the international equity asset class is to provide exposure to equities in international equity markets. Exposure to international equities enhances returns of the combined equity portfolio while reducing return volatility.

Private Equity
The purpose of the private equity asset class is to provide a global exposure to private equity markets that is diversified by geography, investment type (venture capital, growth equity, buyout, mezzanine, distressed and special situations) and vintage year. Exposure to the private equity market is expected to provide access to outsized returns as compared to the public equity market.

4. REAL ASSETS

Treasury Inflation Protected Securities (TIPS)
This asset class is intended to be representative of the fixed income investments in which the principal is adjusted periodically based on changes in CPI. The purpose of the TIPS asset class is to provide fixed income returns with the additional diversification benefits of inflation protection.

Real Estate Investment Trusts (REITS)
This asset class is intended to be representative of the Real Estate Investment Trust market. The purpose of the REIT asset class is to provide a higher level of current income and capital appreciation than fixed income with diversification benefits from its low correlation to both stocks and bonds.

Commodities
This asset class is intended to be a passively managed representation of a direct investment in a diversified commodities strategy. A direct investment is either through the purchase of the physical commodity (e.g., crude oil, metals) or the purchase of derivatives (e.g., futures). The principal roles for commodities in the Portfolio are as a risk diversifier, and an inflation hedge, providing an expected offset to assets such as fixed rate instruments, which typically lose value during periods of unexpected inflation.

Master Limited Partnerships (MLPs)
This asset class is intended to be representative of an actively managed investment in energy Master Limited Partnerships. The investment will provide exposure to businesses that primarily engage in in the midstream portion of the energy chain – i.e pipelines, storage terminals, gathering and processing. The

principal roles for MLPs in the Portfolio are for income generation, high growth potential, portfolio diversification, and a hedge against inflation.

5. ABSOLUTE RETURN

This asset class is intended to be representative of a broadly diversified hedge fund strategy intended to provide an "absolute return" in any market environment with low to intermediate level of risk. This strategy is intended to provide modest return enhancement to that of fixed income with diversification benefits derived from its low correlation to other asset classes.

C. Authorized Investments and Restrictions

The following authorized investments and restrictions establish the parameters the University's investment managers must follow in implementing their respective investment strategies. Each underlying manager will have a specific set of guidelines that may be more restrictive than those set forth herein.

Investment Guidelines - Investment Grade Fixed Income	
Authorized Investments:	**Status**
Fixed Income securities issued in the U.S. investment grade bond market	Authorized
Rule 144A securities	Authorized
Non dollar securities and securities of issuers outside the U.S.	Authorized
U.S. Treasury, Agency, Eurodollar, and Swap financials futures	Authorized
Interest rate swaps	Authorized
Options on securities otherwise allowable under the guidelines	Authorized
Agency mortgage dollar rolls	Authorized
Cash vehicle through trustee	Authorized
Restrictions:	**Guideline**
Maximum invested in securities not paying in US dollars	10% of account market value
Maximum invested in issuers domiciled outside the US	10% of account market value
Maximum invested in non US dollar-denominated assets	10% of account market value
Cross-currency hedging	Prohibited
Rated by any two of S&P / Moody's / Fitch (except US government and agency securities)	Required
Must be rated BB- / Ba3 or better at time of purchase	Required
Weighted average credit quality must average at a minimum BBB / Baa	Required
Convertible securities and preferred stocks	Prohibited
Maximum position in securities not rated or rated BB+ /Bal or lower	5% of account market value
Collateralized securities must have a credit quality rated AAA by S&P and rated Aaa by Moody's	Required
Interest-only (IO) securities	Prohibited
Collateralized Bond Obligations, Collateralized Debt Obligations, and Collateralized Loan Obligations	Prohibited
Credit derivatives	Prohibited
Maximum per any one issuer	5% of account market value
Maximum duration exposure derived from futures, options or swaps	20%
Borrowing and/or lending of funds or securities	Prohibited
Explicit leverage at the vehicle level	Prohibited

Investment Guidelines - Credit Fixed Income	
Authorized Investments:	**Status**
Fixed Income securities issued in the U.S. investment grade bond market	Authorized
Rule 144A securities	Authorized
Non dollar securities and securities of issuers outside the U.S.	Authorized
U.S. Treasury, Agency, Eurodollar, and Swap financials futures	Authorized
Interest rate swaps	Authorized
Options on securities otherwise allowable under the guidelines	Authorized
Agency mortgage dollar rolls	Authorized
Cash vehicle through trustee	Authorized
Restrictions:	**Guideline**
Maximum invested in non US dollar-denominated assets	10% of account market value
Maximum invested in High Yield (as rated by S&P, Moody's, And Fitch)	20% of account market value
Maximum invested in Mortgage, Commercial Mortgage, and ABS	10% of account market value
Rated by any two of S&P / Moody's / Fitch (except US government and agency securities)	Required
Must be rated BB- / Ba3 or better at time of purchase	Required
Weighted average credit quality must average at a minimum BBB / Baa	Required
Convertible securities and preferred stocks	Prohibited
Interest-only (IO) securities	Prohibited
Collateralized Bond Obligations, Collateralized Debt Obligations, and Collateralized Loan Obligations	Prohibited
Credit derivatives	Prohibited
Maximum per any one issuer	5% of account market value
Maximum duration exposure derived from futures, options or swaps	20%
Borrowing and/or lending of funds or securities	Prohibited
Explicit Leverage at the vehicle level	Prohibited

Investment Guidelines - High Yield Fixed Income	
Authorized Investments:	**Status**
Registered high yield and Rule 144A, with registration rights, fixed income securities and debt obligations issued by public, corporate, and sovereign entities	Authorized
Securities issue or guaranteed by the US government, its agencies and instrumentalities	Authorized
Forward contracts on "eligible" securities	Authorized
Common stock, preferred stock and options or warrants to purchase common or preferred stock only where included in a unit with, or attached to, fixed income securities or upon conversion of a convertible security or exercise of a warrant or option or received in a reorganization	Authorized
Convertible securities and preferred stocks, if most of their value is attributable to their yield and other fixed income features	Authorized
Cash vehicle through trustee	Authorized
Restrictions:	**Guideline**
Maximum position in an individual security (excluding Government securities)	5% of account market value
Maximum position in any one issuer (excluding Government securities)	5% of account market value
Maximum position in Rule 144A, with registration rights, securities	5% of account market value
Maximum position in emerging market debt (corporate or sovereign debt of countries with credit rating BB+/Ball or lower)	5% of account market value
Purchase of securities on margin	Prohibited
Short sales	Prohibited
Securities lending	Prohibited
Employ leverage	Prohibited
Structured securities (e.g. ABS, CMBS, CDO) except for equipment trust certificates	Prohibited
Maximum position in equipment trust certificates	5% of account market value
Investment in direct real estate or real estate mortgage loans	Prohibited
Debt issued by corporate entities involved in real estate otherwise allowed under these guidelines	Permitted
Investment in commodities or commodity contracts	Prohibited
All securities at the time of purchase must be rated single-B or higher by both S&P and Moody's (securities issued w/o rating are exempt if one can be reasonable expected within one month of issuance)	Required
Maximum invested in securities not rated single-B or higher by both S&P and Moody's and any equity securities received into the account	5% of account market value

Investment Guidelines - US Equity	
Authorized Investments:	**Status**
Equity denominated in US dollars and traded on recognized US exchanges include NASDAQ Common and preferred stock, securities convertible into common and preferred stock, rights and warrants, depository receipts	Authorized
Cash vehicle available through the trustee	Authorized
Restrictions	**Guideline**
Maximum investment in an individual company	5% of account market value
Maximum ownership of an individual company's outstanding shares	10%
Maximum cash or cash equivalent position	10% of account market value
Maximum position in preferred stocks	5% of account market value
Maximum position in convertible securities	5% of account market value
Maximum position in rights and warrants	10% of account market value
Maximum position in depository receipts	10% of account market value
Margined stocks	Prohibited
Short sales	Prohibited
Real or personal property	Prohibited
Commodities or commodity contracts	Prohibited
Swaps, options, or other derivatives	Prohibited
Limited partnerships	Prohibited
Venture capital	Prohibited
Letter stock and other securities restricted as to public resale	Prohibited
Borrowing and/or lending funds or securities	Prohibited
Maximum position in dollar-denominated equity securities issued by non-US domiciled companies but traded on a recognized US exchange	10% of account market value
Investments with a market capitalization less than the smallest security or greater than the largest security in the Benchmark at time of purchase	Prohibited
Maximum position in investments with a market capitalization less than the smallest security or greater than the largest security in the Benchmark	5% of account market value

Investment Guidelines - International Equity	
Authorized Investments:	**Status**
Countries represented in the MSCI ACWI ex-US (net) benchmark	Authorized
Equity securities of companies domiciled in countries represented in the MSCI ACWI ex-US (net) benchmark Common and preferred Stock, securities convertible into common and preferred stock, rights and warrants, depository receipts, Rule 144A securities	Authorized
Foreign currency and currency forwards of countries allowable under the guidelines	Authorized
International index futures contracts used solely for hedging purposes	Authorized
Cash vehicle available through the trustee	Authorized
Restrictions:	**Guideline**
Maximum investment in an individual company	5% of account market value
Maximum ownership of an individual company's outstanding shares	10%
Maximum cash or cash equivalent position	10% of account market value
Maximum position in preferred stocks	5% of account market value
Maximum position in convertible securities	5% of account market value
Maximum position in rights and warrants	10% of account market value
Maximum position in private placement securities eligible for resale pursuant to Rule 144A	10% of account market value
Private placements outside of Rule 144A	Prohibited
Maximum position in depository receipts	10% of account market value
Margined stocks	Prohibited
Shorts sales	Prohibited
Real or personal property	Prohibited
Commodities or commodity contracts	Prohibited
Swaps, options, or other derivatives	Prohibited
Limited partnerships	Prohibited
Venture capital	Prohibited
Letter stock and other securities restricted as to public resale	Prohibited
Foreign currency and currency forward contracts for hedging purposes	Permitted
Use of derivatives to expose more than 100% of the net assets of the account to equity securities	Prohibited
Net aggregate holdings of foreign currency exposure in excess of net assets of the account	Prohibited
Borrowing and/or lending of funds or securities	Prohibited

Investment Guidelines - Private Equity	
Authorized Investments:	**Status**
Private equity investments should be invested in institutionally-oriented, globally diversified fund-of-funds vehicles	Authorized
Buyout	Authorized
Venture Capital	Authorized
Special Situations	Authorized
Primary partnerships	Authorized
Secondary partnerships	Authorized
Direct / Co-investments	Authorized
Restrictions:	**Guideline**
Investment Vehicle	Fund of funds only
Allowable range for Total Private Equity investments:	
Buyout	40% - 60%
Venture Capital	0% - 30%
Special Situations	10% - 40%
Primary Partnerships	Up to 100%
Secondary Partnerships	Up to 40%
Direct / Co-investments	Up to 20%
Allowable geographic diversification for Total Private Equity investments:	
United States	40% - 70%
Europe	25% - 50%
Latin America	Up to 25%
Asia / Pacific	Up to 40%
Vintage year diversification must be achieved within each fund of funds structure	Minimum of three years
General Partners must demonstrate acceptance through retention of other institutionally-oriented clients	Required
General Partners must have capital committed in the private partnership	Required
General Partner must have a track record demonstrating investment capabilities with previous funds of funds and sizable assets	Required

Guidelines for Commodities

This asset class is intended to be representative of a passively managed commodities portfolio. It requires staying current at all times with the objectives of the manager's investment policy for discretionary commodity portfolios and the requirements of these guidelines.

The manager may buy or sell futures, forwards, options and swaps on both individual commodities as well as the derivatives on commodity indices. Although this account is intended to be passively managed, should the account migrate to an active management strategy, a short duration fixed income portfolio will be maintained as collateral. The guidelines for investment grade fixed income portfolios contained herein must be followed.

A portion of this investment may hold cash and cash instruments, including short-term investment vehicles. Although certain investments may exhibit characteristics of leveraged transactions, the overall commodities investments will be managed to produce an unleveraged return. The investment will not borrow money or use derivatives in a manner that has the purpose of creating investment leverage.

The firm responsible for managing these investments must be registered with the SEC. Specific investment guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

Investment Guidelines - Commodities	
Authorized Investments:	**Status**
Securities represented in the DJ - UBS Commodity Index	Authorized
Commodity Groups Currently Included in the Dow Jones-UBS Commodity Index Energy, Agriculture, Industrial Metals, Precious Metals, Livestock	Authorized
Commodities Currently Included in the Dow Jones-UBS Commodity Index Aluminum, Coffee, Copper, Corn, Cotton, Crude Oil, Gold, Heating Oil, Lean Hogs, Live Cattle, Natural Gas, Nickel, Silver, Soybeans, Soybean Oil, Sugar, Unleaded Gasoline, Wheat and Zinc	Authorized
Futures, Forwards, Options and Total Return Swaps	Authorized
Commodity or Commodity Contracts	Authorized
Restrictions:	**Guideline**
Maximum weight to any commodity group	33% of account market value
Minimum weight to any single commodity	2% of account market value

Investment Guidelines - MLPs	
Authorized Investments:	**Status**
Companies must be master limited partnerships or C-corporations principally engaged in the energy industry	Authorized
A company is considered to be "principally engaged in the energy industry" if the company owns or operates midstream energy assets or is engaged in the transportation, processing, or storage of natural resources, including, but not limited to, natural gas, crude oil, and refined petroleum products	Authorized
Companies' publicly traded securities must have a minimum market capitalization of $100 million	Authorized
Restrictions:	**Guideline**
Long-only mandate	No leverage
Diversification	Account should have at least 20 securities
Maximum exposure to single security	20% of account market value
Maximum exposure to private investments (i.e. PIPEs)	10% of account market value
Maximum weight to cash and cash equivalents	10% of account market value

Guidelines for Hedge Funds

The Absolute Return asset class shall be implemented through a fund-of-funds investment vehicle. The organization managing the fund-of-funds vehicle must be registered with the SEC. Specific investment guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

Guidelines for Commingled Investment Vehicles and/or Mutual Funds

Investment may be made in commingled vehicles and/or mutual funds in which a specified set of guidelines developed for a broad number of institutions are already predetermined. These investments will be managed in a manner consistent with the authorized investments and restrictions set forth herein. These guidelines will be reviewed and approved by the Investment Committee prior to the implementation of such an investment vehicle.

IV. ASSET ALLOCATION GUIDELINES

The long-term allocation guidelines herein are expressed in terms of a target and ranges for each asset class to provide sufficient flexibility to take advantage of shorter-term market opportunities as they may occur. The asset allocation shall be sufficiently diversified to maintain risk at a reasonable level without imprudently sacrificing return.

The target allocation to each asset class will differ between the various pools as denoted in a previous section of this Policy. The asset allocation of each of the individual investment pools and the total combined pool are summarized in **Appendix I – Asset Allocation Targets and Rebalancing Policy**.

V. MANAGER SELECTION

For the Strategic Capital and Reserve Pools, the Investment Committee, with the guidance and recommendations of the consultant, is responsible for the selection and continued monitoring of qualified, competent investment managers in accordance with University policy and Florida law.

For the Working Capital Pool, staff is authorized to invest in the following managers and investments:

- Florida State Treasury
- State Board of Administration
- Qualified Public Depositories as defined by the State of Florida
- U.S. Government and its Agencies
- Money Market and Short Term Fixed Income Funds rated AA or higher by at least two of the following ratings agencies: Moody's Investors Service, Standard & Poor's and Fitch.

VI. PERFORMANCE MEASUREMENT & EVALUATION

Investment objectives provide quantifiable standards to measure and evaluate the progress of both the investment pools and each individual investment manager. For the purpose of monitoring and evaluating the ongoing investment activity and results, both relative and comparative performance standards and objectives are defined.

Relative standards are used to review the return and risk at both the pool and individual manager level. The relative standards for the pool level will represent a target policy index that will be constructed from the relative market indices weighted by the Portfolio's target allocation to each asset class. Each individual investment manager will be evaluated relative to an appropriate benchmark. An appropriate benchmark is defined as an identifiable market index or a "normal" portfolio that is constructed to replicate the manager's investment style. Benchmarks for each investment manager are identified in the Individual Manager section of this document.

Comparative standards are used to evaluate the returns of both the pool and each of its asset class components.

Investment objectives are established to measure the long-term (3 to 5 years) results of the Total Pool and each investment manager. The Committee must recognize the limitations of reviewing results over short-term horizons; however, current performance can serve as an early indication of the Portfolio's progress toward meeting the more fundamental primary objectives.

The Portfolio's performance objectives may be divided into two components: objectives for the overall fund and objectives for the individual portfolio components. Both levels of objectives will be incorporated into quarterly reviews of the Portfolio's performance. The performance objectives for each individual investment pool and the Total Combined Pool are detailed in **Appendix II – Performance Objectives**.

REASON FOR POLICY (O*)

This document will provide the framework for the investment management of the Portfolio. Specifically, it will address:

- The general goals of the investment Portfolio
- The guidelines and parameters for the management of the Portfolio
- The asset allocation guidelines
- Performance objectives

This Policy is intended to allow for sufficient flexibility in the management process to capture investment opportunities as they may occur, yet set forth reasonable parameters to ensure prudence and care in the execution of the investment program.

RELATED INFORMATION (O*)

APPENDIX I – Asset Allocation Targets & Rebalancing Policy

Asset Allocation Guidelines

The asset allocation guidelines differ between the various pools, and are summarized as follows:

	Working Capital Pool	Strategic Capital Pool	Reserve Pool	Total Combined Pool
% of Total Combined Pool	**30%**	**60%**	**10%**	**100%**
Cash Equivalents	40.00%	0.00%	0.00%	12.00%
Short-Int. Fixed Income	60.00%	0.00%	0.00%	18.00%
Fixed Income (Inv. Grade)	0.00%	18.60%	18.60%	13.00%
High Yield	0.00%	8.50%	8.50%	6.00%
Credit Fixed Income	0.00%	5.70%	5.70%	4.00%
Total Fixed Income	**100.00%**	**32.80%**	**32.80%**	**53.00%**
TIPS	0.00%	14.30%	14.30%	10.00%
Commodities	0.00%	9.30%	9.30%	6.50%
REITS	0.00%	4.30%	4.30%	3.00%
MLPs	0.00%	7.10%	7.10%	5.00%
Total Real Assets	**0.00%**	**35.00%**	**35.00%**	**24.50%**
Domestic Equity	0.00%	4.30%	4.30%	3.00%
International Equity	0.00%	4.30%	4.30%	3.00%
Private Equity	0.00%	9.30%	9.30%	6.50%
Total Equity	**0.00%**	**17.90%**	**17.90%**	**12.50%**
Absolute Return	**0.00%**	**14.30%**	**14.30%**	**10.00%**
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Asset Allocation Ranges and Rebalancing

Asset allocation refers to the strategic deployment of assets among the major classes of investments such as domestic equity, fixed income and cash equivalents. The asset allocation decision reflects the Portfolio's return requirements as well as the Portfolio's tolerance for return variability (risk) within the context of the expected liabilities of the fund. Asset allocation is widely recognized and accepted as the primary source of return and risk for an investment program. It is used for setting the parameters for long term risk and return in order to meet the University's long-term financial objectives.

The tables below set forth the asset allocation for the Portfolio, the strategic target weights and the allowable ranges around the target weights:

Total Combined Pool	**Target (%)**	**Minimum (%)**	**Maximum (%)**
Working Capital Pool	30.00%	25.00%	93.00%
Strategic Capital Pool	60.00%	0.00%	70.00%
Reserve Pool	10.00%	7.00%	20.00%

Working Capital Pool	**Target (%)**	**Minimum (%)**	**Maximum (%)**
Cash Equivalents	40.00%	0.00%	100.00%
Short Term Fixed Income	60.00%	0.00%	90.00%

Strategic/Reserve Capital Pools	**Target (%)**	**Minimum (%)**	**Maximum (%)**
Fixed Income (Inv. Grade)	18.60%	13.60%	23.60%

High Yield	8.50%	5.00%	12.00%
Credit Fixed Income	5.70%	3.00%	8.00%
TIPS	14.30%	5.00%	19.00%
Commodities	9.30%	6.00%	13.00%
REITS	4.30%	2.50%	8.00%
MLPs	7.10%	4.00%	10.00%
Domestic Equity	4.30%	2.50%	8.00%
International Equity	4.30%	2.50%	8.00%
Private Equity	9.30%	5.00%	13.00%
Absolute Return	14.30%	10.00%	17.00%

Portfolio rebalancing is designed to provide a disciplined approach to control the risk exposure of the Portfolio to the investment categories that have deviated from the established target policy weights. Rebalancing parameters are addressed at the asset class level. Rebalancing requires a reallocation to be made whenever the quarter-end allocations exceed the minimum or maximum allocations specified above. Naturally occurring cash flows shall be used to the fullest extent possible to minimize transaction costs and rebalance toward policy targets.

The funding of the private equity asset class occurs over the term of the investment. In order to maintain the Policy's overall target allocation to equity, the Portfolio may maintain an overweight (or underweight) position to public equity no greater than the corresponding underweight (or overweight) target allocation to private equity. The staff and consultants will annually review the rebalancing to take into account the funding of private equity.

Appendix II – Performance Objectives

The performance objectives for the overall fund are threefold:

1. Objective relative to asset allocation targets
2. Objective relative to capital market assumptions
3. Objective relative to inflation

The first objective results in a comparative index that reflects the University's unique asset allocation policy (see example in Table 1). Exceeding this objective indicates that the active management of the various portfolio components has added value over a passively-managed fund with a similar asset mix. The second objective, to compare asset class performance to the capital market assumptions, ensures that the asset mix continues to achieve the long-term goals of the Portfolio. The inflation objective requires that the investment performance provide an adequate real return over the expected rate of inflation, the primary driver of costs.

Individual portfolio components also have performance objectives reflecting the unique investment style of each category. The investment style and performance benchmarks are also shown below:

Five-Year Performance Objectives Methodology

Relative to asset allocation targets, indexes that represent appropriate asset classes

Target Portfolio Weight x Representative cash equivalent portfolio
Target Portfolio Weight x Investment grade fixed income index
Target Portfolio Weight x TIPS index
Target Portfolio Weight x Credit fixed income index
Target Portfolio Weight x Absolute return benchmark
Target Portfolio Weight x High yield fixed income index
Target Portfolio Weight x Global REIT index
Target Portfolio Weight x Commodity index
Target Portfolio Weight x MLP index
Target Portfolio Weight x Broad U.S equity index
Target Portfolio Weight x International equity index
Target Portfolio Weight x Private equity benchmark

100% Total Portfolio Benchmark

Total Combined Pool Objectives (net of all fees and costs)
Relative to asset allocation targets, index weighted by:

30.00% x 91-Day Treasury Bill rate
13.00% x Barclays U.S. Aggregate Bond Index
10.00% x Barclays TIPS Index
4.00% x Barclays U.S. Credit Index
6.00% x ML High Yield Master II Index
10.00% x CPI + 3.25% (Absolute Return benchmark)
6.50% x Dow Jones - UBS Commodity Index
5.00% x Alerian MLP Index
3.00% x FTSE EPRA / NAREIT Developed Real Estate
3.00% x Wilshire 5000 Index (US Equity broad market)
3.00% x MSCI All Country World ex-U.S. Index (int'l equity market)
6.50% x Wilshire 5000 (1-quarter lag) + 3%
100.00% Total Combined Pool Benchmark

Relative to inflation: Consumer Price Index + 3.5%

Working Capital Pool Objectives (net of all fees and costs)
Relative to asset allocation targets, index weighted by:

100.00% x 91-Day Treasury Bill rate
100.00% Working Capital Pool Benchmark

Strategic Capital and Reserve Pool Objectives (net of all fees and costs)
Relative to asset allocation targets, index weighted by:

18.60% x Barclays U.S. Aggregate Bond Index
14.30% x Barclays TIPS Index
5.70% x Barclays U.S. Credit Index
14.30% x CPI + 3.25% (Absolute Return benchmark)
8.50% x ML High Yield Master II Index
4.30% x FTSE EPRA / NAREIT Developed Real Estate
9.30% x Dow Jones – UBS Commodity Index
7.10% x Alerian MLP Index
4.30% x Wilshire 5000 Index (US Equity broad market)
4.30% x MSCI All Country World ex-U.S. Index (int'l equity market)
9.30% x Wilshire 5000 (1-quarter lag) + 3%
100.00% Strategic Capital or Reserve Pool Benchmark

Relative to capital market assumptions: (Wilshire's Asset Allocation Return and Risk Assumptions, most recent published date, or equivalent publication).

RESPONSIBILITIES (O*)

LEGAL AUTHORITY:

The BOT is authorized to adopt an Investment Policy pursuant to Section 1011.42 and 218.415 of the Florida Statutes.

HISTORY (R*)

Effective Date: June 29, 2005; Revision Date(s): September 11, 2007; March 12, 2008; March 30, 2009; June 12, 2009; September 24, 2010, March 14, 2012, September 10, 2013, ~~and~~ January 14, 2015, and November 19, 2015.
.

RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R*) Office of the Treasurer Finance and Administration **RESPONSIBLE ADMINISTRATIVE OVERSIGHT (R*)** University Treasurer Florida International University 11200 S.W. Eighth Street, MARC 110 Miami, Florida 33199 Telephone: (305) 348-2544 Facsimile: (305) 348-2990	The University Policies and Procedures Library is updated regularly. In order to ensure a printed copy of this document is current, please access it online at http://policies.fiu.edu/ . For any questions or comments, the "Document Details" view for this policy online provides complete contact information.

FORMS/ONLINE PROCESSES (O*)

Links to the above referenced Form(s) available in the "Document Details" Section of the online version of this policy document.

***R = Required *O = Optional**

Finance and Audit Committee Meeting

March 11, 2016

Subject: Proposed Amendment to Regulation - FIU-115 Skateboarding, Skates, Scooters, Ripstiks, Hoverboards, and other Similar Devices and High Risk Activities on University Property

---

Proposed Committee Action:

Recommend that the Florida International University Board of Trustees approve the proposed Amendment to the Regulation of the Skateboarding, Skates, Scooters, Ripstiks, Hoverboards, and other Similar Devices and High Risk Activities on University Property FIU-115 and delegate authority to the University President to approve any subsequent amendments that are based on comments to the Regulation received from the Florida Board of Governors and as a result of the regulation-making process.

Background Information:

Regulation FIU-115 Skateboarding, Skates, Scooters, Ripstiks, Hoverboards, and other Similar Devices and High Risk Activities on University Property is being amended to revise grammatical errors and to include the use and operation of Hoverboards.

Board of Governors' Regulation 1.001(3)(j) states that each board of trustees is authorized to promulgate university regulations in accordance with the Regulation Development Procedure adopted by the Board of Governors.

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY BOARD OF TRUSTEES
FLORIDA BOARD OF GOVERNORS

NOTICE OF PROPOSED AMENDMENT TO REGULATION

REGULATION NO.: **FIU-115**

REGULATION TITLE: **Skateboarding, Skates, Scooters, Ripstiks, and Other Similar Devices and High Risk Activities on University Property**

SUMMARY:
This regulation was adopted on June 19, 2012 by The Florida International University Board of Trustees to promote the safety of persons and property on the University's property as it relates to the use and operation of skateboards, longboards, skates of any type, scooters, ripstiks, and other similar devices on University property. This regulation is being amended to revise grammatical errors and to include the use and operation of hoverboards as a device to be regulated through the regulation for the same purpose.

TEXT OF REGULATION: The full text of the Proposed Amendment to Regulation can be viewed below and on the website of The Florida International University Board of Trustees at http://regulations.fiu.edu/. If you would like a copy of the Proposed Amendment to Regulation, please contact Eli Deville, Special Assistant to General Counsel, Office of the General Counsel, (305) 348-2103.

AUTHORITY: BOG Regulation 1.001

NAME OF PERSON INITIATING PROPOSED REGULATION: Dr. Kenneth Jessell, Chief Financial Officer and Senior Vice President.

ANY PERSON SEEKING TO COMMENT ON THE PROPOSED AMENDMENT TO REGULATION MUST SUBMIT COMMENTS IN WRITING TO THE CONTACT PERSON LISTED BELOW. ALL WRITTEN COMMENTS MUST BE RECEIVED BY THE CONTACT PERSON WITHIN 14 CALENDAR DAYS OF THE DATE OF PUBLICATION OF THIS NOTICE.

CONTACT PERSON REGARDING THE PROPOSED AMENDMENT TO REGULATION: Eli Deville, Special Assistant to General Counsel, Office of the General Counsel, Florida International University, 11200 SW 8th Street, PC 511, Miami, FL 33199. Email: devillee@fiu.edu Fax: (305) 348-3272. Phone: 305-348-2103.

DATE OF PUBLICATION: January 28, 2016

THE FULL TEXT OF THE REGULATION IS PROVIDED BELOW:

FIU-115 Skateboards~~ing~~, Skates~~ing~~, Scooters, Ripsti~~c~~ks, Hoverboards and o~~O~~ther Similar Devices and High Risk Activities on University Property.

A. General

Skateboards, longboards, skates of any type, scooters, ripsti~~c~~ks, hoverboards or other similar devices may only be used on University sidewalks and while crossing the street at crosswalks. The aforementioned devices must be operated at speeds reasonable and prudent, having due regard to traffic, pedestrians, property of others, surface of the side walk or pavement, the hazard at intersections, and other conditions.

B. Definitions:

(1) "Crosswalk" means a specifically paved or marked path where pedestrians have the right of way to cross.

(2) "Service Animals" as defined by the Americans with Disabilities Act, is any guide dog, signal dog, or other animal individually trained to provide assistance to an individual with a disability.

(3) "Sidewalks" mean that portion of a street between the curb-line, and the lateral line, of a roadway and the adjacent property lines or the walkway between buildings intended for use by pedestrians.

(4) "University Property" means any real or personal property owned, leased or otherwise controlled by Florida International University including, but not limited to, any vehicles, equipment, fixtures, materials or other items that are located on, within or around, any one of the above areas.

C. Rules:

(1) No person shall use skateboards, longboards, skates of any type, scooters, ripsti~~c~~ks, hoverboards or other similar devices on University Property except as a means of transportation on sidewalks and while crossing the street at crosswalks.

(2) The use of skateboards, longboards, skates of any type, scooters, ripstiks, hoverboards and other similar devices is prohibited at all times, in/on curbs; benches; stairs, stairwells; railings, ramps, parking lots; parking garages; wooden walkways; library breezeways; athletic facilities; landscaped areas; the interior or exterior of any building, including inside and outside patios. The use of skateboards, longboards, skates of any type, scooters, ripstiks, hoverboards and other similar devices is also prohibited at all times in any area(s) where the University has posted a sign(s) prohibiting the use of skateboards, longboards, skates of any type, scooters, ripstiks, hoverboards and other similar devices.

(3) Pedestrians have the right of way on all sidewalks, crosswalks, walkways, and paths commonly used for pedestrian traffic. Persons operating skateboards, longboards, skates of any type, scooters, ripsti~~c~~ks, hoverboards and other similar devices shall yield to pedestrians and service animals.

(4) The following high risk activities are also prohibited in, on or about the University's Property:

(a) acrobatics (e.g., jumping on or over steps, benches, walls, ramps, rails, bike racks, "free running," "Parkour," etc.);

(b) excessive speed; blocking pedestrian paths (e.g., sidewalks, ramps, doors, entryways, etc.);

(c) entering buildings while wearing skates of any type;

(d) slack lining; and
(e) rappelling; climbing in any areas, buildings, facilities, and/or exterior and interior locations that are not designated for climbing**.**

D. <u>Sanctions:</u>
(1) Any person who violates this regulation is subject to an order to leave University Property by the University Police Department or any University representative having responsibility for the area(s) in, on, or about the University Property. Persons failing to comply with the order to leave or remain off the University Property are subject to arrest.
(2) Any University student who violates this regulation may also be subject to discipline under the Student Code of Conduct.
(3) Any University employee (faculty, staff, or otherwise) who violates this regulation may also be subject to disciplinary action by the University.
(4) The University may seek restitution for damage to University Property due to a violation of this Regulation.

E. <u>Exceptions:</u>
Activities otherwise prohibited by this Regulation may be allowed as part of a University approved/sponsored program, activity or event or a program, activity, and/or event of a registered student organization provided the program, activity, and/or event has been pre-approved in writing by the President or designee.

Authority: BOG Regulation 1.001. History- New June 19, 2012, Amended ____________.

From: External Relations
Sent: Monday, January 11, 2016 5:27 PM
To: student-list@listserv.fiu.edu; Allemployees@fiu.edu
Subject: Hoverboard rules

FIU | FLORIDA INTERNATIONAL UNIVERSITY

January 11, 2016

Dear members of the university community,

To ensure the safety of our students, faculty, staff and visitors to our FIU campuses, centers, museums, and other facilities we would like to share the university's policy on the use of hoverboards on university property.

Hoverboards are covered by the existing university regulation, FIU-115, that relates to skateboards, longboards, scooters, skates and similar devices. As such, hoverboards cannot be used inside any university building. FIU-115 specifies that these devices may only be used on university sidewalks and while crossing the street at crosswalks. In addition, until further notice, hoverboards cannot be charged anywhere on FIU campuses, centers, museums or on any FIU property.

The storage and/or use of hoverboards also is expressly prohibited in residence halls and university apartments. Anyone with hoverboards in the residence halls and/or university apartments is in violation of Housing and Residential Life policy and must remove the hoverboards immediately.

Any official changes to our regulations will be formally adopted by the FIU Board of Trustees at a future meeting, but **the foregoing is effective immediately, in the interest of safety**.

FIU's Department of Environmental Health & Safety (EH&S) also will be conducting a review of best practices. The review will include the outcomes of investigations by the U.S. Consumer Product Safety Commission and certification being completed by Underwriters Laboratories (UL).

We appreciate your cooperation in making FIU a safe environment for everyone. If you have any questions, please contact EH&S Director Yenny Diaz at 305-348-7882.

Finance and Audit Committee Meeting
March 11, 2016

Subject: Approval of Amendment to the 2010-20 Campus Master Plan for the Modesto A. Maidique Campus to accommodate the construction of two (2) intramural/athletics department practice fields

---

Proposed Committee Action:

Recommend that the Florida International University Board of Trustees hereby approve an amendment to the Campus Master Plan for the Modesto A. Maidique Campus (MMC) to accommodate the construction of two (2) intramural/athletics department practice fields (the "Project").

Background Information:

On December 9, 2015, the Florida International University Board of Trustees (the BOT) approved the construction of two recreational/practice fields on the MMC campus. The BOT approval delegated to the University President the authority to amend the construction program as required, consider and implement alternative lower-cost opportunities for the Project that achieve the same objectives, and finalize all exhibits and execute all documents related thereto. This item is necessary to amend the 2010-20 Campus Master Plan to account for the Project.

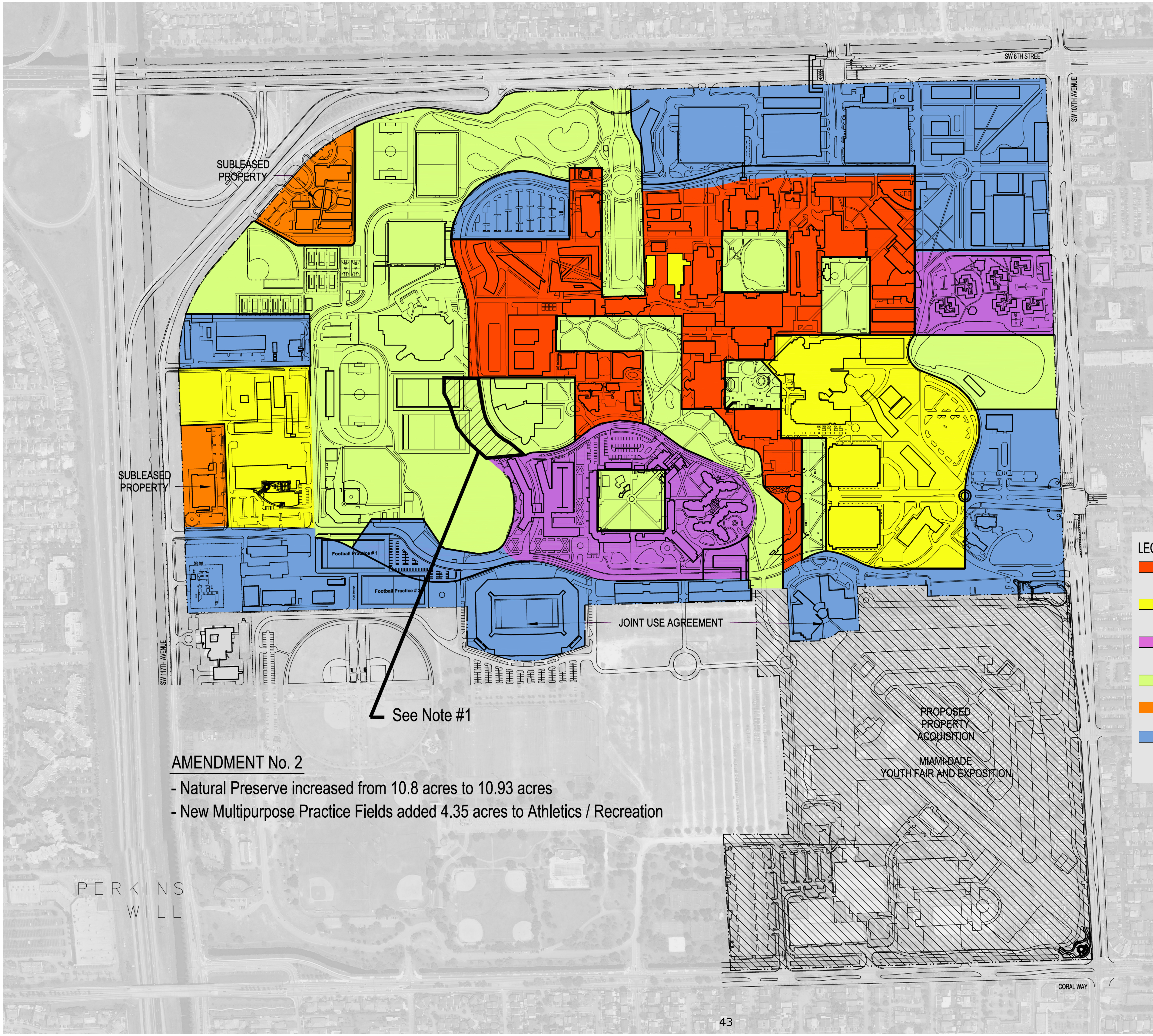
After BOT approval was received, a facilities program committee was established convening December 11, 2015 and working throughout December to finalize the facilities program. The program was formally approved on January 26, 2016. While developing the program, additional limitations with the original site were identified and, alternative options and locations were considered. The Amendment to the Campus Master Plan will reflect the re-location of the Project to the northern part of the property identified on the Campus Master Plan as the preserve, an area containing approximately 2.82 acres. This area includes a man-made pond created in the mid-1970s in order to have fill for the construction of the baseball field; it has since become over-grown with extensive invasive and exotic trees that have been under a removal program. An additional land area south and west of the preserve, comprising approximately 2.95 acres, will be reclassified as preserve area to offset the currently open space to be utilized for the Project. This location change will achieve an approximate $900,000 savings to the Project after completing mitigation efforts in the newly created preserve area. Additionally, since environment and sustainability are areas of strategic emphasis, the university will allocate from existing operating funds $80,000 annually to maintain and enhance the preserve in support of the teaching and research activities that take place there.

In addition to the benefit of a vastly improved layout for the Project and avoiding disruptions to use of the Project on account of the potential need to perform repairs to substantial underground utilities in the originally approved location, the functionality of the Project will be enhanced with its location across the street from the Student Recreation Center and adjacent to the Arena. FIU faculty and students in the areas of biology, environmental science, and other fields will participate in the design of the Project and preserve mitigation efforts.

Since the original construction program was approved, FIU representatives had two meetings with representatives from Miami-Dade County Parks to consider a Tamiami Park option (January 5 and January 19), but a viable alternative could not be achieved. Additionally, meetings were held with the Faculty Senate Environment and Planning Committee (January 29, February 26, and March 2), the FIU Sustainability Committee (February 25), and with faculty and students. Additionally, a presentation was made to the Faculty Senate on March 1 and a Student Government Association Nature Preserve Town Hall meeting on March 7. While there is certainly a strong desire not to remove any part of the preserve, we believe the use of 2.82 acres for recreational purposes serving the needs of our students and adding 2.95 acres of additional property to the preserve and the related mitigation investments produces the best overall result for FIU.

Legal Authority:

Florida Statute 1013.30 authorizes the university boards of trustees to adopt campus master plans and amendments related thereto. The master plan identifies general land uses and addresses 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.



AMENDMENT No. 2

- Natural Preserve increased from 10.8 acres to 10.93 acres
- New Multipurpose Practice Fields added 4.35 acres to Athletics / Recreation

FIU FLORIDA INTERNATIONAL UNIVERSITY

LAND USE MAP:

Amendment No. 2

Note #1

Change designated area (2.17 acres) from Housing to Athletics / Recreation / Open Space use category

LEGEND

- ACADEMIC + RESEARCH (CLASSROOM, LABORATORY, RESEARCH, ACADEMIC OFFICES & STUDY FACILITIES)
- SUPPORT (ADMINISTRATIVE OFFICES, AUXILIARY, CAMPUS FACILITIES & CLINICS)
- HOUSING (UNIVERSITY & NON-UNIVERSITY CONTROLLED ON-CAMPUS HOUSING FACILITIES)
- ATHLETICS / RECREATION / OPEN SPACE (ATHLETIC, RECREATION & OPEN SPACE FACILITIES)
- COMMUNITY INTERFACE (UNIVERSITY PROPERTY WITH NON-UNIVERSITY CONTROLLED FACILITIES)
- MULTI-PURPOSE (INTEGRATED ACADEMIC & RESEARCH, SUPPORT, HOUSING, ATHLETICS / RECREATION / OPEN SPACE, COMMUNITY INTERFACE, AUXILIARY, TRANSIT HUB & PARKING)

ELEMENT 4.1A: LAND USE
MODESTO A. MAIDIQUE CAMPUS

0 125 250 500 1000

Scale: 1:500

NORTH

March 4, 2016

Draft for FIU BOT Approval on 3/11/2016

FLORIDA INTERNATIONAL UNIVERSITY

RECREATION AND OPEN SPACE MAP:

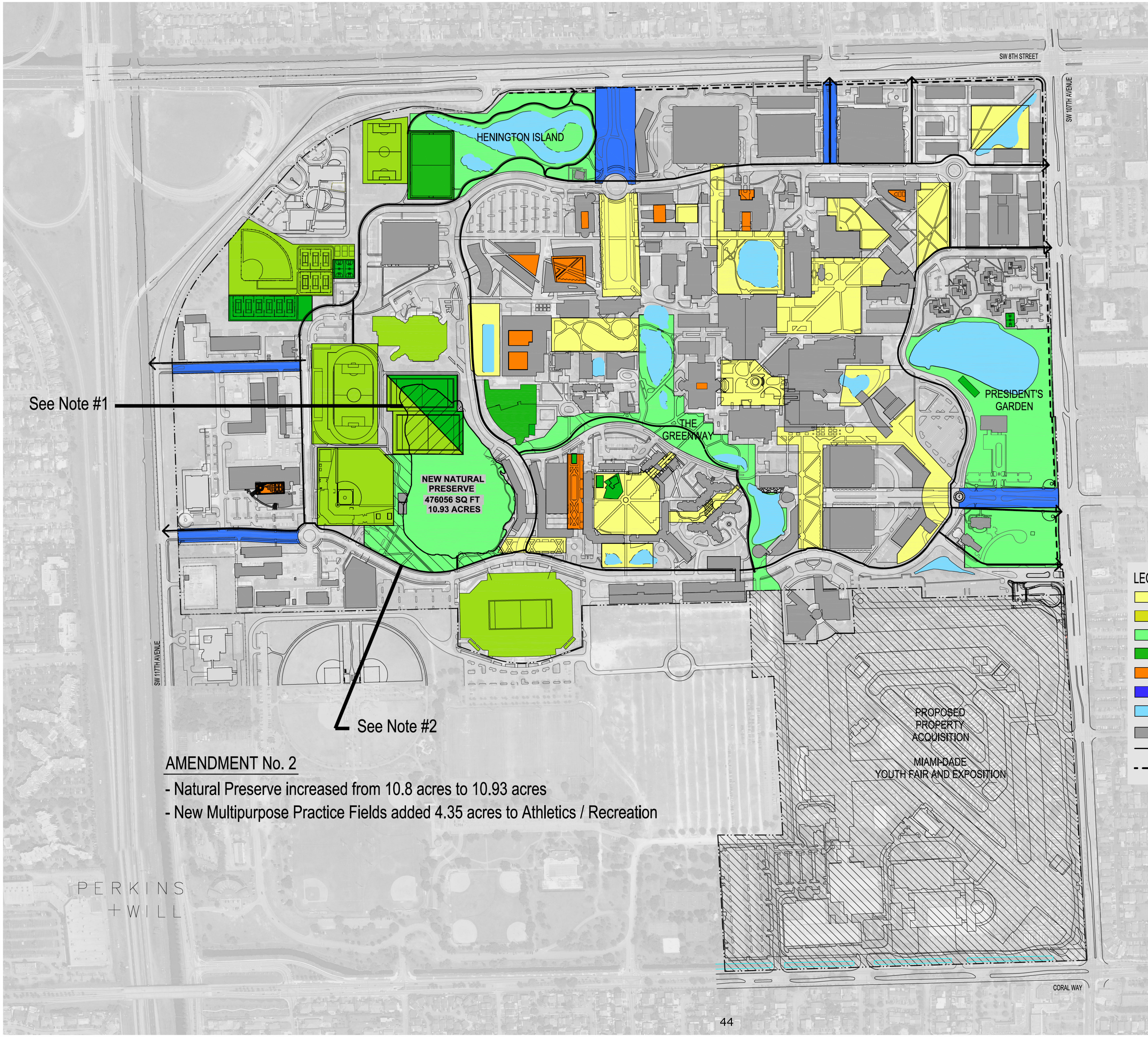
Amendment No. 2

Note #1

Change designated area (2.82 acres) from Special Purpose Open Space to Athletics & Recreation

Note #2

Change area (2.95 acres) to Special Purpose Open Space



LEGEND
- MULTI PURPOSE OPEN SPACE
- ATHLETICS
- SPECIAL PURPOSE OPEN SPACE
- RECREATION
- COURTYARD/PLAZA
- CAMPUS GATEWAY
- SURFACE WATER
- PROPOSED / EXISTING BUILDING
- RECREATION PATH
- STREETSCAPE

ELEMENT 8.1: RECREATION AND OPEN SPACE
MODESTO A. MAIDIQUE CAMPUS

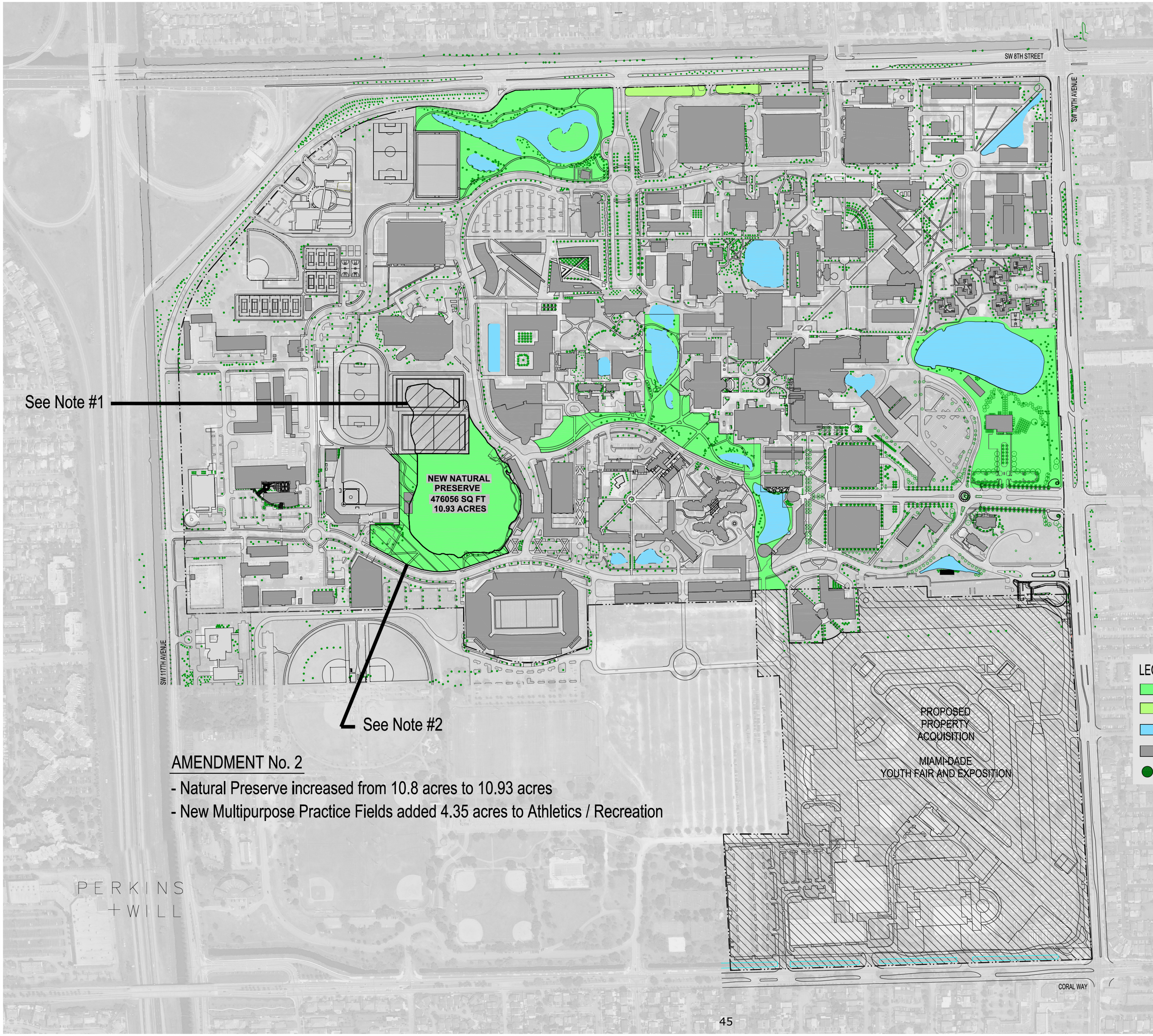
NORTH

0 125 250 500 1000

Scale: 1:500

March 4, 2016

Draft for FIU BOT Approval on 3/11/2016



FIU FLORIDA INTERNATIONAL UNIVERSITY

CONSERVATION MAP:

Amendment No. 2

Note #1

Remove from Campus Park & Natural Area (2.82 acres)

Note #2

Add to Campus Park & Natural Area (2.95 acres)

LEGEND
- CAMPUS PARK AND NATURAL AREA
- LANDSCAPE BUFFER
- WATER
- PROPOSED / EXISTING BUILDING
- EXISTING TREE

ELEMENT 13.1: CONSERVATION
MODESTO A. MAIDIQUE CAMPUS

NORTH

0 125 250 500 1000

Scale: 1:500

March 4, 2016

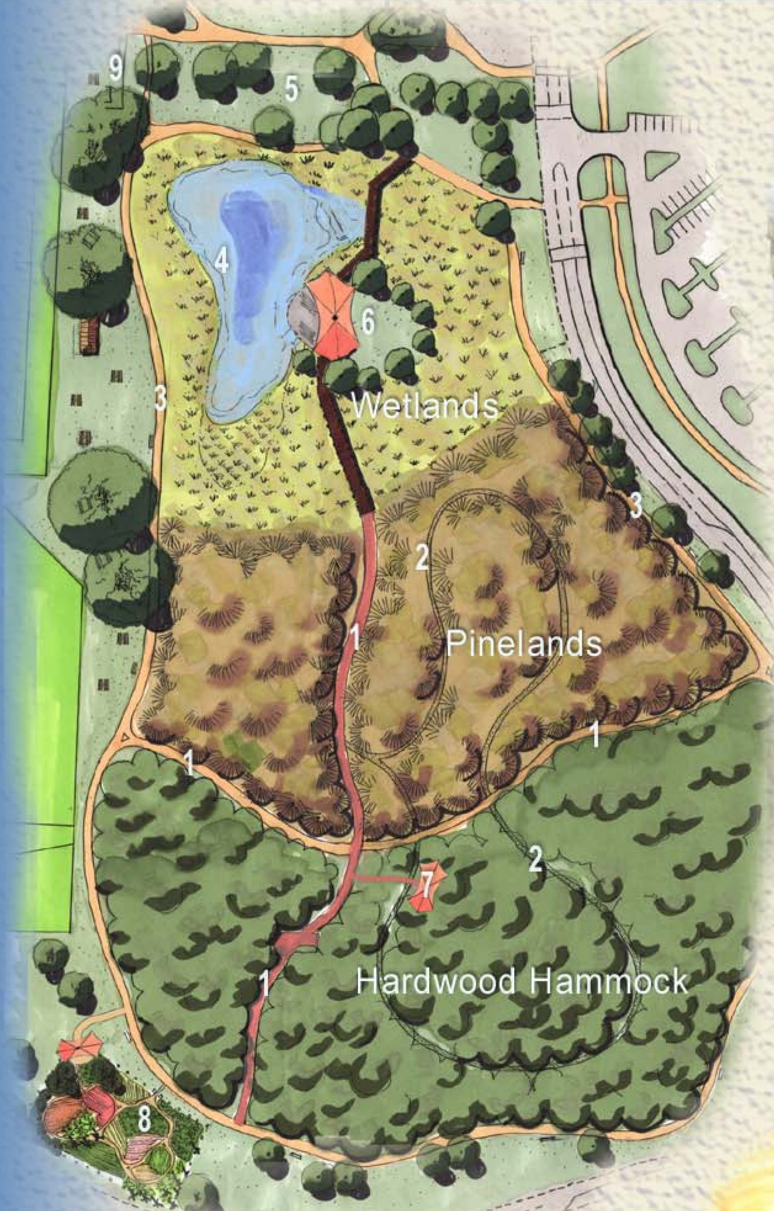
Draft for FIU BOT Approval on 3/11/2016

FLORIDA INTERNATIONAL UNIVERSITY
NATURAL PRESERVE CHARRETTE

American Society of Landscape Architects - Miami Section

May 2003

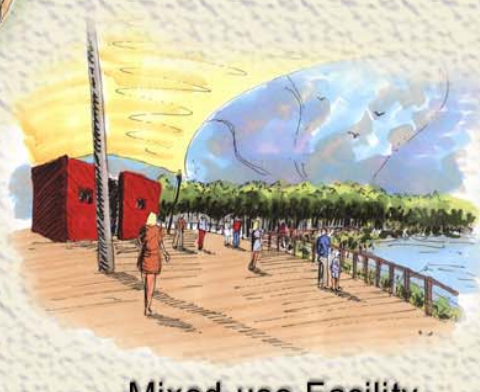
PLAN VIEW



1 - Principle Trails
2 - Secondary Trails
3 - Jogging Track
4 - Pond
5 - Future Development
6 - Mixed-Use Facility w/ Lawn Seating Area
7 - Small Educational Facility
8 - Garden Area
9 - Recreation/ Picnic Area

Recreation/
Picnic Area

Educational Facility



Mixed-use Facility

THE PLANS FOR THE PRESERVE

These are the plans derived from two rounds of comments from charrette participants. Note the modification in the position of the small educational facility in the Preserve, and trails associated with it. As before, the points below relate to the drawing attached to the document. With these, we are ready to do the more finished plans and drawings.

1. **Principal trails**. These trails will be ADA-accessible and will promote comfortable passage by a wide variety of people.
    - 1A eastern entrance moving to the southwest towards the junction of trail IC, and south to the service road, IB
    - 1B service road from chickee to south edge of Preserve
    - 1C raised walkway from north through the wetland, becomes trail cutting through pinelands to intersect trail to the south, a new trail

   These trails will be wide with a surface allowing wheelchair movement.

2. **Secondary trails**. These trails are more narrow, unimproved, and not accessible to wheelchairs.
    - 2A nature trail from education center to south and looping back, a new trail
    - 2B nature trail from southwest trail that forms the southern boundary of the pinelands, 1A. Trail loops north through the pinelands, a new trail that will be blazed through an area presently dominated by exotics.
    - 2C wide but unimproved trail that forms the southern boundary of pinelands on the west side of the Preserve, a new trail that will be blazed through an area presently dominated by exotics. This trail can form a fire boundary for future management of the pinelands.

3. **Jogging track**. This track will be of an improved material and optimal for exercising, replacing the present asphalt track that follows the perimeter of the preserve on its eastern and southern boundaries. The track will follow the northern boundary of the pond and lead to the perimeter road intersection connecting directly with the Fitness Center. This will provide a greater distance, approximately 950 yards. All of the structures of the old vita course will be removed. More tree planting will be provided along the track (but trees pruned up so that the track is visible from a distance) to provide a cooler running environment and a sense of security. Native species should be selected that are compatible with adjacent areas of the Preserve and yet provide good shade. Lighting and call boxes would encourage evening use along the edge of the Preserve, but not within it. A drinking fountain could be established near the multiple use structure at the northern end of the track. It would be possible to add a secondary jogging route through the preserve by connecting the track with IA and 2C above.

4. **The pond and future development**. We should leave the northwest shore of the pond as is, and the southern edge should be extended to the south. The edge of the pond should connect with the wetland by a gentle slope, no steeper than 10°. Such an excavation and slope will provide the physical conditions for the establishment of a wetlands community to the east and south. There is the possibility of the future

construction of a small dorm/apartment area between the pond and the arena. Such a project may require a slight modification of the northern edge of the pond and a realignment of the running track. Housing (it could even serve students with environmental interests) may ultimately help protect the Preserve, and its construction could provide some funding for suitable landscaping around it. The principles of its design could even be consistent with the structures in the Preserve. Given this possibility it will be important to site the mixed-use facility (see below) far enough south into the northern tip of the Preserve and along the eastern edge of the pond, so that it is isolated from noise.

5. **Mixed-use facility**. This should be constructed in the northeast of the Preserve and near the east edge of the pond. The Facility should include a terrace on the pond, which will connect to a raised walkway that moves south along the wetlands and into the center of the Preserve. This facility should be suitable for lectures, dance recitals, musical concerts and other events. It can also be used for outdoor picnics, and for events connected to athletic contests in the Arena and Soccer Stadium. This should be an open facility without restrooms (available in the nearby arena or across the road in the Fitness Center). The group picnic facilities (those with covered areas, multiple tables and outdoor grills, and perhaps water) should be considered as an amenity of Campus Recreation and be made available to campus clubs and other units for planned picnics. Although the edge of the pond may be a good location for this facility, it should also open out into the edge of the Preserve so that it can be seen from other areas and invite use. The first three ranked designs from the Architecture design competition (run in association with the charrette) indicate some of the creative possibilities for such a structure.

6. **Small Educational Facility**. This should be built near the junction of the primary trails in the interior of the Preserve, south of where 1A, 1C and 2C come together. It should be open, with a fire-retardant roof and should allow for approximately 3 picnic tables or 25 people. Its primary use will be as an outdoor classroom. Its use should be controlled by the Department of Environmental Studies.

7. **Garden area.** This should be established on the southwest corner of the Preserve. It will consist of (1) an area for the display of artworks outdoors; (2) permanent raised beds for a variety of garden activities, demonstration beds of native American medicinal plants, herbs, etc. The garden activity originally proposed for the west side of the Preserve should occur in this area, outside of the Preserve. The garden Area should contain a small structure including a shed for storing tools and a covered area with a single working table and benches (7A).

8**. Recreation Area**. The shaded area south of the pond and north of the garden area should be considered as a site for passive recreation. The jogging track will promote the movement of people through the area. Picnic tables, particularly at the northern end and with outdoor grills, would provide a place for picnics. One covered structure with 2-3 picnic tables could be used for groups, and could be reserved for a nominal fee from

Campus Recreation. This area could begin near the northern edge of the pond (as on the map) but could extend well to the south.

9. **Seating and Rest Areas**. Benches can be placed at strategic intervals along the principal walking paths. Picnic Tables (9) at the previously mentioned areas and also at the eastern entrance (1A) would provide opportunities for relaxation, study and group discussions. These will be used along the eastern and southern perimeter of the Preserve because of their proximity to housing and classrooms. They should be established in conjunction with existing tree cover, and additional planting may be necessary to increase the amount of shade. Shading is extremely important, otherwise the tables and benches will not be used.

10. **Establishment of the three plant communities**. A clear boundary between the hardwood hammock on the south and the pinelands in the center may facilitate future management of the pinelands community. Its northern wetland boundary will do the same. The wetland will naturally establish on the northern edge (already partly there) once the proper gradient is established and the wetland is connected to the pond. Each of the communities will be interpreted by signs along the major trails and numbers for the secondary nature trails. Transition areas may be established between the communities, as some pines within the hardwood hammock, reflecting the changes that occur when fire is removed from the pineland system. Some pines will be established in slightly wetter habitats. All exotics will be removed from these areas of the Preserve and be appropriately replanted.

11. **Design Principles**. All structures in the Preserve should be built with principles of green construction, and with environmental principles in design. (i.e. orientation, passive ventilation and appropriate landscaping). Only the multiple-use facility will require electricity, and that could be provided with solar panels. There should be some unity of design for the three covered and permanent structures, and for the tables and benches and picnic areas as well. Design could include elements that relate to native American traditions, or motifs often used in Park settings, as that at the Deering Estate.

12. **Access to the Preserve**. Access to the major trails will be promoted by prominent entrances. Informal access to the Preserve via small trails will be discouraged by dense plantings of thorny native shrubs all along the perimeter. Signage can inform of the sensitivity of vegetation (and some endangered plants) to random walking to discourage the establishment of informal paths within the Preserve. The Preserve should not be open at night, and Campus Police should have the authority to detain anyone who has not obtained prior permission to enter the Preserve at night for a legitimate educational purpose.

13. **Supervision and Maintenance**. It is important that existing units be given formal responsibilities towards these facilities. Any areas and structures appropriate for group use should have the possibility of being formally reserved. The group picnic areas should be under the supervision of Campus Recreation. The educational facility should be supervised by Environmental Studies so that class use of the structure can be reserved.

The multiple-use facility could be supervised by Campus Recreation, or by some other organization (possibly a committee with membership from faculty, staff and students—with strong representation from Campus Recreation). Trash bins should be located at the following areas of the Preserve: multiple use facility, east entrance, south entrance, southwest garden area and northwest picnic area. These should be regularly emptied, particularly after major events, as graduation or football games.

MEMORANDUM

To: Bruce Hauptli
Chair, Faculty Senate

From: Ronald M. Berkman
Provost and Executive Vice President

Date: May 17, 2006

Subject: Senate Motion #05/06:46

I am in receipt of an advisory resolution adopted by the Faculty Senate on April 18, 2006 pertaining to the use of certain land at the University Park Campus as a preserve.

The Resolution provides as follows:

> *The Preserve will stay its present boundaries and be sustained into perpetuity for the purposes of research, teaching and recreation. Development of the Preserve should be consistent with the Master Plan passed by the Faculty Senate in December, 2003*

I accept the spirit of this advisory resolution subject to the following clarifications:

(i) The boundaries of the preserve will be as delineated on the site plan attached hereto as Addendum "A".

(ii) The Faculty Senate will be responsible for raising funds to develop the preserve in accordance with the Natural Preserve Charrette Study, dated May 2003, passed by the Faculty Senate in December 2003.

(iii) In the event that the funds required to develop the preserve in accordance with the Natural Preserve Charrette Study dated May, 2003 are not raised by the Faculty Senate by May 6, 2016, there will be no further obligation to maintain the land as a natural preserve.

(iv) Use of the land as a natural preserve shall at all times be subject to any measures required to safeguard students and employees, protect University property and equipment, and promote the efficient operations of the University.

The Resolution is also subject to the Board of Trustees' general power and responsibility regarding the use, maintenance, protection and control of University-owned or University-controlled buildings and grounds, property and equipment.

MEMORANDUM

To: Bruce Hauptli
Chair, Faculty Senate

From: Ronald M. Berkman
Provost and Executive Vice President

Date: May 17, 2006

Subject: Senate Motion #05/06:46

I am in receipt of an advisory resolution adopted by the Faculty Senate on April 18, 2006 pertaining to the use of certain land at the University Park Campus as a preserve.

The Resolution provides as follows:

> *The Preserve will stay its present boundaries and be sustained into perpetuity for the purposes of research, teaching and recreation. Development of the Preserve should be consistent with the Master Plan passed by the Faculty Senate in December, 2003*

I accept the spirit of this advisory resolution subject to the following clarifications:

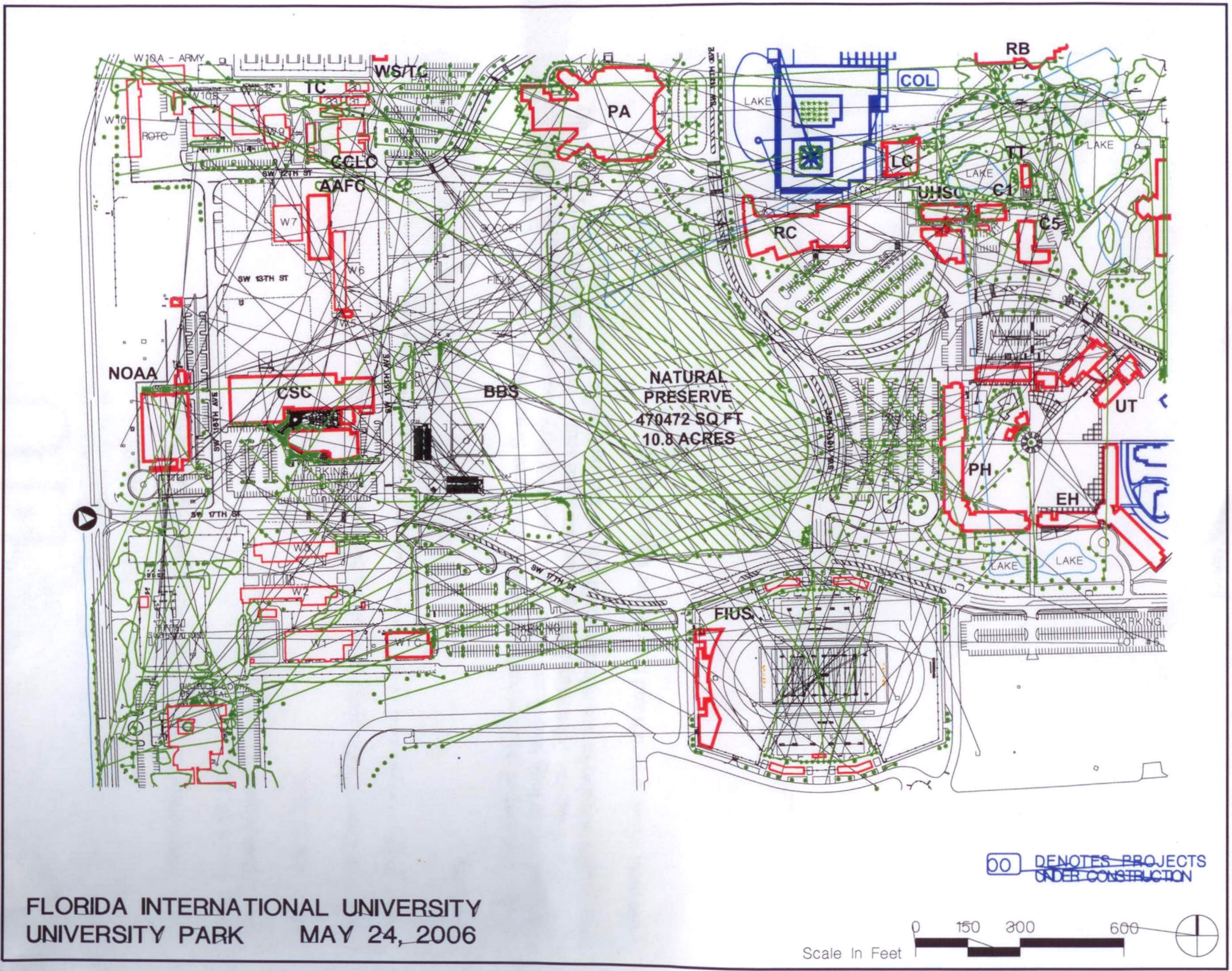
(i) The boundaries of the preserve will be as delineated on the site plan attached hereto as Addendum "A".

(ii) The Faculty Senate will be responsible for raising funds to develop the preserve in accordance with the Natural Preserve Charrette Study, dated May 2003, passed by the Faculty Senate in December 2003.

(iii) In the event that the funds required to develop the preserve in accordance with the Natural Preserve Charrette Study dated May, 2003 are not raised by the Faculty Senate by May 6, 2016, there will be no further obligation to maintain the land as a natural preserve.

(iv) Use of the land as a natural preserve shall at all times be subject to any measures required to safeguard students and employees, protect University property and equipment, and promote the efficient operations of the University.

The Resolution is also subject to the Board of Trustees' general power and responsibility regarding the use, maintenance, protection and control of University-owned or University-controlled buildings and grounds, property and equipment.



FLORIDA INTERNATIONAL UNIVERSITY
UNIVERSITY PARK MAY 24, 2006

FIU

FLORIDA INTERNATIONAL UNIVERSITY
Miami's public research university

Memorandum

To: Members of the Senate's Environmental Preserve Committee

From: Bruce W. Hauptli,
Chairperson of FIU's Faculty Senate

Date: June 5, 2006

Regarding: Provost's Response to Senate's Motion on the Preserve

Colleagues,

Attached is a copy of the Provost's response to the recent Senate motion on the Preserve. I would like you to look it over and advise me. It seems a very positive response, but I don't have a copy of the Charrette from May 2003 (please have one sent to me for the files), and I especially need to know whether or not this is a condition we are likely to be able to fulfill.

Please meet within a month and provide me with feed-back.

Faculty Senate
University Park, Miami, Florida 33199 · Tel 305-348-2141 · Fax 305-348-3928 · www.fiu.edu/~fsenate

FLORIDA INTERNATIONAL UNIVERSITY
Financial Statements

For the Fiscal Year Ended

June 30, 2015

BOARD OF TRUSTEES AND PRESIDENT

Members of the Board of Trustees and President who served during the 2014-15 fiscal year are listed below:

Albert Maury, Chair

Claudia Puig, Vice Chair from 3-26-2015

Michael M. Adler, Vice Chair to 3-18-2015

Sukrit Agrawal

Cesar L. Alvarez, JD

Dr. Jose J. Armas, MD

Jorge L. Arrizurieta

Robert T. Barlick, Jr. to 3-18-2015

Alexis Calatlayud (1)

Marcelo Claure

Mayi de la Vega

Gerald C. Grant, Jr.

C. Delano Gray to 7-31-2014 (2)

Natasha Lowell from 3-19-2015

Justo L. Pozo from 3-19-2015

Dr. Kathleen L. Wilson from 8-1-2014 (2)

Dr. Mark B. Rosenberg, President

Notes: (1) Student Body President.

(2) Faculty Senate Chair.

FLORIDA INTERNATIONAL UNIVERSITY

TABLE OF CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

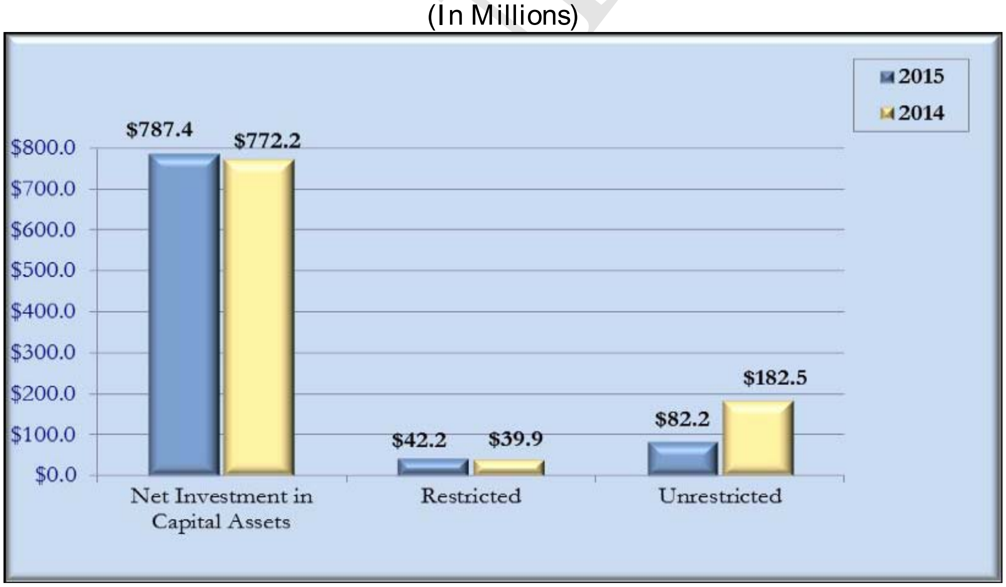
The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2015, and should be read in conjunction with the financial statements and notes hereto. The MD&A, and financial statements and notes hereto, are the responsibility of University Management. The MD&A contains financial activity of the University for the fiscal years ended June 30, 2015, and June 30, 2014.

FINANCIAL HIGHLIGHTS

The University's assets totaled $1.4 billion at June 30, 2015. This balance reflects a $29 million, or 2.2 percent increase as compared to the 2013-14 fiscal year. Contributing to the increase during fiscal year 2014-15 were the $16.6 million increase in receivables due from the State for capital construction projects and an increase in capital assets of $38.9, net of depreciation. These increases were offset by a $16.4 million decrease in restricted investments used for the construction of the new parking garage. Liabilities increased by $102.4 million, or 30.5 percent, totaling $437.8 million at June 30, 2015, as compared to $335.4 million at June 30, 2014. Deferred outflows of resources totaled $46.1 million, an increase of $46.1 million. As a result, the University's net position decreased by $82.8 million, resulting in a year-end balance of $911.8 million. The increases in liabilities, deferred outflows and inflows of resources, and decrease in net position were largely impacted by the adoption of Governmental Accounting Standards Board's (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. This accounting standard requires the University, as a participating employer in the Florida Retirement System (FRS), to recognize its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. Changes in liabilities are recognized through the Statement of Revenues, Expenses, and Changes in Net Position, or reported as deferred outflows or inflows of resources on the Statement of Net Position, depending on the nature of the charge. The initial adoption also resulted in an adjustment to beginning net position of ($88.8) million.

Net position represents the residual interest in the University's assets and deferred outflows or resources after deducting liabilities and deferred inflows of resources. The University's comparative total net position by category for the fiscal years ended June 30, 2015, and June 30, 2014, is shown in the following graph:

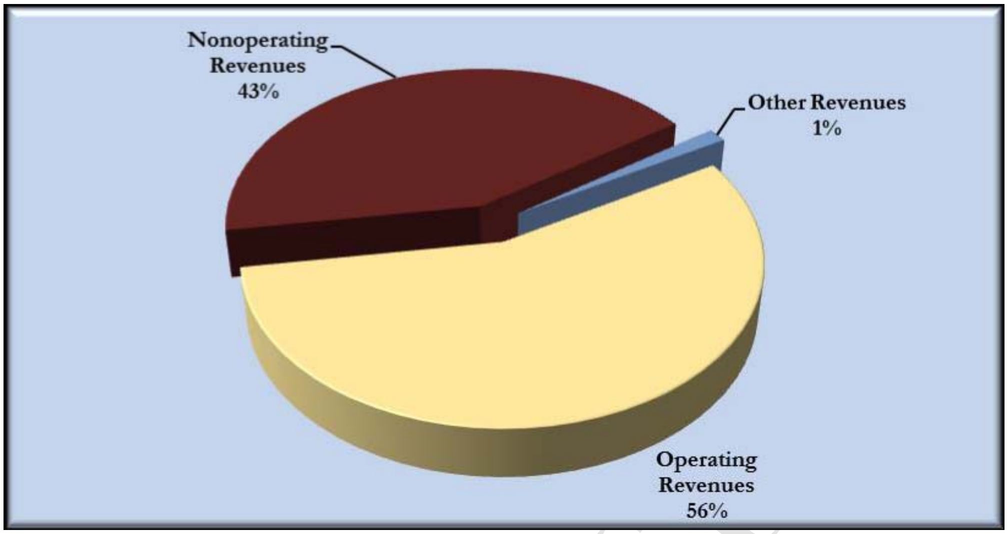
Net Position
(In Millions)



The University's operating revenues totaled $498.7 million for the 2014-15 fiscal year, representing an $8.3 million, or 1.7 percent increase over the 2013-14 fiscal year. Major components of operating revenues are student tuition and fees, auxiliary enterprise revenues, and grants and contracts. Net tuition and fees revenue increased $4.3 million while auxiliary enterprise revenue increased $2.5 million. Operating expenses totaled $873.6 million for the 2014-15 fiscal year, representing an increase of $25.5 million, or 3 percent, compared to the 2013-14 fiscal year due mainly to an increase in compensation and employee benefits of $24.9 million.

The following chart provides a graphical presentation of University revenues by category for the 2014-15 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)
- 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, 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.

THE STATEMENT OF NET POSITION

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

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

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

	2015	2014
Assets		
Current Assets	$ 371.3	$ 366.4
Capital Assets, Net	961.7	922.8
Other Noncurrent Assets	26.0	40.8
Total Assets	1,359.0	1,330.0
Deferred Outflows of Resources	46.1	-
Liabilities		
Current Liabilities	75.8	60.0
Noncurrent Liabilities	362.0	275.4
Total Liabilities	437.8	335.4
Deferred Inflows of Resources	55.5	-
Net Position		
Net Investment in Capital Assets	787.4	772.2
Restricted	42.2	39.9
Unrestricted	82.2	182.5
Total Net Position	$ 911.8	$ 994.6

Total assets as of June 30, 2015, increased by $29 million, or 2.2 percent. This increase is primarily due to a $16.6 million increase in receivables due from the State for capital construction projects and an increase in capital assets of $38.9, net of depreciation, offset by a $16.4 million decrease in restricted investments used for the construction of the new parking garage. Deferred outflows of resources increased $46.1 million due to the new deferred outflows of pension resources associated with the implementation of GASB Statement No. 68. Total liabilities as of June 30, 2015, increased by $102.4 million, or 30.5 percent, totaling $437.8 million at June 30, 2015, as compared to $335.4 million at June 30, 2014. The increase was primarily due to new liabilities recorded for the University’s proportionate share of the FRS net pension liabilities, the increase in deferred revenue related to capital construction projects, the increase in other postemployment benefit (OPEB) and compensated absences liabilities offset by reductions in long-term debt from current year principal payments. Deferred inflows of resources consist of the deferred inflows of pension resources associated with the adoption of GASB Statement No. 68.

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 2014-15 and 2013-14 fiscal years:

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

	2014-15	2013-14
Operating Revenues	$ 498.7	$ 490.4
Less, Operating Expenses	873.6	848.1
Operating Loss	(374.9)	(357.7)
Net Nonoperating Revenues	368.7	368.5
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(6.2)	10.8
Other Revenues, Expenses, Gains, or Losses	12.2	44.7
Net Increase in Net Position	6.0	55.5
Net Position, Beginning of Year	994.6	939.1
Adjustment to Beginning Net Position (1)	(88.8)	-
Net Position, Beginning of Year, as Restated	905.8	939.1
Net Position End of Year	$ 911.8	$ 994.6

Note: (1) Adjustment to beginning position due to implementation of GASB Statement No. 68 which requires employers participating in cost-sharing multiple-employer defined pension plans to report the employers' proportionate share of the net pension liability of the defined benefit pension plans.

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 2014-15 and 2013-14 fiscal years:

Operating Revenues
(In Millions)

	2014-15	2013-14
Student Tuition and Fees, Net	$ 279.4	$ 275.1
Grants and Contracts	99.8	99.5
Sales and Services of Educational Departments	0.9	0.8
Sales and Services of Auxiliary Enterprises, Net	104.0	101.5
Other	14.6	13.5
Total Operating Revenues	$ 498.7	$ 490.4

The following chart presents the University's operating revenues for the 2014-15 and 2013-14 fiscal years:

Operating Revenues
(In Millions)

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

- Net student tuition and fees revenue increased $4.3 million or 1.6 percent. This increase was primarily driven by an increase of 3 percent in undergraduate student enrollment which generated more revenue from tuition differential and non-resident tuition. Additionally, revenues from professional programs increased due to increased fees and student enrollment in these programs. The fees for the College of Law and College of Medicine increased by 6 percent and 2.5 percent, respectively.
- Sales and Services of Auxiliary Enterprises revenue, net, increased $2.5 million, or 2.5 percent. The increase was mainly due to an increase of 10 percent in student enrollment in on-line distance learning courses. Revenues from these programs increased by $1.3 million. Also, the addition of two new online programs in the College of Education contributed $1 million to the overall increase in revenue.
- Other operating revenue increased $1.1 million or 8.1 percent. This increase was primarily due to revenue generated from College of Medicine affiliation agreements with local health providers and revenue from CIARA program.

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.

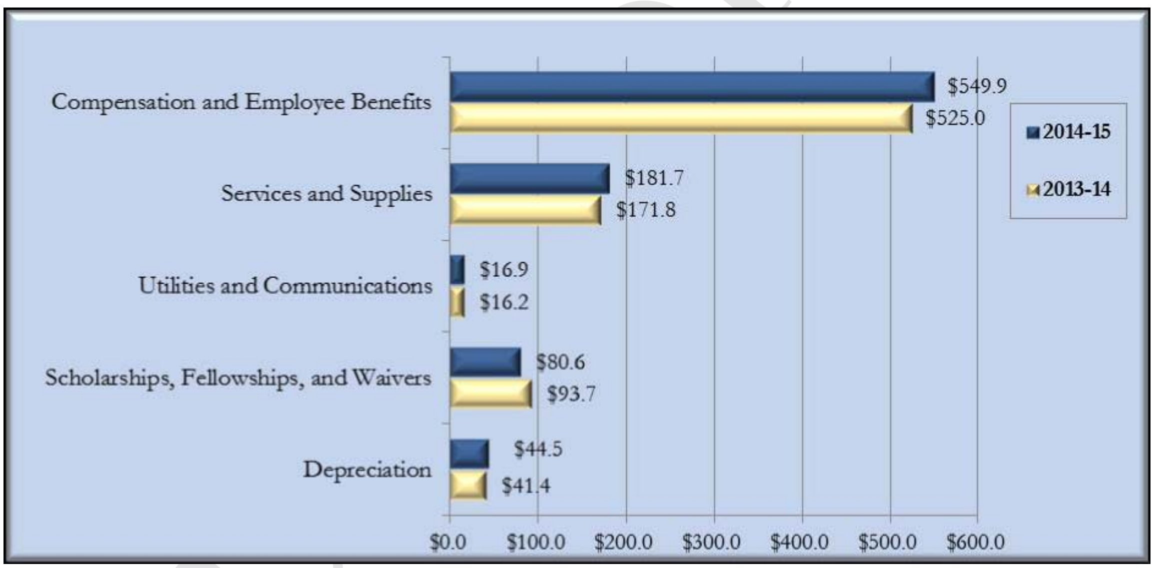
The following summarizes the operating expenses by natural classifications for the 2014-15 and 2013-14 fiscal years:

Operating Expenses
(In Millions)

	2014-15	2013-14
Compensation and Employee Benefits	$ 549.9	$ 525.0
Services and Supplies	181.7	171.8
Utilities and Communications	16.9	16.2
Scholarships, Fellowships, and Waivers	80.6	93.7
Depreciation	44.5	41.4
Total Operating Expenses	$ 873.6	$ 848.1

The following chart presents the University's operating expenses for the 2014-15 and 2013-14 fiscal years:

Operating Expenses
(In Millions)



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

- Compensation and employee benefits increased $24.9 million, or 4.7 percent. This increase was primarily due to an increase in the number of employees combined with a 1.5 percent across the board salary increase and a 1.5 percent merit increase of eligible employees. Additionally, there were increases in healthcare insurance matching costs borne by the University.
- Services and supplies expenses increased $9.9 million, or 5.8 percent. This increase was mainly related to increases in materials and supplies of $3.7 million for furniture and computer equipment less than $5,000 for new buildings placed in service and replacement of aging equipment, $1 million for increased purchases of subscription materials, higher costs of $1 million for rental of facilities, increased software licenses costs of $1.1 million, and higher football game guarantee expenses of $1 million.

- Scholarships and Fellowships expenses decreased by $13.1 million, or 14 percent. This decrease is driven by a recategorization of approximately $10.1 million from scholarship operating expenses to scholarship allowance in our operating revenues based on the June 30, 2015, scholarship allowance computation.
- Depreciation expense increased by $3.1 million, or 7.5 percent. This increase was driven by new buildings placed in service during the year.

Nonoperating Revenues and Expenses

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital appropriations, Federal and State Student financial aid, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets.

The following summarizes the University's nonoperating revenues and expenses for the 2014-15 and 2013-14 fiscal years:

Nonoperating Revenues (Expenses)
(In Millions)

	2014-15	2013-14
State Noncapital Appropriations	$ 247.8	$ 225.9
Federal and State Student Financial Aid	110.8	110.8
Investment (Loss) Income	(4.2)	23.6
Other Nonoperating Revenues	22.5	19.6
Loss on Disposal of Capital Assets	(0.1)	(0.2)
Interest on Capital Asset-Related Debt	(7.9)	(7.8)
Other Nonoperating Expenses	(0.2)	(3.4)
Net Nonoperating Revenues	$ 368.7	$ 368.5

Net nonoperating revenues increased by $0.2 million, due mainly to the following:

- State noncapital appropriation increased $21.9 million, or 9.7 percent, due to an increase of $16 million in incremental funding under the Board of Governors' performance model, additional appropriations for health and retirement benefits of $3.8 million and for plant operations and maintenance of $2.2 million.
- Investment income decreased by $27.8 million. This decrease offset the increases in other nonoperating revenue categories and was primarily due to an increase in investment unrealized losses.
- Other nonoperating revenue increased by $2.9 million or 14.8 percent, primarily due to increased contributions from component units in support of University activities.
- Other nonoperating expenses decreased $3.2 million primarily due to deferred capital improvement debt payable costs written off during the prior year.

Other Revenues, Expenses, Gains, or Losses

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees.

The following summarizes the University's other revenues, expenses, gains, or losses for the 2014-15 and 2013-14 fiscal years:

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

	2014-15	2013-14
State Capital Appropriations	$ 3.3	$ 39.3
Capital Grants, Contracts, Donations, and Fees	8.9	5.4
Total	$ 12.2	$ 44.7

Other revenues, expenses, gains, or losses decreased by $32.5 million, or 72.7 percent, due to a $36 million decrease in State capital appropriation revenue for construction projects. This decrease was partially offset by a $3.5 million increase in capital grants and 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 2014-15 and 2013-14 fiscal years:

Condensed Statement of Cash Flows
(In Millions)

	2014-15	2013-14
Cash Provided (Used) by:		
Operating Activities	$ (319.1)	$ (292.9)
Noncapital Financing Activities	375.2	358.1
Capital and Related Financing Activities	(80.9)	(67.8)
Investing Activities	14.7	6.4
Net Increase (Decrease) in Cash and Cash Equivalents	(10.1)	3.8
Cash and Cash Equivalents, Beginning of Year	15.7	11.9
Cash and Cash Equivalents, End of Year	$ 5.6	$ 15.7

Major sources of funds came from State noncapital appropriations ($247.8 million), Federal direct student loan program receipts ($280.0 million), net student tuition and fees ($276.0 million), grants and contracts ($99.5 million), sales and services of auxiliary enterprises ($103.2 million), proceeds from sales and maturities of investments ($762.4 million), State capital appropriations ($11.4 million), and Federal and State student financial aid ($109.9 million). Major uses of funds were for payments made to and on behalf of employees ($541.0 million), payments to suppliers ($194.7 million), disbursements to students for Federal direct student loan program ($281.4 million), purchases of capital assets ($87.5 million), purchases of investments ($760.5 million), and payments to and on behalf of students for scholarships and fellowships ($80.6 million).

CAPITAL ASSETS, CAPITAL EXPENSES AND COMMITMENTS, AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2015, the University had $1.4 billion in capital assets, less accumulated depreciation of $479.1 million, for net capital assets of $961.7 million. Depreciation charges for the current fiscal year totaled $44.5 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)

	2015	2014
Land	$ 28.7	$ 28.7
Works of Art and Historical Treasures	4.3	4.2
Construction in Progress	125.3	172.5
Buildings	723.2	636.6
Infrastructure and Other Improvements	4.4	4.1
Furniture and Equipment	38.5	35.9
Library Resources	34.6	38.3
Property Under Capital Leases and Leasehold Improvements	1.5	1.6
Computer Software	1.2	0.9
Capital Assets, Net	$ 961.7	$ 922.8

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, 2015, were incurred on the following projects: $25 million for Parking Garage Six, $9.9 million for the Mixed-Use Auxiliary Building, and $8.1 million for the Student Academic Support Complex.

The University's construction commitments at June 30, 2015, are as follows:

	Amount (In Millions)
Total Committed	$ 191.3
Completed to Date	(125.3)
Balance Committed	$ 66.0

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

DEBT ADMINISTRATION

As of June 30, 2015, the University had $174.3 million in outstanding capital improvement debt payable and capital lease payable, representing a decrease of $9.2 million, or 5 percent, from the prior fiscal year.

The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30, 2015, and June 30, 2014:

Long-Term Debt, at June 30

(In Millions)

	2015	2014
Capital Improvement Debt	$ 173.7	$ 182.5
Capital Leases	0.6	1.0
Total	$ 174.3	$ 183.5

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

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

Florida's economy has made tremendous strides toward recovery and stability since the great recession. Consistent with the last two years, Florida's General Revenue collections exceeded projections with growth of 5.7 percent compared to fiscal year 2013-2014 and generated a General Fund surplus of over $1 billion. The legislature reinvested the majority of these funds in critical services and educational programs across the state. The fiscal year 2015-2016 budget includes $400 million in performance funds for the State University System (SUS), of which $150 million represents the state investment and $250 million is the SUS investment from base funds. The $150 million state investment granted by the legislature consists of $100 million of new funds to the SUS and $50 million re-investment of prior year performance funds from the state. Florida International University (FIU) tied for third with 39 points and received a total of $45.7 million, of which $11.6 million was incremental to the prior year's budget. The Florida Board of Governors (BOG) will continue to rank each SUS institution against the 10 performance metrics measures. The performance based funding model holds universities accountable for performance results and promotes a strategic focus and greater return on the State's investment. FIU's strategic plan, FIUBeyondPossible2020, is seamlessly aligned with the performance metrics and the BOG and Florida legislative goals. In other positive results from the 2015 legislative session, FIU received $5.1 million in Legislative Budget Requests (LBRs) for specific projects and programs.

The legislature continues to focus on college affordability as was evidenced by one notable legislative change - the implementation of a sales tax exemption for text books and instructional materials and college meal plans for the 2015-2016 academic year. This will help to alleviate some of the students' cost in the current year; however, the legislature will re-evaluate this tax exemption in the next legislative session. Additionally, the absence of a legislated undergraduate base tuition increase combined with the inability to increase existing differential tuition rates resulted in FIU undergraduate tuition rates remaining unchanged for the 2015-2016 academic year.

The FIU Herbert Wertheim College of Medicine (HWCOM) is currently at full capacity of 480 students. The HWCOM General Revenue state appropriations for fiscal year 2015-2016 increased by $0.5 million to reach $31.4 million; $1.3 million increase for a Legislative Budget Request, offset by a reduction of $0.8 million for a prior year, non-recurring allocation. The HWCOM received the final year of additional funding under the medical school implementation plan in fiscal year 2014-2015.

The state legislature is in full support of the 10-metric performance based funding model for the allocation of new funds. The BOG continues to work on adjusting and fine-tuning the performance funding model to ensure reliability and validity of the results. FIU will continue to demonstrate to the legislature that the institution is providing a satisfactory return on investment to students and the State. FIU's new strategic plan, FIUBeyondPossible2020, focuses on initiatives that invest in students, faculty, staff, and infrastructure. FIU's commitment to produce degrees that empower graduates to put learning and research to work on a regional, national, and global platform is paramount. Our students have very strong community connections as a significant number of FIU graduates live and work in South Florida. When combined with our efforts to increase the degrees awarded in programs of strategic emphasis, and achieving our goal towards graduating students sooner in targeted industries, FIU students will continue to make a significant contribution to the economic development of our community in South Florida and the State of Florida.

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, 11200 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, 2015

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 5,381,408	$ 12,823,300
Investments	275,004,658	232,847,600
Accounts Receivable, Net	25,821,055	83,126,880
Loans and Notes Receivable, Net	649,645	-
Due from State	61,234,489	-
Due from Component Units/University	2,816,534	204,637
Inventories	383,933	-
Other Current Assets	43,143	2,563,834
Total Current Assets	371,334,865	331,566,251
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	245,732	1,018,637
Restricted Investments	14,591,846	2,668,905
Loans and Notes Receivable, Net	1,997,170	-
Depreciable Capital Assets, Net	803,407,753	18,183,292
Nondepreciable Capital Assets	158,267,596	447,225
Due from Component Units/University	9,165,843	-
Other Noncurrent Assets	-	22,561,045
Total Noncurrent Assets	987,675,940	44,879,104
Total Assets	1,359,010,805	376,445,355
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts Related to Pensions	46,105,876	-
Accumulated Decrease in Fair Value of Hedging Derivatives	-	2,446,631
Deferred Loss on Bond Debt Refunding	-	286,160
Total Deferred Outflows of Resources	46,105,876	2,732,791
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	1,405,116,681	379,178,146
LIABILITIES		
Current Liabilities:		
Accounts Payable	21,182,089	625,248
Construction Contracts Payable	10,156,546	-
Salaries and Wages Payable	8,077,855	-
Deposits Payable	1,965,451	-
Due to State	193,465	-
Due to Component Units/University	126,724	2,786,225
Unearned Revenue	19,950,249	2,385,919
Other Current Liabilities	215,193	285,092
Long-Term Liabilities - Current Portion		
Bonds Payable	-	697,270
Capital Improvement Debt Payable	9,185,280	-
Notes Payable	-	745,000
Capital Lease Payable	205,385	-
Compensated Absences Payable	3,025,078	-
Liability for Self-Insured Claims	42,549	-
Net Pension Liability	1,498,805	-
Total Current Liabilities	75,824,669	7,524,754

BASIC FINANCIAL STATEMENTS
FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2015

	University	Component Units
Liabilities (Continued)		
Noncurrent Liabilities:		
Bonds Payable	-	30,718,607
Capital Improvement Debt Payable	164,464,887	-
Notes Payable	-	5,420,000
Capital Lease Payable	415,125	-
Compensated Absences Payable	37,015,664	-
Due to Component Units/University	-	9,165,843
Other Postemployment Benefits Payable	47,684,000	-
Unearned Revenues	37,563,784	-
Liability for Self-Insured Claims	47,981	-
Net Pension Liability	72,588,597	-
Other Long-Term Liabilities	2,259,101	4,991,911
Total Noncurrent Liabilities	362,039,139	50,296,361
Total Liabilities	437,863,808	57,821,115
Deferred Amounts Related to Pensions	55,500,417	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	493,364,225	57,821,115
NET POSITION		
Net Investment in Capital Assets	787,404,672	11,304,247
Restricted for Nonexpendable:		
Endowment	-	206,408,578
Restricted for Expendable:		
Debt Service	2,863,043	-
Loans	443,294	-
Capital Projects	14,432,328	-
Other	24,459,938	95,709,060
Unrestricted	82,149,181	7,935,146
TOTAL NET POSITION	$ 911,752,456	$ 321,357,031

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, 2015

	University	Component Units
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of $124,395,476 ($10,384,134 Pledged for Parking Facility Capital Improvement Debt)	$ 279,373,175	$ -
Federal Grants and Contracts	77,703,669	-
State and Local Grants and Contracts	9,662,667	-
Nongovernmental Grants and Contracts	12,452,607	-
Sales and Services of Educational Departments	900,540	-
Sales and Services of Auxiliary Enterprises ($29,104,905 Pledged for Housing Facility Capital Improvement Debt and $5,244,456 Pledged for Parking Facility Capital Improvement Debt)	104,018,158	-
Sales and Services of Component Units	-	7,105,618
Gifts and Donations	-	38,949,383
Interest on Loans and Notes Receivable	43,727	-
Other Operating Revenues	14,522,875	9,261,743
Total Operating Revenues	498,677,418	55,316,744
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	549,930,299	-
Services and Supplies	181,722,464	27,268,039
Utilities and Communications	16,932,431	206,584
Scholarships, Fellowships, and Waivers	80,552,887	-
Depreciation	44,475,833	899,838
Other Operating Expenses	-	12,240,693
Total Operating Expenses	873,613,914	40,615,154
Operating (Loss) Income	(374,936,496)	14,701,590
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	247,848,804	-
Federal and State Student Financial Aid	110,805,778	-
Investment (Loss) Income	(4,184,659)	6,456,507
Other Nonoperating Revenues	22,376,394	-
Loss on Disposal of Capital Assets	(52,498)	(836,157)
Interest on Capital Asset-Related Debt	(7,868,121)	(1,454,855)
Other Nonoperating Expenses	(213,831)	-
Net Nonoperating Revenues (Expenses)	368,711,867	4,165,495
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(6,224,629)	18,867,085
State Capital Appropriations	3,292,811	-
Capital Grants, Contracts, Donations, and Fees	8,898,576	-
Other Expenses	-	(484,695)
Increase in Net Position	5,966,758	18,382,390
Net Position, Beginning of Year	994,612,982	302,974,641
Adjustment to Beginning Net Position	(88,827,284)	-
Net Position, Beginning of Year, as Restated	905,785,698	302,974,641
Net Position, End of Year	$ 911,752,456	$ 321,357,031

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, 2015

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees, Net	$ 276,021,013
Grants and Contracts	99,463,986
Sales and Services of Educational Departments	900,540
Sales and Services of Auxiliary Enterprises	103,153,035
Interest on Loans and Notes Receivable	49,011
Payments to Employees	(541,008,169)
Payments to Suppliers for Goods and Services	(194,730,573)
Payments to Students for Scholarships and Fellowships	(80,552,887)
Loans Issued to Students	(4,732,897)
Collection on Loans to Students	5,118,356
Other Operating Receipts	17,208,676
Net Cash Used by Operating Activities	(319,109,909)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	247,848,804
Federal and State Student Financial Aid	109,938,932
Federal Direct Loan Program Receipts	279,958,053
Federal Direct Loan Program Disbursements	(281,430,924)
Operating Subsidies and Transfers	(2,253,632)
Net Change in Funds Held for Others	554,189
Other Nonoperating Receipts	20,952,735
Other Nonoperating Disbursements	(350,081)
Net Cash Provided by Noncapital Financing Activities	375,218,076
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
State Capital Appropriations	11,424,683
Capital Grants, Contracts, Donations, and Fees	8,527,063
Other Receipts for Capital Projects	3,786,383
Capital Subsidies and Transfers	(7,821)
Purchase or Construction of Capital Assets	(87,504,662)
Principal Paid on Capital Debt and Leases	(8,681,490)
Interest Paid on Capital Debt and Leases	(8,433,207)
Net Cash Used by Capital and Related Financing Activities	(80,889,051)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	762,419,938
Purchase of Investments	(760,451,208)
Investment Income	12,728,795
Net Cash Provided by Investing Activities	14,697,525
Net Decrease in Cash and Cash Equivalents	(10,083,359)
Cash and Cash Equivalents, Beginning of Year	15,710,499
Cash and Cash Equivalents, End of Year	$ 5,627,140

FLORIDA INTERNATIONAL UNIVERSITY
A COMPONENT UNIT OF THE STATE OF FLORIDA
STATEMENT OF CASH FLOWS (CONTINUED)
For the Fiscal Year Ended June 30, 2015

	University
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	$ (374,936,496)
Depreciation Expense	44,475,833
Change in Assets and Liabilities:	
Receivables, Net	(1,600,486)
Inventories	(28,318)
Other Assets	796
Accounts Payable	3,747,875
Salaries and Wages Payable	(87,248,186)
Deposits Payable	254,867
Compensated Absences Payable	2,352,372
Unearned Revenue	43,191
Liability for Self-Insured Claims	10,700
Pension Liability	74,087,402
Deferred Outflows Related to Pensions	(46,105,876)
Deferred Inflows Related to Pensions	55,500,417
Other Postemployment Benefits Payable	10,336,000
NET CASH USED BY OPERATING ACTIVITIES	$ (319,109,909)

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES

Unrealized losses on investments were recognized as a decrease 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.	$ (16,862,311)
Losses 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.	$ (52,498)

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

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.

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.

- 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.

The financial activities of the Florida International University Research Foundation, Inc. (Research Foundation) are not included in the University's financial statements. 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. It receives 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. The total assets and operating revenues related to the Research Foundation are $150,584 and $0, respectively. The amounts represent less than one percent of the total aggregate component units' assets and operating revenues.

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

The University's discretely presented component 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 difference 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.

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, and the Health Care Network 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.

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

Depreciable assets of the Foundation are stated at cost and are net of accumulated depreciation of $4,978,127. 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 $185,423. 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, capital lease payable, compensated absences payable, other postemployment benefits payable, net pension liabilities, 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 and deferred losses on refunding. The University amortizes debt premiums 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.

Pensions. For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System (FRS) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan and additions to/deductions from the FRS's and the HIS's fiduciary net position have been determined on the same basis as they are reported by the FRS and the HIS plans. For this purpose the net pension liability is measured using the FRS Comprehensive Annual Financial Report for the 2013-14 fiscal year. Investments are reported at fair value.

2. REPORTING CHANGES

The University participates in the Florida Retirement System (FRS) defined benefit pension plan and the Health Insurance Subsidy (HIS) defined benefit plan administered by the Florida Division of Retirement. As a participating employer, the University implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions, which requires employers participating in cost-sharing multiple-employer defined benefit plans to report the employers' proportionate share of the net pension liabilities of the defined benefit pension plans.

The impact of the implementation of this Statement is discussed in a subsequent note.

3. ADJUSTMENT TO BEGINNING NET POSITION

The beginning net position of the University was decreased by $88,827,284 due to the adoption of a new GASB Statement No. 68, Accounting and Financial Reporting for Pensions. GASB Statement No. 68 requires the University to recognize its proportionate share of the net pension liabilities and operating statement activities related to changes in the collective pension liabilities of cost-sharing multiple-employer FRS and HIS defined benefit plans. The University's proportionate share of the net pension liabilities at July 1, 2014 totaled $101,883,099 which was offset by deferred outflows of resources totaling $13,055,815 representing the University's fiscal year 2014 pension contributions.

4. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The 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; Securities and Exchange Commission registered market funds with the highest credit quality rating from a nationally recognized rating agency; interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; and other investments approved by the 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, 2015, are reported at fair value, as follows:

Investment Type	Amount
External Investment Pool:	
State Treasury Special Purpose Investment Account	$ 54,765,640
SBA Debt Service Accounts	2,850,335
Mutual Funds:	
Limited Partnerships	26,591,226
Equities	76,534,180
Fixed Income and Bond Mutual Funds	94,078,429
Commodities	18,619,987
Money Market Funds	16,156,707
Total University Investments	$ 289,596,504

External Investment Pools

State Treasury Special Purpose Investment Account

The University reported investments at fair value totaling $54,765,640 at June 30, 2015, 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 2.67 years, and had a fair value factor of 1.0013 at June 30, 2015. 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 Debt Service Accounts

The University reported investments totaling $2,850,335 at June 30, 2015, 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, 2015, are as follows:

University Debt Investment Maturities

		Investment Maturities (In Years)			
Type of Investment	**Fair Market Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Fixed Income Mutual Fund	$ 41,641,110	$ 3,585,304	$ 14,095,514	$ 18,671,872	$ 5,288,420
TIPS Index Fund	20,567,686	12,647	6,670,001	9,214,186	4,670,852
High Yield Bond Mutual Fund	19,325,990	290,411	4,282,522	13,191,560	1,561,497
Credit Fixed Income	12,543,643	1,791,062	3,663,941	2,783,478	4,305,162
Total	$ 94,078,429	$ 5,679,424	$ 28,711,978	$ 43,861,096	$ 15,825,931

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2015, 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:

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	$ 41,641,110	$ 25,355,274	$ 1,299,202	$ 5,813,098	$ 9,173,536
TIPS Index Fund	20,567,686	20,555,345	-	-	12,341
High Yield Bond Mutual Fund	19,325,990	529	-	173,929	19,151,532
Credit Fixed Income	12,543,643	1,273,714	98,369	3,853,393	7,318,167
Total	$ 94,078,429	$ 47,184,862	$ 1,397,571	$ 9,840,420	$ 35,655,576

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 Unit Investments

The Foundation's investments at June 30, 2015, are reported at fair value as follows:

Investment Type	Amount
Domestic Equities	$ 38,928,909
Global Equities	61,461,624
Real Assets	12,232,126
Fixed Income	30,919,505
Hedge Funds	60,539,187
Private Investments	26,931,444
Subtotal	231,012,795
Plus Accrued Income	13,756
Total	$ 231,026,551

Concentration of Credit Risk: The Foundation maintains certain investment accounts with financial institutions which 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. Money market fund investment are reported at fair value of $4,489,953 at June 30, 2015.

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, 2015, $4,489,953 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, 2015, the Finance Corporation reported investments in a Federated Government Obligations Fund at fair value of $4,489,953. 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, 2015, is 33 days while the WAL is 82 days. The Fund is rated AAAm by Standard & Poor's. The Fund complies with the requirements of SEC Rule 2a-7, under the 1940 Act, which sets forth portfolio quality and diversification restrictions for money market mutual funds.

5. RECEIVABLES

Accounts Receivable. Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable.

As of June 30, 2015, the University reported the following amounts as accounts receivable:

Description	Amount
Student Tuition and Fees	$ 18,573,048
Contracts and Grants	7,166,476
Other	81,531
Total Accounts Receivable	$ 25,821,055

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. Accounts receivable, and loans and notes receivable, are reported net of allowances of $13,829,773, and $1,687,651, respectively, at June 30, 2015.

6. DUE FROM STATE

This amount consists of $45,569,379 of Public Education Capital Outlay and $15,665,110 of Capital Improvement Trust Fee due from the State for the construction of University facilities.

7. DUE FROM AND TO COMPONENT UNITS/UNIVERSITY

The University's financial statements are reported for the fiscal year ended June 30, 2015. One component unit is not presented (see Note 1). Additionally, component units' due from and due to amounts include receivables and payables between the various component units. Accordingly, amounts reported by the University as due from and to component units on the Statement of Net Position may not agree with amounts reported by the component units as due from and to the University.

8. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	$ 28,671,778	$ -	$ -	$ 28,671,778
Works of Art and Historical Treasures	4,204,249	73,003	-	4,277,252
Construction in Progress	172,454,441	65,906,584	113,042,459	125,318,566
Total Nondepreciable Capital Assets	$ 205,330,468	$ 65,979,587	$ 113,042,459	$ 158,267,596
Depreciable Capital Assets:				
Buildings	$ 912,657,538	$ 112,418,591	$ 105,545	$ 1,024,970,584
Infrastructure and Other Improvements	17,998,121	795,207	-	18,793,328
Furniture and Equipment	116,039,713	12,145,762	3,042,542	125,142,933
Library Resources	104,405,937	4,574,687	128,672	108,851,952
Property Under Capital Leases and Leasehold Improvements	1,789,567	-	-	1,789,567
Computer Software	2,360,448	603,058	17,625	2,945,881
Total Depreciable Capital Assets	1,155,251,324	130,537,305	3,294,384	1,282,494,245
Less, Accumulated Depreciation:				
Buildings	276,050,950	25,745,367	-	301,796,317
Infrastructure and Other Improvements	13,891,895	447,850	-	14,339,745
Furniture and Equipment	80,131,219	9,508,573	2,990,544	86,649,248
Library Resources	66,021,701	8,334,064	128,671	74,227,094
Property Under Capital Leases and Leasehold Improvements	214,431	101,224	-	315,655
Computer Software	1,436,804	338,755	17,126	1,758,433
Total Accumulated Depreciation	437,747,000	44,475,833	3,136,341	479,086,492
Total Depreciable Capital Assets, Net	$ 717,504,324	$ 86,061,472	$ 158,043	$ 803,407,753

9. 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, 2015, to spend the funds. Also included are contracts and grant payments received in advance, nonrefundable admission fees, prepaid stadium rental income received from the Finance Corporation, food service revenue, conference center fees, land use fees and athletic revenues received prior to fiscal year-end related to subsequent accounting periods.

As of June 30, 2015, the University reported the following amounts as unearned revenue:

Description	Amount
Capital Appropriations	$ 13,503,029
Contracts and Grants	2,848,205
Admission Fees	1,386,300
Stadium Rental Income	1,304,083
Food Service Revenue	727,065
Conference Center Fees	124,384
Land Use Fees	52,381
Athletic Revenues	4,802
Total Unearned Revenue	$ 19,950,249

10. DEFERRED INFLOW / OUTFLOW OF RESOURCES

Certain changes in the University's proportionate share of net pension liabilities of cost-sharing multiple-employer FRS and HIS defined benefit plans are reported as deferred outflows and inflows of pension resources. Total deferred outflows of pension resources were $46,105,876 and deferred inflows of pension resources were $55,500,417 for the year ended June 30, 2015. Note 14 includes a complete discussion of defined benefit pension plans.

11. LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2015, include capital improvement debt payable, capital lease payable, compensated absences payable, other postemployment benefits payable, the long-term portion of unearned revenue, liability for self-insured claims, and other long-term liabilities.

Long-term liabilities activity for the fiscal year ended June 30, 2015, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	$ 182,480,253	$ -	$ 8,830,084	$ 173,650,167	$ 9,185,280
Capital Lease Payable	1,037,000	-	416,490	620,510	205,385
Compensated Absences Payable	37,688,370	5,707,345	3,354,973	40,040,742	3,025,078
Other Postemployment Benefits Payables	37,348,000	11,438,000	1,102,000	47,684,000	-
Unearned Revenue	26,392,393	12,527,855	1,356,464	37,563,784	-
Liability for Self-Insured Claims	79,830	40,510	29,810	90,530	42,549
Net Pension Liability	101,883,099	40,760,535	68,556,232	74,087,402	1,498,805
Other Long-Term Liabilities	2,228,562	30,539	-	2,259,101	-
Total Long-Term Liabilities	$ 389,137,507	$ 70,504,784	$ 83,646,053	$ 375,996,236	$ 13,957,097

Capital Improvement Debt Payable. The University had the following capital improvement debt payable outstanding at June 30, 2015:

Capital Improvement Debt 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	$ 29,533,745	4.00 - 5.00	2034
2011 Student Apartments Refunding	22,210,000	18,635,440	3.00 - 5.00	2025
2012 Student Apartments	53,655,000	52,034,012	3.00 - 4.25	2041
Total Student Housing Debt	129,780,000	100,203,197		
Parking Garage Debt:				
2009 Parking Garage A&B	32,000,000	28,195,000	4.50 - 6.875	2039
2013A Parking Garage	48,365,000	45,251,970	3.00 - 5.25	2043
Total Parking Garage Debt	80,365,000	73,446,970		
Total Capital Improvement Debt	$ 210,145,000	$ 173,650,167		

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

The University has pledged a portion of future housing rental revenues, traffic and parking fees, and an assessed transportation fee per student to repay $210,145,000 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 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 2043. 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 $278,321,913, and principal and interest paid for the current year totaled $16,629,765. During the 2014-15 fiscal year, housing rental income, traffic and parking fees, and assessed transportation fees totaled $29,104,905, $5,244,456, and $10,384,134, respectively.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2015, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 8,615,000	$ 7,995,015	$ 16,610,015
2017	6,920,000	7,605,390	14,525,390
2018	7,220,000	7,293,610	14,513,610
2019	7,545,000	6,954,130	14,499,130
2020	7,285,000	6,608,790	13,893,790
2021-2025	35,880,000	28,487,434	64,367,434
2026-2030	31,540,000	21,127,194	52,667,194
2031-2035	31,265,000	13,575,238	44,840,238
2036-2040	27,030,000	6,074,450	33,104,450
2041-2043	8,590,000	710,662	9,300,662
Subtotal	171,890,000	106,431,913	278,321,913
Plus: Net Bond Discounts, Premiums, and Losses on Bond Refundings	1,760,167	-	1,760,167
Total	$ 173,650,167	$ 106,431,913	$ 280,082,080

Capital Lease Payable - Related Party Transaction. Land and a building in the amount of $1,037,000 are being acquired under a capital lease agreement with the Foundation. The stated interest rate is 6.6 percent.

Future minimum payments under the capital lease agreement and the present value of the minimum payments as of June 30, 2015, are as follows:

Fiscal Year Ending June 30	Amount
2016	$ 250,212
2017	250,212
2018	205,003
Total Minimum Payments	705,427
Less, Amount Representing Interest	(84,917)
Present Value of Minimum Payments	$ 620,510

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, 2015, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled $40,040,742. The current portion of the compensated absences liability, $3,025,078, 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.

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 2014-15 fiscal year, 348 retirees received postemployment healthcare benefits. The University provided required contributions of $1,102,000 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 $2,524,000, which represents 0.7 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:

Description	Amount
Normal Cost (Service Cost for One Year)	$ 7,015,000
Amortization of Unfunded Actuarial Accrued Liability	3,792,000
Interest on Normal Cost and Amortization	432,000
Annual Required Contribution	11,239,000
Interest on Net OPEB Obligation	1,494,000
Adjustment to Annual Required Contribution	(1,295,000)
Annual OPEB Cost (Expense)	11,438,000
Contribution Toward the OPEB Cost	(1,102,000)
Increase in Net OPEB Obligation	10,336,000
Net OPEB Obligation, Beginning of Year	37,348,000
Net OPEB Obligation, End of Year	$ 47,684,000

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, 2015, and for the two preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2012-13	$ 8,614,000	18.6 %	$ 26,197,000
2013-14	12,314,000	9.4 %	37,348,000
2014-15	11,438,000	9.6 %	47,684,000

Funded Status and Funding Progress. As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $120,121,000, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability of $120,121,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was $355,458,891 for the 2014-15 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 33.8 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 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, 2013, used the entry-age cost actuarial method to estimate the actuarial accrued liability as of June 30, 2015, and the University's 2014-15 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 7.21, 7.89 and 7.59 percent for the first three years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and 6.95, 7.64, and 7.75 percent for the first three years for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates both grade down to an ultimate rate of 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, 2015, was 22 years.

Net Pension Liability. As a participating employer in the Florida Retirement System, the University recognizes its proportionate share of the collective net pension liabilities of the FRS cost-sharing multiple-employer defined benefit plans. As of June 30, 2015, the University's proportionate share of the net pension liabilities totaled $74,087,402. Note 14 includes a complete discussion of defined benefit pension plans.

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

12. 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 15). 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 13). 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, 2015, the outstanding principal balance due under this note payable was $6.17 million. For the year ended June 30, 2015, total interest incurred and paid was $208,532.

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 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. 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, 2015, are shown in the following table:

Fiscal Year Ending June 30	Amount
2016	$ 745,000
2017	785,000
2018	825,000
2019	865,000
2020	910,000
Thereafter	2,035,000
Total	$ 6,165,000

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

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, 2015, totaled $5,321,198 and relate principally to expenses paid directly by the University on behalf of Health Care Network. The loan also includes approximately $203,000 of accrued interest as of June 30, 2015. The first payment of $112,366 of interest on the original loan was made in June 2015.

In June of 2015 the Health Care Network renegotiated the loan agreement with the University and borrowed an additional $3,109,385. The total loaned by the University to Health Care Network is $8,663,962 and the terms are for twenty one years at a 2 percent annual interest rate.

In addition, as of July 1, 2015, Health Care Network will operate as a management services organization for the University. Health Care Network will retain 15 percent of gross patient service charges as a management fee. The remaining 85 percent of gross patient service charges will be transferred to the University. All cash collections after July 1, 2015 on patient accounts receivable at June 30, 2015 will be transferred to the University. Therefore, the net patient accounts receivable of $163,384 has been recorded as due to the University at June 30, 2015.

Estimated principal and interest payments for the life of the amounts due to the University based on the balances as of June 30, 2015, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2016	$ 295,440	$ 172,679	$ 468,119
2017	306,030	166,770	472,800
2018	316,878	160,650	477,528
2019	327,991	154,312	482,303
2020	339,374	147,752	487,126
2021-2025	1,877,482	632,201	2,509,683
2026-2030	2,206,083	431,619	2,637,702
2031-2035	2,575,678	196,574	2,772,252
2036	389,006	7,780	396,786
Total	$ 8,633,962	$ 2,070,337	$ 10,704,299

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, 2015, was $31,415,877.

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 $2,668,94 and is included in restricted investments.

The Finance Corporation is required to maintain minimum deposits of $1,000,000 with a 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 13) 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.

The aggregate maturities of these bonds as of June 30, 2015, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
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	1,357,143	1,522,802	2,879,945
2020	1,421,429	1,449,849	2,871,278
2021-2025	8,135,714	6,031,311	14,167,025
2026-2030	10,150,000	3,637,678	13,787,678
2031-2033	7,264,286	792,888	8,057,174
Total	$ 31,415,877	$ 18,361,050	$ 49,776,927

13. 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 12. 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 expired on February 1, 2015.

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, 2015, the Finance Corporation interest rate swap agreement has a derivative liability of $4,165,629 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, 2015, the fair value of the Series 2007A ineffective interest rate swap agreement was $1,718,999, 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 2009A bonds reflects a higher rate due to not terminating this interest rate swap agreement. Accordingly, the fair value of $1,718,999 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 $2,446,631.

Credit Risk. As of June 30, 2015, 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.

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, 2015, 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	**Variable-Rate Bond**		**Interest Rate**	
June 30	**Principal**	**Interest**	**Swap, Net**	**Total**
2016	$ -	$ 436,690	$ 718,310	$ 1,155,000
2017	260,000	436,690	718,310	1,415,000
2018	910,000	431,283	709,417	2,050,700
2019	950,000	412,360	678,290	2,040,650
2020	995,000	392,605	645,795	2,033,400
2021-2025	5,695,000	1,633,220	2,686,480	10,014,700
2026-2030	7,105,000	985,047	1,620,303	9,710,350
2031-2033	5,085,000	214,705	353,170	5,652,875
Total	$ 21,000,000	$ 4,942,600	$ 8,130,075	$ 34,072,675

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

14. RETIREMENT PLANS DEFINED BENEFIT PENSION PLANS

General Information about the Florida Retirement System (FRS)

The FRS was created in Chapter 121, Florida Statutes. The FRS was created to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan to assist retired members of any State-administered retirement system in paying the costs of health insurance. Chapter 121, Florida Statutes, also provides for nonintegrated, optional retirement programs in lieu of the FRS to certain members of the Senior Management Service Class (SMSC) employed by the State and faculty and specified employees in the State university system.

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

The University's pension expense totaled $10,297,809 for the 2014-15 fiscal year for both the FRS Pension Plan and HIS Program.

FRS Pension Plan

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

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

Employees enrolled in the Plan prior to July 1, 2011, vest at 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 to eligible participants.

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

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

The following chart shows the percentage value for each year of service credit earned:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 or more years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Special Risk Regular	
Service from December 1, 1970 through September 30, 1974	2.00
Service on and after October 1, 1974	3.00
Senior Management Service Class	2.00

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

Contributions. The Florida Legislature establishes contribution rates for participating employers and employees.

Contribution rates during the 2014-15 fiscal year were as follows:

Class	Percent of Gross Salary Employee	Employer (1)
Florida Retirement System, Regular	3.00	7.37
Florida Retirement System, Senior Management Service	3.00	21.14
Florida Retirement System, Special Risk	3.00	19.82
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes	0.00	12.28
Florida Retirement System, Reemployed Retiree	(2)	(2)

Notes: (1) Employer rates include 1.20 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.
(2) Contribution rates are dependent upon retirement class in which reemployed.

The University's contributions to the defined-benefit plan totaled $13,836,828 for the fiscal year June 30, 2015, excluding HIS plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the University reported a liability of $32,080,257 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The University's proportionate share of the net pension liability was based on the University's 2013-14 fiscal year contributions relative to the total 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the University's proportionate share was .53 percent, which was an increase of 38 percent from its proportionate share measured as of June 30, 2013.

For the year ended June 30, 2015, the University recognized pension expense of $7,000,945. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,985,222
Change of assumptions	5,555,767	-
Net difference between projected and actual earnings on FRS pension plan investments	-	53,515,195
Changes in proportion and differences between University FRS contributions and proportionate share of FRS contributions	21,036,914	-
University FRS contributions subsequent to measurement date	13,836,828	-
Total Assets	$ 40,429,509	$ 55,500,417

The deferred outflows of resources related to pensions totaling $13,836,828, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2016	$ (10,136,286)
2017	(10,136,286)
2018	(10,136,286)
2019	(10,136,286)
2020	566,753
Thereafter	1,051,894
Total	(38,926,497)

Actuarial Assumptions. The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.65 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

The target allocation and best estimates of arithmetic and geometric real rates of return for each major asset class are summarized in the following table as presented in the FRS Pension Plan and Other State Administered Systems Comprehensive Annual Financial Report for the year ended June 30, 2014:

Asset Class	Target Allocation [1]	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Cash	1.00 %	3.11 %	3.10 %	1.37 %
Intermediate-Term Bonds	18.00 %	4.18 %	4.05 %	5.15 %
High Yield Bonds	3.00 %	6.79 %	6.25 %	10.95 %
Broad US Equities	26.50 %	8.51 %	6.95 %	18.90 %
Developed Foreign Equities	21.20 %	8.66 %	6.85 %	20.40 %
Emerging Market Equities	5.30 %	11.58 %	7.60 %	31.15 %
Private Equity	6.00 %	11.80 %	8.11 %	30.00 %
Hedge Funds / Absolute Return	7.00 %	5.81 %	5.35 %	10.00 %
Real Estate (Property)	12.00 %	7.11 %	6.35 %	13.00 %
Total	100.00 %			
Assumed Inflation - Mean		2.60 %		2.00 %

[1] As outlined in the Plan's investment policy

Discount Rate. The discount rate used to measure the total pension liability was 7.65 percent. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	1% Decrease (6.65%)	Current Discount Rate (7.65%)	1% Increase (8.65%)
University's proportionate share of the net pension liability	$ 137,211,520	$ 32,080,257	$ (55,368,894)

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

HIS Pension Plan

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

Benefits Provided. For the fiscal year ended June 30, 2015, eligible retirees and beneficiaries received a monthly HIS payment equal to the number of years of creditable service completed at the time of retirement multiplied by $5. The payments are at least $30 but not more than $150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a state-administered retirement system must provide proof of health insurance coverage, which can include Medicare.

Contributions. The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended June 30, 2015, the contribution rate was 1.26 percent of payroll pursuant to section 112.363, Florida Statues. The University contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which HIS payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The University's contributions to the HIS Plan totaled $1,806,322 for the fiscal year ended June 30, 2015.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the University reported a liability of $42,007,145 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2014. The University's proportionate share of the net pension liability was based on the University's 2013-14 fiscal year contributions relative to the total 2013-14 fiscal year contributions of all participating members. At June 30, 2014, the University's proportionate share was .45 percent, which was an increase of 7.5 percent from its proportionate share measured as of June 30, 2013.

For the fiscal year ended June 30, 2015, the University recognized pension expense of $3,296,864. In addition, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	**Deferred Outflows of Resources**
Change of assumptions	$ 1,494,781
Net difference between projected and actual earnings on HIS pension plan investments	20,165
Changes in proportion and differences between University HIS contributions and proportionate share of HIS contributions	2,355,099
University HIS contributions subsequent to prior measurement date	1,806,322
Total Assets	$ 5,676,367

The deferred outflows of resources related to pensions totaling $1,806,322, resulting from University contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	Amount
2016	$ 211,642
2017	211,642
2018	211,642
2019	211,641
2020	207,608
Thereafter	249,130
Total	$ 1,303,305

Actuarial Assumptions. The total pension liability in the July 1, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	4.29 percent, net of pension plan investment expense, including inflation

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

While an experience study had not been completed for the plan, the Florida Retirement System Actuarial Assumptions Conference reviewed the actuarial assumptions for the plan. The actuarial assumptions used in the July 1, 2014, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate. The discount rate used to measure the total pension liability was 4.29 percent. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 4.29 percent, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.29 percent) or 1-percentage-point higher (5.29 percent) than the current rate:

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
University's proportionate share of the net pension liability	$ 47,779,726	$ 42,007,145	$ 37,188,692

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

15. RETIREMENT PLANS - DEFINED CONTRIBUTION PENSION PLANS

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

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Service retirement benefits are based upon the value of the member's account upon retirement. Benefit terms, including contribution requirements, are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contributions, that are based on salary and membership class (Regular Class, Senior Management Service Class, etc.), as the FRS defined benefit plan by. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04 percent of payroll and by forfeited benefits of plan members.

Allocations to the Investment Plan member accounts during the 2014-15 fiscal year were as follows:

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

For all membership classes, employees are immediately vested in their own contributions and are vested after 1 year of service for employer contributions and investment earnings regardless of membership class. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the FRS Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to 5 years. If the employee returns to FRS-covered employment within the 5 year period, the employee will regain control over their account. If the employee does not return within the 5 year period, the employee will forfeit the accumulated account balance. For the fiscal year ended June 30, 2015, the information for the amount of forfeitures was unavailable from the SBA; however, management believes that these amounts, if any, would be immaterial to the University.

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

The University's Investment Plan contributions including employee portion totaled $3,035,634 for the fiscal year ended June 30, 2015.

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 5.14 percent of the participant's salary to the participant's account, 2.54 percent to cover the unfunded actuarial liability of the FRS pension plan, and 0.01 percent to cover administrative costs, 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 payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

The University's contributions to the Program totaled $16,367,723, which includes the unfunded actuarial liability portion, and employee contributions totaled $10,692,260 for the 2014-15 fiscal year.

16. CONSTRUCTION COMMITMENTS

The University's construction commitments at June 30, 2015, are as follows:

Project Description	Total Commitment	Completed to Date	Balance Committed
Student Academic Support Center	$ 30,938,383	$ 9,302,514	$ 21,635,869
User Paid Construction Projects	26,363,329	22,337,856	4,025,473
Recreation Center Expansion	15,223,487	214,457	15,009,030
Auxiliary Construction Projects	8,442,907	3,057,664	5,385,243
Subtotal	80,968,106	34,912,491	46,055,615
Projects with Balance Committed Under $3 Million	110,363,662	90,406,075	19,957,587
Total	$ 191,331,768	$ 125,318,566	$ 66,013,202

17. OPERATING LEASE COMMITMENTS - INCLUDES RELATED PARTY TRANSACTION WITH FOUNDATION

The University leased building space under operating leases, which expire in 2034. 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. Included in the annual payments below are the minimum payments required for the operating lease due to the Foundation as noted in the Florida International University Foundation, Inc. related party transaction note following this note.

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

Fiscal Year Ending June 30	Amount
2016	$ 4,442,954
2017	4,573,752
2018	4,731,897
2019	4,825,396
2020	4,922,255
2021-2025	13,314,592
2026-2030	5,932,457
2031-2034	4,910,474
Total Minimum Payments Required	47,653,777

18. 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 $1,678,177 and $1,375,281 for the years ended June 30, 2015, and June 30, 2014, 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, 2015:

Fiscal Year Ending June 30	Amount
2016	$ 1,363,000
2017	1,363,000
2018	1,418,000
2019	1,418,000
2020	1,418,000
Thereafter	2,836,000
Total Minimum Payments Required	$ 9,816,000

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:

Fiscal Year Ending June 30	Amount
2016	$ 1,304,083
2017	1,304,083
2018	1,304,083
2019	1,304,083
2020	1,304,083
2021-2025	6,520,416
2026-2030	6,520,416
2031-2033	3,803,576
Total Minimum Payments Required	$ 23,364,823

19. GIFT AGREEMENT - FLORIDA INTERNATIONAL UNIVERSITY FOUNDATION, INC. - RELATED PARTY TRANSACTION

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.

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 $2.2 million during the 2014-15 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 $1.8 million during the 2014-15 fiscal year for utilities, repairs, and maintenance expenses for buildings used by the Wolfsonian.

20. 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 2014-15 fiscal year, for property losses, the State retained the first $2 million per occurrence for all perils except named windstorm and flood. The State retained the first $2 million per occurrence with an annual aggregate retention of $40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $50 million for named windstorm and flood losses through February 15, 2014, and increased to $54 million starting February 16, 2014. 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 or act as Good Samaritans; and student professional liability coverage not to exceed a per occurrence limit of $1,000,000 if such limits are required by an affiliated hospital or healthcare affiliate.

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 2013-14 and 2014-15 fiscal years are presented in the following table:

Fiscal Year Ended	Claims Liabilities Beginning of Year	Current Claims and Changes in Estimates	Claim Payments	Claims Liabilities End of Year
June 30, 2014	$ 75,730	$ 26,536	$ (22,436)	$ 79,830
June 30, 2015	79,830	40,510	(29,810)	90,530

21. 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:

Functional Classification	Amount
Instruction	$ 280,219,584
Research	96,101,391
Public Services	10,600,011
Academic Support	106,277,463
Student Services	61,033,490
Institutional Support	85,241,153
Operation and Maintenance of Plant	55,684,640
Scholarships, Fellowships, and Waivers	80,552,887
Depreciation	44,475,833
Auxiliary Enterprises	53,427,462
Total Operating Expenses	$ 873,613,914

22. 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 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	$ 21,057,172	$ 10,669,875
Capital Assets, Net	127,009,972	105,744,565
Other Noncurrent Assets	319,494	3,579,934
Total Assets	148,386,638	119,994,374
Liabilities		
Current Liabilities	7,218,804	6,229,809
Noncurrent Liabilities	94,349,023	70,462,336
Total Liabilities	101,567,827	76,692,145
Net Position		
Net Investment in Capital Assets	26,113,341	32,211,300
Restricted - Expendable	5,071	2,862,940
Unrestricted	20,700,399	8,227,989
Total Net Position	$ 46,818,811	$ 43,302,229

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

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Operating Revenues	$ 29,104,905	$ 15,648,313
Depreciation Expense	(3,573,984)	(2,471,637)
Other Operating Expenses	(16,084,985)	(8,560,381)
Operating Income	9,445,936	4,616,295
Nonoperating Revenues (Expenses):		
Nonoperating Revenue	34,585	-
Interest Expense	(3,900,627)	(3,899,055)
Nonoperating Expenses	(148,672)	(110,130)
Net Nonoperating Expenses	(4,014,714)	(4,009,185)
Income Before Transfers	5,431,222	607,110
Net Transfers	-	2,865,852
Capital Grants	-	595,421
Increase in Net Position	5,431,222	4,068,383
Net Position, Beginning of Year	41,387,589	39,233,846
Net Position, End of Year	$ 46,818,811	$ 43,302,229

Condensed Statement of Cash Flows

	Housing Facility Capital Improvement Debt	Parking Facility Capital Improvement Debt
Net Cash Provided (Used) by:		
Operating Activities	$ 13,004,215	$ 7,213,936
Noncapital Financing Activities	34,585	-
Capital and Related Financing Activities	(12,160,915)	(27,799,301)
Investing Activities	(72,982)	21,547,611
Net Decrease in Cash and Cash Equivalents	804,903	962,246
Cash and Cash Equivalents, Beginning of Year	616,917	152,826
Cash and Cash Equivalents, End of Year	$ 1,421,820	$ 1,115,072

23. 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:

Condensed Statement of Net Position
Direct-Support Organizations

	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	Total
Assets				
Current Assets	$ 326,632,788	$ 3,578,449	$ 1,355,014	$ 331,566,251
Capital Assets, Net	18,190,373	-	440,144	18,630,517
Other Noncurrent Assets	500,305	25,748,282	-	26,248,587
Total Assets	345,323,466	29,326,731	1,795,158	376,445,355
Deferred Outflows of Resources	-	2,732,791	-	2,732,791
Liabilities				
Current Liabilities	4,931,550	1,170,705	1,422,499	7,524,754
Noncurrent Liabilities	6,246,281	35,884,237	8,165,843	50,296,361
Total Liabilities	11,177,831	37,054,942	9,588,342	57,821,115
Net Position:				
Net Investment in Capital Assets	11,304,247	-	-	11,304,247
Restricted - Nonexpendable	206,408,578	-	-	206,408,578
Restricted - Expendable	95,709,060	-	-	95,709,060
Unrestricted	20,723,750	(4,995,420)	(7,793,184)	7,935,146
Total Net Position	$ 334,145,635	$ (4,995,420)	$ (7,793,184)	$ 321,357,031

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

Direct-Support Organizations

	Florida International University Foundation, Inc.	FIU Athletics Finance Corporation	Florida International University Academic Health Center Health Care Network Faculty Group Practice, Inc.	Total
Operating Revenues	$ 45,569,475	$ 3,781,020	$ 5,966,249	$ 55,316,744
Depreciation Expense	(664,732)	-	(235,106)	(899,838)
Other Operating Expenses	(28,857,679)	(2,457,568)	(8,400,069)	(39,715,316)
Operating Income (Loss)	16,047,064	1,323,452	(2,668,926)	14,701,590
Nonoperating Revenues (Expenses)				
Investment Income	6,488,817	(32,310)	-	6,456,507
Interest Expense	-	(1,342,489)	(112,366)	(1,454,855)
Other Nonoperating Expenses	-	-	(836,157)	(836,157)
Net Nonoperating Revenues (Expenses)	6,488,817	(1,374,799)	(948,523)	4,165,495
Other Revenues, Expenses, Gains, or Losses	-	(370,000)	(114,695)	(484,695)
Increase (Decrease) in Net Position	22,535,881	(421,347)	(3,732,144)	18,382,390
Net Position, Beginning of Year	311,609,754	(4,574,073)	(4,061,040)	302,974,641
Net Position, End of Year	$ 334,145,635	$ (4,995,420)	$ (7,793,184)	$ 321,357,031

24. RELATED PARTY TRANSACTIONS

The University has entered into various related party transactions with its direct support organizations. Certain transactions are specifically identified in the basic financial statements, as due to or due from Component units. Other transactions are identified and described in the notes to financial statements.

25. 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 $29,105,000 State of Florida, Board of Governors, Florida International University Housing Facility Revenue Bonds, Series 2015A, will be used to defease all of the outstanding State of Florida, Board of Regents, Florida International University Housing Facility Revenue Bonds Series 2004, maturing in the years 2016 through 2034. The sale and issuance was completed on July 21, 2015.

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)	UAAL as a Percentage of Covered Payroll [(b) - (a)] / (c)
7/1/2009	$ -	$ 72,099,000	$ 72,099,000	- %	$239,559,653	30.1 %
7/1/2011	-	101,015,000	101,015,000	-	280,051,835	36.1
7/1/2013	-	120,121,000	120,121,000	-	332,597,433	36.1

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

Notes to Required Supplementary Information:

Schedule of Funding Progress - Other Postemployment Benefits Plan

The July, 1, 2013, unfunded actuarial accrued liability of $120,121,000 was significantly higher than the July 1, 2011, liability of $101,015,000 as a result of changes in factors used by the actuary to calculate this liability. The actuarial liability increase was due primarily to changes in trend assumptions used to compute the liability.

FLORIDA INTERNATIONAL UNIVERSITY

OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN

	2015	2014
University's proportion of the FRS net pension liability	0.53 %	0.38 %
University's proportionate share of the FRS net pension liability	$ 32,080,257	$ 65,503,841
University's covered employee payroll	$355,458,891	$332,597,433
University's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	9.03 %	19.69 %
FRS Plan fiduciary net position as a percentage of the FRS total pension liability	96.09 %	88.54 %

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

FLORIDA INTERNATIONAL UNIVERSITY

OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF UNIVERSITY CONTRIBUTIONS -

FLORIDA RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN

	2015	2014
Contractually required FRS contribution	$ 13,836,828	$ 11,516,793
FRS contributions in relation to the contractually required FRS contribution	$ (13,836,828)	$ (11,516,793)
Contribution deficiency (excess)	$ -	$ -
University's covered employee payroll	$355,458,891	$332,597,433
FRS contributions as a percentage of covered-employee payroll	3.89 %	3.46 %

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

FLORIDA INTERNATIONAL UNIVERSITY

OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - HEALTH INSURANCE SUBSIDY DEFINED BENEFIT PENSION PLAN

	2015	2014
University's proportion of the HIS net pension liability	0.45 %	0.42 %
University's proportionate share of the HIS net pension liability	$ 42,007,145	$ 36,379,258
University's covered employee payroll	$355,458,891	$332,597,433
University's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	11.82 %	10.94 %
HIS Plan fiduciary net position as a percentage of the HIS total pension liability	0.99 %	1.78 %

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

FLORIDA INTERNATIONAL UNIVERSITY

OTHER REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF UNIVERSITY CONTRIBUTIONS -

HEALTH INSURANCE SUBSIDY DEFINED BENEFIT PENSION PLAN

	2015	2014
Contractually required HIS contribution	$ 1,806,322	$ 1,539,022
HIS contributions in relation to the contractually required HIS contribution	$ (1,806,322)	$ (1,539,022)
Contribution deficiency (excess)	$ -	$ -
University's covered employee payroll	$355,458,891	$332,597,433
HIS contributions as a percentage of covered-employee payroll	0.51 %	0.46 %

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

Office of Internal Audit Status Report

BOARD OF TRUSTEES

March 11, 2016

FLORIDA INTERNATIONAL UNIVERSITY

OFFICE OF INTERNAL AUDIT

Date: March 11, 2016

To: Board of Trustees and Finance and Audit Committee

From: Allen Vann, Chief Audit Executive

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 December 9, 2015, we completed the following audits:

Audit of Study Abroad and International Student Exchange Programs

The study abroad program provides FIU students with the opportunity to engage in an international learning experience during their time at the University. Each year, more than 800 students study, research, or intern abroad in over 25 countries. Our audit focused on general program administration, the collection and reconciliation of program fees, and the disbursement of program expenses relating to the study abroad programs.

Overall, our audit disclosed that the established controls are generally working well. The Office of Study Abroad also generally complied with established policies and procedures, applicable state laws, rules, and regulations. Nevertheless, opportunities to strengthen procedures were identified. As a consequence, we made ten recommendations, which management agreed to implement.

Audit of University Building Access Controls

The Key Control Section of the Facilities Management Department is responsible for building access controls. They maintain all doors, exit devices, handicap openers, and all related hardware for the Modesto A. Maidique Campus (MMC) and Biscayne Bay Campus (BBC). This includes electronic locks and controlled access. There are 87 buildings containing 16,197 rooms at MMC and 18 buildings that have 2,201 rooms at BBC. At any given time, any of 54,000 students, 11,000 employees, and numerous others visit our facilities.

In this comprehensive audit, we found that established controls were inadequate and ineffective to prevent potential unauthorized access, safeguard assets, and promote public safety. We were assured that our fourteen recommended improvements, which will require a significant and timely effort throughout the University, will be implemented.

Audit of the Division of Human Resources

The primary objective of our audit was to determine whether established financial controls and procedures were: 1) adequate and effective; 2) being adhered to; and 3) in accordance with University policies and procedures, applicable laws, rules and regulations. Funded mainly from the Educational & General fund revenues, HR's fiscal year 2014-15 budget totaled $7.4 million. Eighty percent of HR's total expenditures went towards salaries and benefits. The remaining 20% were for other operating expenditures such as professional services and advertising.

Overall, our audit disclosed that HR's established financial controls and procedures were adequate and effective. There were a few areas where internal controls need strengthening, for example, the payroll approval process was weak. Also, greater adherence to certain purchasing requirements, expenditure guidelines, and fund accounting requirements are needed. The audit resulted in five recommendations, which management agreed to implement.

Audit of FIU Football Attendance for the 2015 Season in Accordance with NCAA Bylaws

The objective of our audit was to certify the accuracy of the season's attendance at FIU home football games reported by the University to the National Collegiate Athletic Association (NCAA) for the 2015 season. Based on the methodology adopted by the Athletics Department, we found that the football attendance data reported to the NCAA on the 2015 Football Paid Attendance Summary sheets are supported by sufficient, relevant and competent records. The current year's average home attendance of 15,324 meets the minimum required NCAA requirements.

Work In Progress

The following ongoing audits are in various stages of completion:

Audits	*Status*
College of Law - Financial and Operating Controls	Draft Report Stage
College of Education – Financial and Operating Controls	Draft Report Stage
University Mobile Healthcare Clinics	Fieldwork in Progress
Payment Services - Office of the Controller	Fieldwork in Progress
Cash Controls – Office of the Controller	Fieldwork in Progress
Education Effect Program – Human Resources	Fieldwork in Progress
Major Construction Projects	Planning Stage

Investigations

One of the responsibilities of the Office of Internal Audit is to investigate allegations of financial fraud, waste, abuse, wrongdoing, and any whistleblower complaints. Accordingly, from time to time our office receives and reviews complaints from various sources: The Governor's Office, the State University System of Florida Board of Governors Inspector General, the FIU hotline, Human Resources and sometimes directly from a complainant.

Since our last report, our office received two complaints. One complaint did not fall under our purview and was referred to Human Resources for appropriate action. We are currently evaluating the other complaint. Further details will be provided upon request.

Florida International University
Financial Summary Overview [1]
FY 2015-16

($ in millions)	Budget	Current Year Actual	Variance $	Variance %
	Year To Date December 2015			
Revenue / Receipts				
University				
Educational and General (net) [2]	315.6	315.1	(0.5)	0%
University	281.5	281.3	(0.2)	0%
College of Medicine	34.1	33.8	(0.3)	-1%
FIU Self-Insurance Program	0.3	-	(0.3)	-100%
Auxiliary Enterprises	136.4	136.9	0.5	0%
Intercollegiate Athletics	18.9	18.0	(0.9)	-5%
Activities and Service	14.6	14.2	(0.4)	-3%
Technology Fee	7.7	7.6	(0.1)	-1%
Board Approved Fees	0.2	0.2	-	0%
Contracts and Grants	54.6	53.4	(1.2)	-2%
Student Financial Aid	91.7	92.9	1.2	1%
Concessions	0.3	0.3	-	0%
Direct Support Organizations				
FIU Athletic Finance Corp	2.6	2.6	-	0%
FIU Foundation Inc.	16.5	10.6	(5.9)	-36%
FIU Health Care Network	2.0	2.5	0.5	25%
FIU Research Foundation	0.0	-	(0.0)	-100%
Interfund Adjustments [3]	(3.9)	(3.9)	-	0%
Total Operating Revenues	**657.5**	**650.4**	**(7.1)**	**-1%**
University Treasury (net)	3.6	(7.8)	(11.4)	-317%
FIU Foundation Inc	6.0	(12.3)	(18.3)	-305%
Total Investment Revenues	**9.6**	**(20.1)**	**(29.7)**	**-309%**
Total Revenues / Receipts	**667.1**	**630.3**	**(36.8)**	**-6%**
Expenses				
University				
Educational and General (net)	222.6	201.1	21.5	10%
University	199.9	180.9	19.0	10%
College of Medicine	22.7	20.2	2.5	11%
FIU Self-Insurance Program	0.3	0.1	0.2	67%
Auxiliary Enterprises	87.8	85.1	2.7	3%
Intercollegiate Athletics	12.4	12.1	0.3	2%
Activities and Service	10.3	7.8	2.5	24%
Technology Fee	5.1	4.1	1.0	20%
Board Approved Fees	0.2	0.3	(0.1)	-50%
Contracts and Grants	57.5	59.6	(2.1)	-4%
Student Financial Aid	78.7	82.2	(3.5)	-4%
Concessions	0.3	0.3	-	0%
Direct Support Organizations				
FIU Athletic Finance Corp	1.3	1.4	(0.1)	-8%
FIU Foundation Inc.	13.2	9.4	3.8	29%
FIU Health Care Network	1.5	1.5	-	0%
FIU Research Foundation	0.0	0.0	0.0	39%
Interfund Adjustments [3]	(3.9)	(3.9)	-	0%
Total Expenses	**487.3**	**461.1**	**26.2**	**5%**
Principal Payment of Debt [4]	-	-	-	0%
Change in Net Assets (incl. Investments)	**179.8**	**169.2**	**(10.6)**	**-6%**
Change in Net Assets (excl. Investments)	**170.2**	**189.3**	**19.1**	**11%**

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 11, 2016

UNIVERSITY COMPLIANCE PROGRAM REPORT

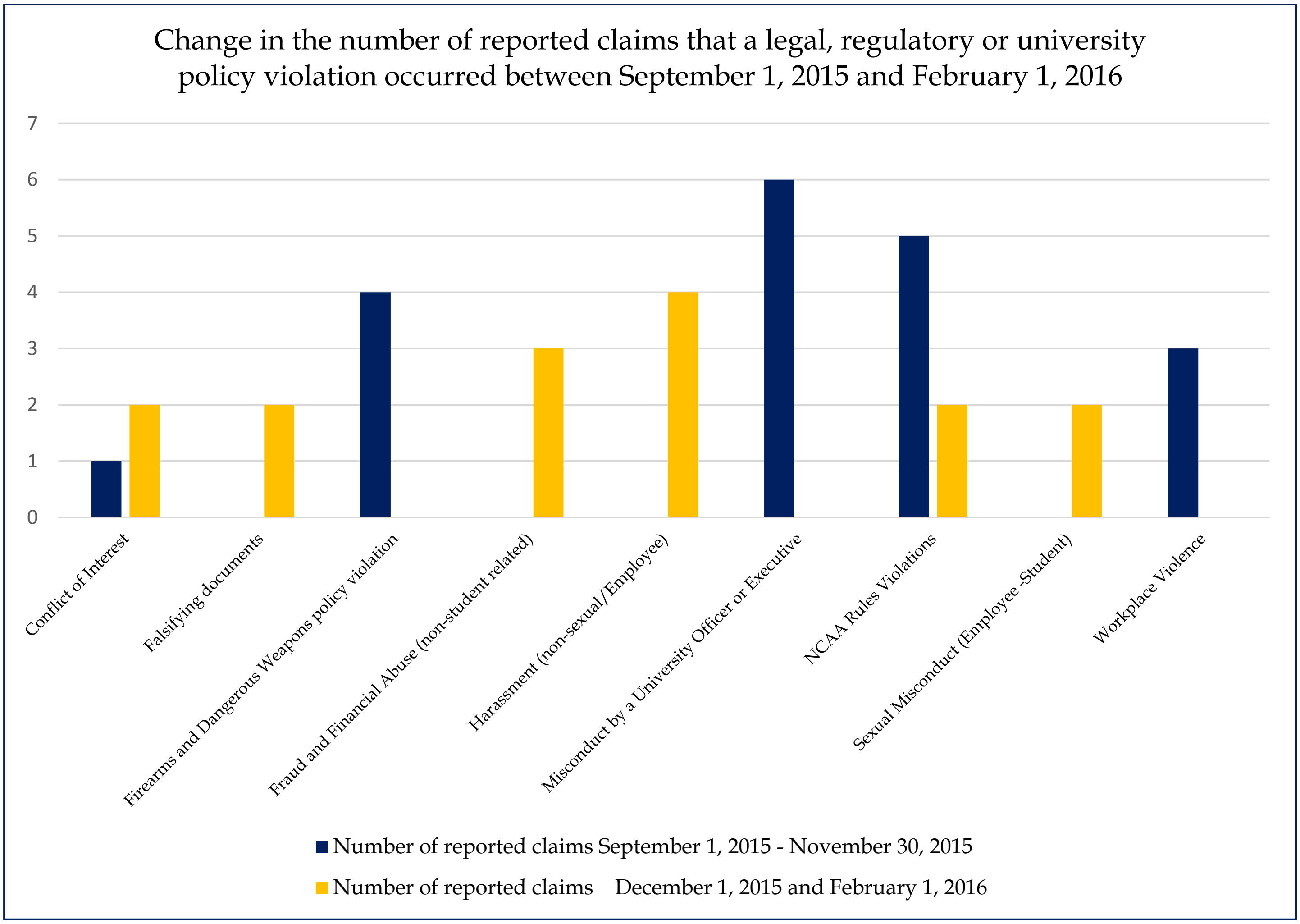
The Office of University Compliance and Integrity is pleased to present our current status update on the 2014-2016 Institutional Compliance and Ethics program plan.

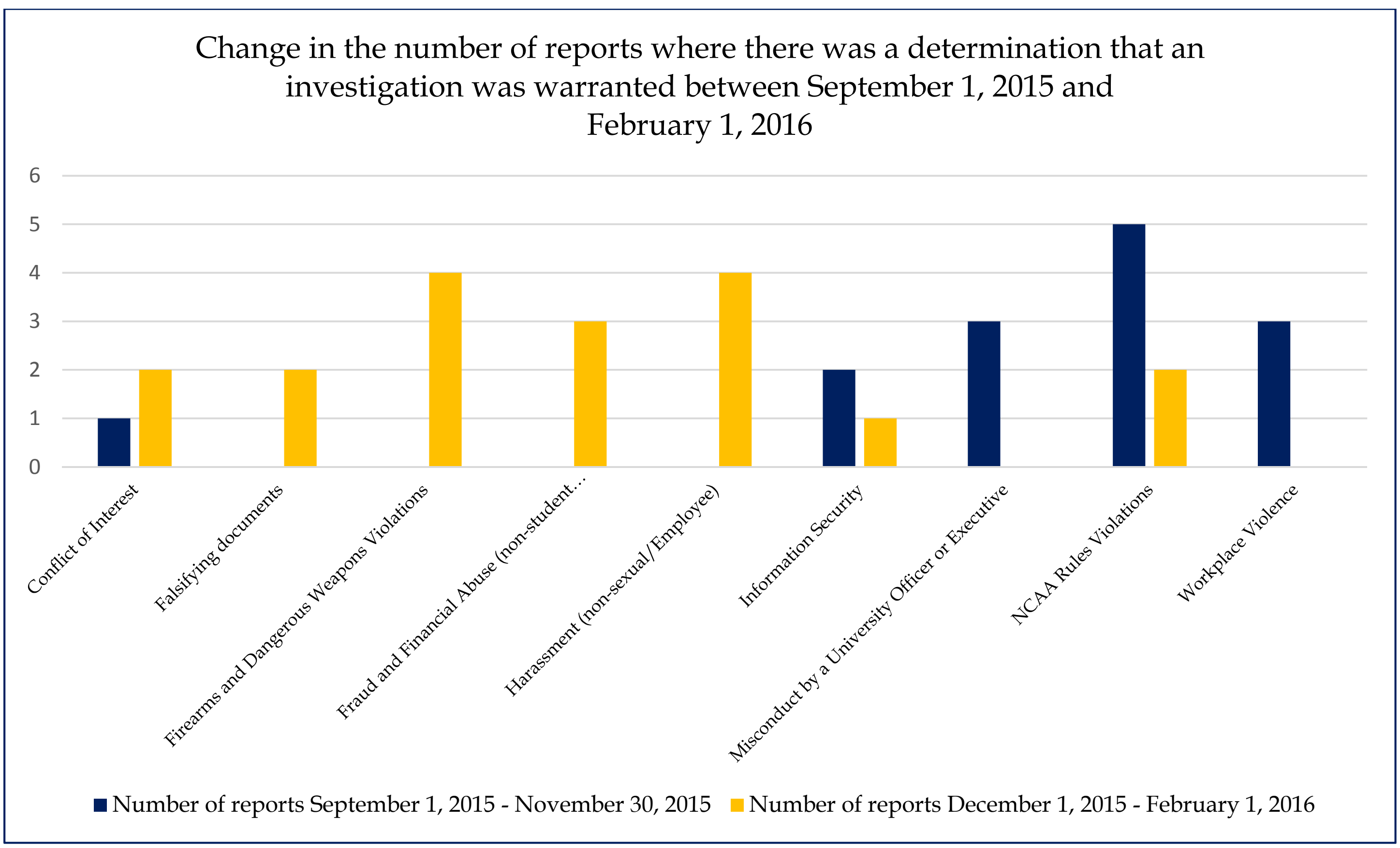
Federal Sentencing Guidelines Provision	Compliance Program Objective	Key Action Items	% Completed	Completion Date
Standards of conduct, policies and procedures Organizations should have an established set of compliance standards and procedures. These standard should not be a paper only document, but a living document that promotes organizational culture that encourages "ethical conduct" and a commitment to compliance with applicable regulations and laws.	Enhance the effectiveness of the policy governance structure.	• Support the launch of the Code of Conduct	20%	
		• Develop and launch the new policy administration framework	100%	1/15/16
		• Roll out the process to begin tracking policy review and electronic certificate of completion process	100%	12/7/15

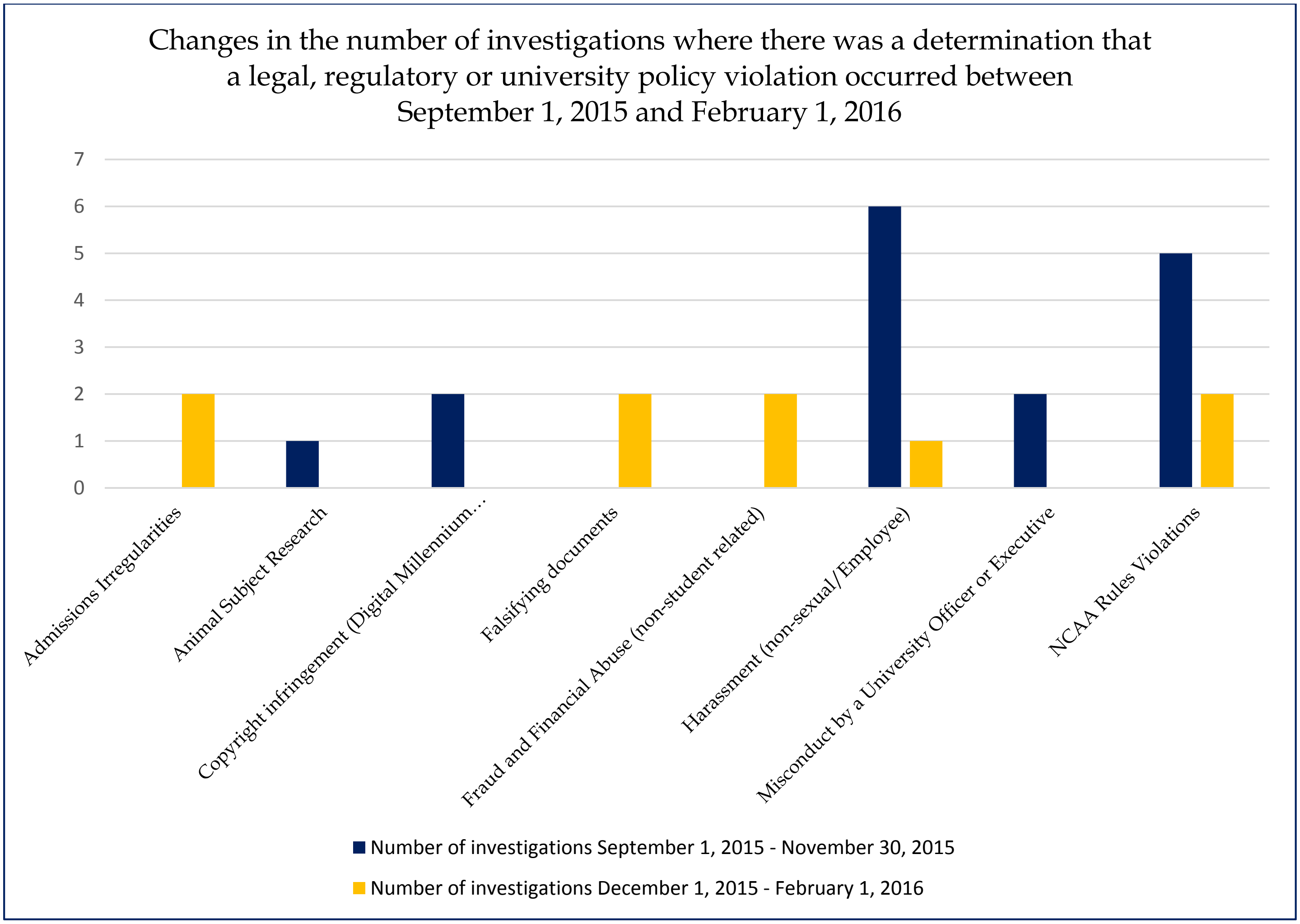
Oversight and Accountability Organizations should have the appropriate high-level of personnel overseeing the compliance and ethics function, with a specific executive given overall responsibility. These compliance personnel should have accountability as to the success or failure of the compliance and ethics program. Adequate resources must be dedicated to implementing the program. The organization's governing structure, in many cases the board of directors, must exercise reasonable oversight of the implementation and effectiveness of the program.	Implement the compliance framework at the department level for high risk compliance areas.	• Develop the infrastructure and roll out the Compliance Liaison system	100%	4/08/15
		• Incorporate institutional compliance language objectives into the department level goals and objectives	30%	
Education, communication and awareness Organizations should include periodic education, communication and awareness of its compliance and ethics program in its everyday organizational structure.	Integrate policy and procedure objectives with training and communication plans.	• Develop and pilot test the new communication and training process as part of the policy administration program	100%	1/15/16
		• Train Policy Liaisons on the new policy framework and the policy taxonomy	75%	

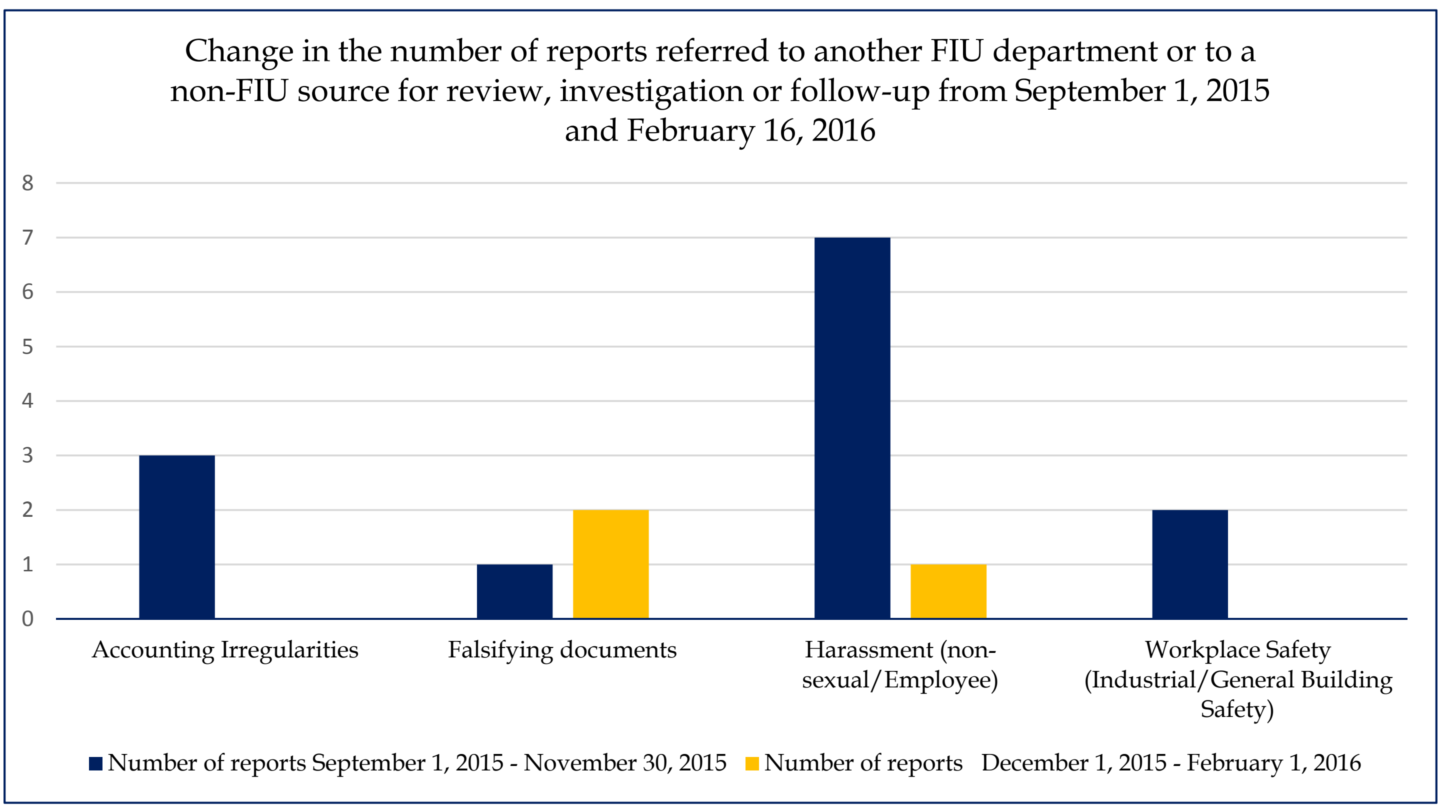
Delegation of Authority Appropriate compliance and ethics program improvements should be designed to reduce identified risks or compliance violations.	Organizations should have assurances that discretionary authority is not delegated to personnel who are likely to act illegally.	• Schedule an audit to review that delegation of authority controls are working as part of the 2016-2017 audit plan.	0%	
Enforcement, discipline and incentives Organizations should have policies and procedures in place to effectively enforce the organization's compliance and ethics program and provide incentives to employees that perform in accordance with their compliance and ethics, obligations, including the obligation to report potential problems.	Align standards, procedures, communications training, incident reporting and monitoring to identify compliance pressure points and to enhance program efficiencies.	• Establish and enhance mechanisms for reporting legal, regulatory and policy violations and incidents of misconduct	100%	2/1/15
		• Revise the incident reporting intake process and set up the new Convercent reporting system	100%	3/15/15
		• Train FIU investigators on investigation protocols and distribute investigation guidelines	90%	
		• Embed the review of compliance analytics data into the compliance program improvement process	70%	
	Develop a framework for incentivizing and enforcing compliance at the department level.	• Develop the templates and tracking mechanisms for generating compliance data	95%	
		• Provide department with tools and support to enforce policy and training requirements	25%	
		• Develop and roll out a plan to integrate ethics and compliance incentive opportunities	10%	

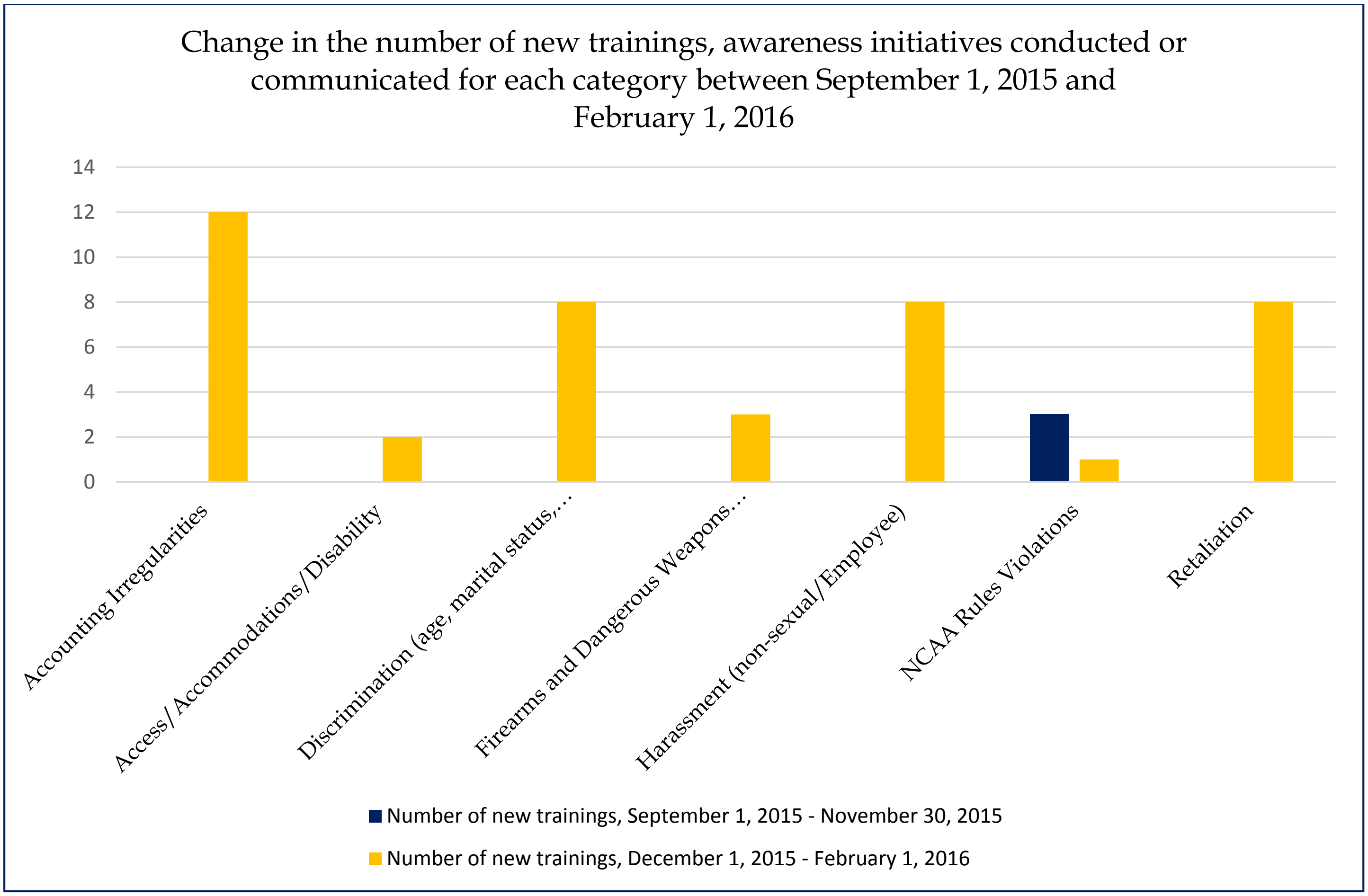
Risk assessment, monitoring and auditing Organizations should have in place a system and a schedule for routine monitoring and auditing of organizational transactions, business risks, controls and behaviors.	Evaluate organizational processes for managing enterprise and compliance risk.	• Determine methodology to use for evaluating enterprise risk	20%	
		• Develop compliance risk assessments to evaluate risk at the department level	30%	
	Launch self-monitoring tools, processes and schedules to support Compliance Liaisons with monitoring compliance.	• Launch a compliance calendar and notifications to help Compliance Liaisons meet filing deadlines	100%	1/15/16
Ongoing Program Improvement Organizations should encourage a "speak up" culture to support reporting instances of misconduct.	Re-brand the ethics hotline.	• Launch the FIU Convercent Ethical Panther Reporting system	100%	2/15/15
		• Conduct a University ethics and compliance culture and awareness survey	50%	
		• Expand our awareness reach to students, faculty and staff as part of Compliance and Ethics Week	100%	11/16/15

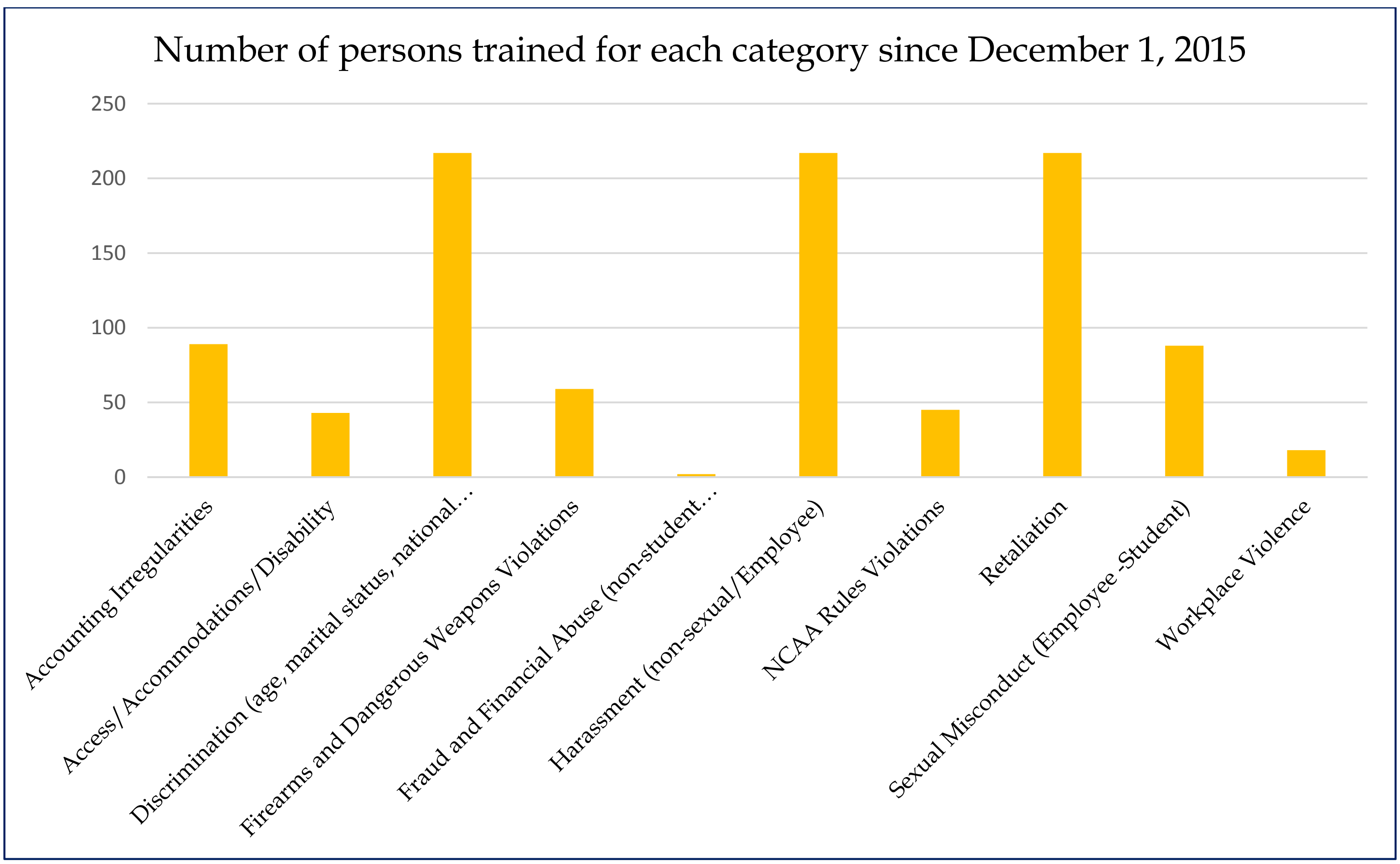

Change in the number of reported claims that a legal, regulatory or university policy violation occurred between September 1, 2015 and February 1, 2016
7
6
5
4
3
2
1
0
Conflict of Interest
Falsifying documents
Firearms and Dangerous Weapons policy violation
Fraud and Financial Abuse (non-student related)
Harassment (non-sexual/Employee)
Misconduct by a University Officer or Executive
NCAA Rules Violations
Sexual Misconduct (Employee-Student)
Workplace Violence
Number of reported claims September 1, 2015 - November 30, 2015
Number of reported claims December 1, 2015 and February 1, 2016


Change in the number of reports where there was a determination that an investigation was warranted between September 1, 2015 and February 1, 2016
6
5
4
3
2
1
0
Conflict of Interest
Falsifying documents
Firearms and Dangerous Weapons Violations
Fraud and Financial Abuse (non-student...
Harassment (non-sexual/Employee)
Information Security
Misconduct by a University Officer or Executive
NCAA Rules Violations
Workplace Violence
Number of reports September 1, 2015 - November 30, 2015
Number of reports December 1, 2015 - February 1, 2016


Changes in the number of investigations where there was a determination that a legal, regulatory or university policy violation occurred between September 1, 2015 and February 1, 2016
7
6
5
4
3
2
1
0
Admissions Irregularities
Animal Subject Research
Copyright infringement (Digital Millennium...
Falsifying documents
Fraud and Financial Abuse (non-student related)
Harassment (non-sexual/Employee)
Misconduct by a University Officer or Executive
NCAA Rules Violations
Number of investigations September 1, 2015 - November 30, 2015
Number of investigations December 1, 2015 - February 1, 2016


Change in the number of reports referred to another FIU department or to a non-FIU source for review, investigation or follow-up from September 1, 2015 and February 16, 2016
8
7
6
5
4
3
2
1
0
Accounting Irregularities
Falsifying documents
Harassment (non-sexual/Employee)
Workplace Safety (Industrial/General Building Safety)
Number of reports September 1, 2015 - November 30, 2015
Number of reports December 1, 2015 - February 1, 2016


Change in the number of new trainings, awareness initiatives conducted or communicated for each category between September 1, 2015 and February 1, 2016
14
12
10
8
6
4
2
0
Accounting Irregularities
Access/Accommodations/Disability
Discrimination (age, marital status,...
Firearms and Dangerous Weapons...
Harassment (non-sexual/Employee)
NCAA Rules Violations
Retaliation
Number of new trainings, September 1, 2015 - November 30, 2015
Number of new trainings, December 1, 2015 - February 1, 2016


Number of persons trained for each category since December 1, 2015
250
200
150
100
50
0
Accounting Irregularities
Access/Accommodations/Disability
Discrimination (age, marital status, national...
Firearms and Dangerous Weapons Violations
Fraud and Financial Abuse (non-student...
Harassment (non-sexual/Employee)
NCAA Rules Violations
Retaliation
Sexual Misconduct (Employee-Student)
Workplace Violence

Division/Department that conducted a risk assessments between December 1, 2015 and February 1, 2016

- Athletics

Division/Department that launched a newly created or revised compliance trainings between December 1, 2015 and February 1, 2016, as a result of a new or changing law/regulation

- Export Control
- Title IX
- Financial Aid

Division/Department that received an inquiry or audit notification between December 1, 2015 and February 1, 2016

- Financial Aid

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 11, 2016

Reports *(For Information Only – no action required)*
Pete Garcia, *Executive Director of Sports and Entertainment*

Fundraising Report

FIU Foundation, Inc.
Unaudited Preliminary Recap
Through the Period Ended December 31, 2015 (in thousands)

	Budget	Actual	Variance
Revenues	$605	$345	($260)

- Unfavorable Revenues variance driven by Arena naming rights and timing of donations; however, Athletics is projecting to show a favorable Revenue balance for the entire fiscal year

Athletics Finance Corporation

FIU Athletics Finance Corporation
Unaudited Preliminary Recap
Through the Period Ended December 31, 2015 (in thousands)

	Budget	Actual	Variance
Revenues	$2,601	$2,540	($61)
Expenses	$1,293	$1,409	($116)

  - Primary drivers include:
    - Revenue variance due to timing of payment and posting of Pepsi sponsorship revenue
    - Expense variance due to higher than projected stadium repair and maintenance
- The debt coverage covenant requirement is forecasted to be met for the period ending June 30, 2016

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 11, 2016

BUSINESS SERVICE REPORT AS OF FEBRUARY 3, 2016

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

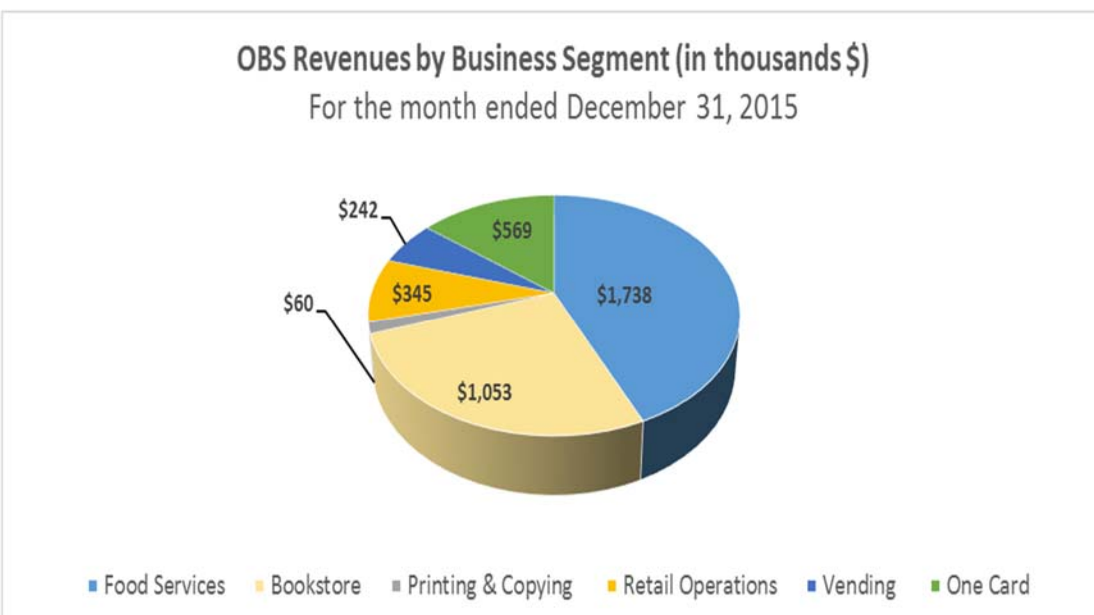
Updates

- **Vicky Bakery:** Agreement signed to begin construction on Vicky Bakery in the lobby of the Patricia & Phillip Frost Art Museum. Vicky Bakery is South Florida's destination for authentic Cuban pastries better known as "Pastelitos". Vicky Bakery offers a diverse menu that ranges from baked goods to sandwiches, coffee, cakes, and party specials all at very affordable prices. Both indoor and outdoor seating will be available with an authentic "pass through" window located in the front of the museum. Expected completion date is July 2016.
- **Biscayne Bay Campus (BBC) Dining:** Sales are up 33% ($141,091) for July through December 2015 versus the same period 2014. More importantly, total net volume is up 36% (26,429 tickets) signaling a net increase in traffic to the student center as a result of the Starbucks and Subway additions.
- **Fleet Services:** Completed agreement with First Vehicle Services (FVS) to assume full responsibility including repairs and preventive maintenance of the 468 FIU fleet vehicles across the Modesto A. Maidique Campus and BBC. FVS is contractually obligated to begin operations on April 4, 2016.
- **Barnes & Noble (B&N) at FIU:** As a way to counteract competition from online vendors such as Amazon, the Office of Business Services and B&N implemented a program in the fall of 2015, "Price Match", whereby a lower price obtained elsewhere is matched by the University bookstore. This includes "on the spot matches" whereby a smartphone display is enough to obtain the discount as well as after the fact purchases. The total match amount for Fall 2015 was $4,811.10. The match amount for Spring was $21,763.58 demonstrating a surge in awareness for the campaign and a positive development to counter competition.
- **Network Printing and Copying**: Approximately 146 new pieces of equipment have been installed at MMC and BBC with the assistance of Toshiba and the Division of IT. The deployment of the project presented some challenges regarding compatibility issues and customization concerns that were required to fit the FIU community. This caused a delay in the project, however, the installations have resumed and completion is expected by end of March. The total number of machines expected to be installed is approximately 260.

Quick Facts

- **Services under Management:** 46 food and retail venues, beverage and snack vending, FIU *One* Card Program, printing and copying, multi-use facilities, property management and advertising.
- **Investments:** For fiscal year 2015-16, Business Services is committed to spend more than $3M 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 $1.7M to fund University initiatives, provide scholarships, underwrite student services and support FIU facilities.
- **Barnes & Noble at FIU:** As of December 31, 2015, sales are down by 6% over the prior year. The bookstore saw gains in café, convenience and school spirit gifts and accessories, however, these gains have been overshadowed by an 11% decline in textbook sales due to the expanding digital market and increased online competition.
- **Vending**: As of December 31 2015, vending sales increased by 9% compared to the same period in 2014 primarily due to an increase in credit card sales, as well as, the addition of accepting the FIU *One* Card. As of January 2016, 100% of all vending machines across all campuses have Telemetry installed to ensure machines are always stocked and fully functional.
- **Revenues**: For the period ended December 31, 2015, Business Services managed sales of $22.4M from operations. Total operating revenues for the period ended December 31, 2015 are $4.0M.

OPERATING REVENUE



THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 11, 2016

EMERGENCY MANAGEMENT STATUS REPORT AS OF JANUARY 28, 2016

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

Training and Exercise

On December 2, 2015, Department of Emergency Management (DEM) staff facilitated the fall semester table top exercise for the University President and his executive staff. This exercise focused on identifying potential areas of enhancement to further University preparedness and continue building a robust emergency management program.

On December 3, 2015, FIU emergency management and police staff participated in a full scale, regional hazardous material environmental protection exercise at the University of Miami Rosenstiel School of Marine and Atmospheric Science. Approximately 150 participants from over 30 local, state, federal, and private sector agencies took part in the exercise.

FIU Alert Emergency Notification System Test

The fall 2016 test of the entire FIU Alert emergency notification system was conducted on January 27, 2016. Initial observations indicated that the test was successful. A complete report will accompany the next Board of Trustees report.

Community Engagement

From February 2 - 4, 2016, the DEM Director was invited to present a workshop, on developing and evaluating an effective emergency plan to 30 members of the Association of Pacific Rim Universities representing nine countries in various university positions in Sendai, Japan.

This page intentionally left blank

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 11, 2016

FACILITIES AND CONSTRUCTION UPDATE AS OF FEBRUARY 3, 2016

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

Projects Completed

- None during the period of this report.

Projects under Construction

- **Student Academic Support Center (SASC) (BT-882)** - $32.3M Public Education Capital Outlay (PECO) project budget. A/E – Gould Evans; CM – Balfour Beatty. (81,045 gsf with an additional 7,350 gsf for an elevated exterior amphitheater terrace and stair system) Additional scope has been added: wood acoustical paneling in the 750 seat auditorium; atrium stair redesign for increased strengthening and stiffening; terrazzo flooring throughout all public areas of the 1st floor; and double doors at the auditorium main entrance from the atrium. Department space changes have been accepted and are under construction. Atrium main double doors have been incorporated along with minor changes in the public restroom. Parking lot modifications are being designed. Slab-on-grade work and precast concrete panel installation are completed. Framing and drywall installation are 95% complete on the 1st to 3rd floors and 50% complete on the 4th floor. Plumbing, HVAC and electrical rough-in are complete. Roofing is complete and the storefront is approximately 90% complete. Permanent power to the building was established December 1, 2015 and the chilled water connection was installed on January 25, 2016. Current Owner Direct Purchase (ODP) savings total $281,114.64. Budget and schedule both continue to be under pressure in the current South Florida construction market. Target delivery date: May 2016.

- **Bayview Housing** - $58.3M Public-Private Partnership (P3) project. Developer/operator - Servitas; Architect - PGAL; CM – Facchina Construction, (200,682 gsf). This student housing project consists of a nine (9) story building with 410 beds located on 2.5 acres adjacent to Biscayne Bay. Unit types include 4 bedroom/2 bath with living room and kitchen; 2 bedroom/2 bath with living room and kitchen; and studio apartments. Amenities include a resort style swimming pool, recreation room, fitness room, computer lab, laundry room, 16 study lounges, two classrooms, two guest apartments, and residential life offices. A 210 car surface parking lot is also included. Servitas has begun marketing and leasing campaign. Target delivery date: August 2016.

- **Frost Museum of Science Batchelor Environmental Center at FIU (BT-913)** - $5.0M privately funded project budget. Programming was completed December 2014 and the final program has been formally approved. The project includes a new research wildlife center to be developed in partnership with the Frost/Miami Science Museum. To date, $2.4M has been received for Phase I. The Museum has reserved $1.3M for equipment, leaving only $1.3M for Phase II. Additional funding will be needed to complete Phase II. Phase I includes programming, infrastructure, the first half of the animal holding area and support facilities. LEO A DALY (a continuing service contract architect) has been retained for this initial phase. Construction documents (CDs) were submitted April 21, 2015 for Phase I. Pirtle Construction has been awarded Phase I construction with an approved guaranteed maximum price (GMP) of $1,652,802. The shortfall of $368,302 for Phase I was funded from Phase II to award the GMP and begin work. Notice-To-Proceed was issued on January 21, 2016. Pirtle Construction is in the process of submitting all submittals for review and approval. Coordination with the Department of Environmental Management (DERM) determines the critical path for Phase I, with Substantial Completion (SC) projected for late June 2016. Phase II will be a classroom and lab building (approximately 3,000 gsf) and the balance of the animal holding area. Phase II is on hold pending resolution of the budget shortfall. MC Harry Associates (a continuing service contract architect) has been engaged for the scope of work associated with Phase II.

<u>Projects in Design</u>

- **Recreation Center Expansion (BT-903)** - $26.0M Capital Improvement Trust Fund (CITF), Housing Auxiliary Fund, and Student Government Association (SGA) project budget. A/E – HKS; CM –Moss Construction. (67,487 gsf) Funding spans four (4) years of CITF allocations. The project will expand the existing facility into Parking Lot #8 and will include an indoor basketball/volleyball gym, a weight training room, additional locker rooms, exterior basketball courts, sand volleyball courts, and a mezzanine level to include a jogging track. Programming was completed in October 2014. The 100% construction drawings have been released by the architect and are now under Construction Manager (CM) review. Discussion continues regarding the proposed café and the interior finishes. The CM's GMP for 100% CDs is expected in early March 2016. Estimated construction delivery date is June 2017 pending negotiation of the GMP.

- **University City Prosperity Project (UCPP) (BT-904) -** $10.3M TIGER Grant project budget; multiple funding sources. Design/Build Team – MCM/FIGG. The project consists of urban design and infrastructure improvements along SW 109 Avenue between SW 6th Street and SW 10th Street, including a new pedestrian bridge over SW 8th Street, complete streets, and other pedestrian-oriented transit access improvements. These infrastructure improvements will support the synergistic integration of FIU and the adjacent City of Sweetwater. Most importantly, the pedestrian bridge will provide a safe way to reconcile pedestrian and vehicular traffic. The Notice to Proceed was issued to the design/build team on January 14, 2016. Construction is scheduled to start early October 2016. Construction Engineering and Inspection Services proposals were received on January 26, 2016 and the shortlist selection will be scheduled by the end of February. Target Delivery date is June 2018.

Projects in Planning Stage

- **International Center for Tropical Botany (BT-914) at The Kampong** -$5.0M privately funded project budget to construct a new 8,000 -12,000 gsf facility on a site immediately adjacent to the National Tropical Botanical Garden (NTBG) property in Coconut Grove to house educational, lab, and office spaces. Programming was formally approved August 28, 2015. MC Harry and Associates were competitively selected as the A/E for the project; contract negotiation is in progress. CM shortlisting was completed on December 2, 2015 with presentations and interviews scheduled for February 12, 2016. Target delivery date of the facility is August 2017.

- **Multi-Purpose Practice Fields (BT-916)** - $8.9M; multiple funding sources. Project will construct two (2) full-sized practice fields, one natural grass and the other artificial turf, a 900 SF covered seating area, and 1,524 SF for a scaleable multi-purpose field support facility. The FIU Board of Trustees (BOT) approved the program concept December 9, 2015; the program was approved January 26, 2016; the A/E advertisement was published January 28, 2016. The proposed site west of the Football Stadium involves relocation of SW 17th Street and displacement of vehicle parking. Alternate sites are also under evaluation, consistent with the BOT's directive. Construction delivery is scheduled for August 2017.

This page intentionally left blank

FIU FOUNDATION, INC.

FINANCIAL STATEMENTS RECAP
& INVESTMENT SUMMARIES

December 31, 2015

FIU FOUNDATION, INC.
Recap of Statement of Activities
For the Period Ended December 31, 2015

(In Thousands of Dollars)

	2015-16 6-Month Budget	2015-16 6-Month Actuals	Budget to Actual 6-Month Variance		2015-16 Annual Budget	2014-15 6-Month Actuals	Current Year to Previous Year Variance
REVENUES:							
Cash Contributions	$ 15,355	$ 15,282	$ (73)	[1]	$ 27,000	$ 13,251	$ 2,031
MARC Building	$ 847	$ 890	$ 43		$ 1,694	$ 967	$ (77)
Foundation Subsidiaries	$ 344	$ 337	$ (7)	[2]	$ 511	$ 344	$ (7)
Estimated Investment Returns	$ 5,993	$ (12,350)	$ (18,343)	[3]	$ 12,220	$ (1,775)	$ (10,575)
TOTAL REVENUES	**$ 22,539**	**$ 4,158**	**$ (18,381)**		**$ 41,425**	**$ 12,787**	**$ (8,629)**
EXPENSES:							
University Programs:							
Scholarships & Programs	$ 7,621	$ 5,601	$ 2,020	[4]	$ 15,976	$ 5,408	$ (193)
Building Funds	$ 1,237	$ 98	$ 1,139	[5]	$ 1,243	$ 1,091	$ 993
Unrestricted Annual Expenses	$ 884	$ 837	$ 47	*	$ 2,171	$ 448	$ (389)
TOTAL UNIVERSITY PROGRAMS EXPENSES	$ 9,742	$ 6,536	$ 3,206		$ 19,390	$ 6,947	$ 411
Operational:							
MARC Building	$ 347	$ 233	$ 114		$ 608	$ 197	$ (36)
Foundation Subsidiaries	$ 280	$ 229	$ 51	[2]	$ 452	$ 236	$ 7
Administrative & Fund-Raising	$ 2,837	$ 2,440	$ 397	*	$ 7,427	$ 3,401	$ 961
TOTAL OPERATIONAL EXPENSES	$ 3,464	$ 2,902	$ 562		$ 8,488	$ 3,834	$ 932
TOTAL EXPENSES	**$ 13,206**	**$ 9,438**	**$ 3,768**		**$ 27,878**	**$ 10,781**	**$ 1,343**
EXCESS REVENUES OVER EXPENSES	**$ 9,333**	**$ (5,279)**	**$ (14,612)**		**$ 13,548**	**$ 2,006**	**$ 7,285**

**These financial statements recaps reflect expenses on an accrual basis and receipts on a cash basis, with the exception of investment returns.*

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

Florida International University Foundation
Preliminary Performance Summary
As of December 31, 2015

Asset Class/Manager	Market Value ($000s)	% of Total Managed Assets	Long-Term Policy Target	Long-Term Policy Ranges	Current Month	Trailing 3-Months	Calendar Year to Date	Fiscal Year to Date	Trailing 1-Year	Trailing 3-Years	Trailing 5-Years	Trailing 10-Years	Since Inception
GMO Global Equity Asset Allocation	4,874	2.2%			-2.3	2.9	-5.9	-8.6	-5.9	---	---	---	-1.4
Indus Markor Master Fund	4,040	1.8%			-2.8	0.5	9.4	-4.2	9.4	---	---	---	6.5
Kiltearn Global Equity Fund	8,763	3.9%			-3.7	2.1	-8.0	-10.8	-8.0	---	---	---	-6.9
Maverick Long Fund, Ltd	8,519	3.8%			-2.7	4.3	5.3	-3.9	5.3	---	---	---	8.7
Vanguard Total World Stock Index	6,705	3.0%			-2.2	4.8	-1.8	-5.2	-1.8	---	---	---	0.0
Global Public Equity	**32,901**	**14.8%**	**12.5%**	**5.0%-25.0%**	**-2.9**	**2.9**	**-0.8**	**-6.8**	**-0.8**	**---**	**---**	**---**	**2.7**
D.E. Shaw Core Alpha Extension	8,951	4.0%			-2.5	6.0	4.0	-0.4	4.0	---	---	---	6.8
First Eagle U.S. Equity Fund	8,687	3.9%			-0.7	6.9	2.4	-1.6	2.4	---	---	---	6.8
Sirios Focus Fund	8,525	3.8%			-2.0	3.6	0.4	-5.3	0.4	---	---	---	4.4
HHR Titan Offshore	5,154	2.3%			-3.5	6.3	1.9	1.8	1.9	---	---	---	2.5
U.S. Public Equity	**31,317**	**14.1%**	**15.0%**	**7.5%-35.0%**	**-2.0**	**5.6**	**2.1**	**-1.8**	**2.1**	**13.6**	**9.5**	**6.1**	**4.3**
Vanguard FTSE Dev. Markets	340	0.2%			-2.2	3.7	-0.4	-6.4	-0.4	---	---	---	-1.7
AKO European Master Fund	7,914	3.6%			-4.0	6.6	8.1	0.6	8.1	---	---	---	8.7
Cevian Capital II	4,025	1.8%			-5.8	5.8	-3.8	-10.1	-3.8	---	---	---	0.3
Buena Vista Asian Opp. Fund	5,006	2.2%			2.0	6.1	-3.7	-6.1	-3.7	---	---	---	0.1
Kabouter International Opps. Fund II	4,428	2.0%			1.5	4.8	8.7	-1.3	8.7	---	---	---	7.5
Non-U.S. Developed Public Equity	**21,715**	**9.7%**	**10.0%**	**5.0%-25.0%**	**-1.9**	**5.9**	**3.2**	**-3.4**	**3.2**	**8.1**	**3.4**	**3.2**	**2.1**
DFA Emerging Markets Value	5,260	2.4%			-3.0	-1.0	-18.8	-20.0	-18.8	---	---	---	-10.9
Somerset Emerging Markets	2,988	1.3%			-1.6	-0.2	-13.4	-13.0	-13.4	---	---	---	-9.1
Polunin Developing Countries Fund	3,493	1.6%			-1.4	1.8	-14.8	-19.0	-14.8	---	---	---	-14.8
Emerging Markets Public Equity	**11,741**	**5.3%**	**5.0%**	**0.0%-15.0%**	**-2.2**	**0.0**	**-16.3**	**-18.0**	**-16.3**	**---**	**---**	**---**	**-6.0**
Total Global Private Equity	**24,020**	**10.8%**	**15.0%**	**0.0%-25.0%**	**---**	**---**	**11.3**	**4.2**	**11.3**	**18.7**	**16.9**	**7.8**	**7.7**
Total Long Public and Private Equity	**121,693**	**54.6%**	**57.5%**	**45.0%-70.0%**	**-1.8**	**3.2**	**1.1**	**-4.1**	**1.1**	**11.9**	**7.9**	**5.3**	**3.9**
Valinor Capital Partners	2,821	1.3%			-2.1	-3.6	-11.2	-15.0	-11.2	---	---	---	3.6
Blue Harbour Strategic Value	3,303	1.5%			-4.3	1.4	-5.1	-6.3	-5.1	---	---	---	0.7
Roystone Master Fund	3,157	1.4%			-0.8	-1.3	-2.2	-11.0	-2.2	---	---	---	2.2
Fir Tree International Value	3,381	1.5%			-3.5	-3.2	-9.5	-11.5	-9.5	---	---	---	-6.0
Pelham Long/Short Fund Ltd	3,658	1.6%			0.5	5.4	---	-0.4	---	---	---	---	4.5
Highfields Capital	3,999	1.8%			-1.0	9.4	---	-0.0	---	---	---	---	-0.0
Hedge Funds (Growth Objective)	**20,318**	**9.1%**	**---**	**0.0%-15.0%**	**-1.9**	**1.2**	**-2.7**	**-7.7**	**-2.7**	**---**	**---**	**---**	**2.7**
Indus Asia Pacific Fund	3,254	1.5%			0.9	7.8	6.2	-1.4	6.2	---	---	---	7.5
Brahman Capital Partners	3,008	1.3%			2.1	-11.9	-0.5	-11.8	-0.5	---	---	---	-3.9
Naya Offshore Fund	3,221	1.4%			-0.4	1.8	6.9	-2.5	6.9	---	---	---	4.4
Hedge Funds (Blended Objective)	**9,483**	**4.3%**	**---**	**0.0%-15.0%**	**0.8**	**-1.6**	**3.6**	**-5.5**	**3.6**	**5.9**	**5.2**	**3.6**	**4.8**
Davidson Kempner	3,498	1.6%			0.0	0.3	1.3	-0.1	1.3	---	---	---	3.1
Bain ARC	104	0.0%			---	-1.9	---	-8.4	---	---	---	---	-16.5
Kynikos Opportunity Fund	3,035	1.4%			-1.2	-5.7	5.2	3.3	5.2	---	---	---	0.5
Luxor Capital Partners	1,858	0.8%			-7.3	-11.8	-21.3	-23.4	-21.3	---	---	---	-19.6
Scopia PX Funds	3,254	1.5%			-1.6	2.8	-1.4	-2.5	-1.4	---	---	---	5.4
GMO Systematic Global Macro Fund	4,993	2.2%			-0.7	-0.1	---	---	---	---	---	---	-0.1
Hedge Funds (Diversifying Objective)	**16,742**	**7.5%**	**---**	**0.0%-15.0%**	**-1.7**	**-2.5**	**-4.6**	**-5.1**	**-4.6**	**---**	**---**	**---**	**-1.4**
Total Hedge Funds	**46,543**	**20.9%**	**17.5%**	**10.0%-30.0%**	**-1.3**	**-0.8**	**-2.3**	**-6.5**	**-2.3**	**4.7**	**4.4**	**3.2**	**4.5**
Clifton Global Defensive Equity	3,502	1.6%			-0.5	3.3	---	---	---	---	---	---	3.5
Other Diversifying Investments	**3,502**	**1.6%**	**---**	**0.0%-30.0%**	**-1.4**	**2.7**	**1.9**	**0.2**	**1.9**	**5.8**	**---**	**---**	**6.8**
Total Diversified Growth	**50,045**	**22.5%**	**17.5%**	**10.0%-40.0%**	**-1.3**	**-0.6**	**-2.2**	**-6.1**	**-2.2**	**4.3**	**4.3**	**3.2**	**4.5**

Florida International University Foundation
Preliminary Performance Summary
As of December 31, 2015

Asset Class/Manager	Market Value ($000s)	% of Total Managed Assets	Long-Term Policy Target	Long-Term Policy Ranges	Current Month	Trailing 3-Months	Calendar Year to Date	Fiscal Year to Date	Trailing 1-Year	Trailing 3-Years	Trailing 5-Years	Trailing 10-Years	Since Inception
Van Eck Global Hard Assets	3,726	1.7%			-11.5	-6.8	-33.2	-32.1	-33.2	---	---	---	-24.8
SPDR Gold ETF	3,980	1.8%			-0.5	-5.1	-10.7	-9.7	-10.7	---	---	---	-5.9
Harvest MLP Income Fund	2,617	1.2%			-4.3	-3.6	-29.6	-25.9	-29.6	---	---	---	-9.9
Public Inflation Sensitive	**10,323**	**4.6%**	**4.0%**	**0.0%-12.5%**	**-5.7**	**-5.3**	**-24.3**	**-22.6**	**-24.3**	**-9.3**	**-3.7**	**---**	**-4.8**
Private Inflation Sensitive	**4,955**	**2.2%**	**6.0%**	**0.0%-15.0%**	**---**	**---**	**-16.6**	**1.3**	**-16.6**	**---**	**---**	**---**	**0.6**
Total Inflation Sensitive	**15,278**	**6.9%**	**10.0%**	**5.0-20.0%**	**-3.9**	**-3.6**	**-21.0**	**-16.2**	**-21.0**	**-6.7**	**-2.1**	**---**	**-3.8**
Dodge and Cox Income Fund	12,834	5.8%			-0.8	0.1	-0.6	-0.7	-0.6	---	---	---	1.7
Vanguard Short-Term Bond Index Fund	2,529	1.1%			-0.3	-0.6	0.9	-0.0	0.9	---	---	---	1.0
Vanguard Intermediate-Term Treasury Fund	5,932	2.7%			---	---	---	---	---	---	---	---	-0.2
Colchester Global Bonds ($-Hdg)	4,887	2.2%			-0.5	-0.6	-2.8	-2.0	-2.8	---	---	---	1.5
Cash Pending	6,700	3.0%			---	---	---	---	---	---	---	---	---
SunTrust Cash	2,929	1.3%			0.0	0.0	0.1	0.0	0.1	---	---	---	0.0
Total Deflation Sensitive	**35,811**	**16.1%**	**15.0%**	**9.0%-30.0%**	**-0.5**	**-0.1**	**-0.8**	**-0.7**	**-0.8**	**0.5**	**3.6**	**5.4**	**5.7**
Total Managed Assets Net of CA Fees	**222,828**	**100.0%**	**100.0%**	**---**	**-1.7**	**1.2**	**-2.0**	**-5.3**	**-2.0**	**7.1**	**5.9**	**4.6**	**4.0**
Foundation Enterprise Holdings I	574	---			---	---	---	---	---	---	---	---	1.6
Student Managed Investment Fund	258	---			-2.5	1.2	-8.5	-8.4	-8.5	4.8	5.1	---	3.8
SunTrust Balanced Annuity Account	277	---			-1.1	2.3	-5.7	-4.6	-5.7	-1.9	0.6	3.0	3.7
Islamorada Investment	855	---			---	---	7.5	---	7.5	---	---	---	4.5
StoneCastle FICA Program	3,008	---			0.0	0.1	0.2	0.1	0.2	---	---	---	0.2
IR&M Short Fund	4,032	---			-0.2	-0.3	0.8	0.1	0.8	---	---	---	0.7
Archstone Offshore	2,288	---			-1.3	1.2	-3.5	-5.3	-3.5	4.8	3.5	---	3.7
State of Florida Treasury Fund	1,237	---			---	---	---	0.0	---	---	---	---	0.0
Other Alternatives	**12,529**	**---**			**-0.4**	**0.2**	**0.1**	**-1.2**	**0.1**	**2.1**	**3.4**	**3.4**	**4.0**
Total Assets Net of CA Fees	**235,414**	---			**-1.6**	**1.2**	**-1.9**	**-5.1**	**-1.8**	**7.0**	**5.9**	**4.6**	**4.0**

Notes:
1. Funds available for investment in the Wells Fargo operating account have been deployed to the investment portfolio as of December 31, 2013.
2. Private Investments' trailing performance represents time-weighted quarterly returns. Data represents NAVs and performance through September 30th, 2015, updated with cashflows through the most recent period.

Florida International University Foundation
Preliminary Performance Summary
As of December 31, 2015

Asset Class/Composite	Market Value ($000s)	% of Total Managed Assets	Long-Term Policy Target	Long-Term Policy Ranges	Current Month	Trailing 3-Months	Calendar Year to Date	Fiscal Year to Date	Trailing 1-Year	Trailing 3-Years	Trailing 5-Years	Trailing 10-Years	Since Inception
Global Public Equity	32,901	14.8%	12.5%	5.0%-25.0%	-2.9	2.9	-0.8	-6.8	-0.8	---	---	---	2.7
U.S. Public Equity	31,317	14.1%	15.0%	7.5%-35.0%	-2.0	5.6	2.1	-1.8	2.1	13.6	9.5	6.1	4.3
Non-U.S. Developed Public Equity	21,715	9.7%	10.0%	5.0%-25.0%	-1.9	5.9	3.2	-3.4	3.2	8.1	3.4	3.2	2.1
Emerging Markets Public Equity	11,741	5.3%	5.0%	0.0%-15.0%	-2.2	0.0	-16.3	-18.0	-16.3	---	---	---	-6.0
Global Private Long Equity	24,020	10.8%	15.0%	0.0%-25.0%	---	---	11.3	4.2	11.3	18.7	16.9	7.8	7.7
Total Long Public Equity and Private Investments	**121,693**	**54.6%**	**57.5%**	**45.0%-70.0%**	**-1.8**	**3.2**	**1.1**	**-4.1**	**1.1**	**11.9**	**7.9**	**5.3**	**3.9**
Total Hedge Funds	46,543	20.9%	17.5%	10.0%-30.0%	-1.3	-0.8	-2.3	-6.5	-2.3	4.7	4.4	3.2	4.5
Other Diversifying Investments	3,502	1.6%	---	0.0%-30.0%	-1.4	2.7	1.9	0.2	1.9	5.8	---	---	6.8
Total Diversified Growth	**50,045**	**22.5%**	**17.5%**	**10.0%-40.0%**	**-1.3**	**-0.6**	**-2.2**	**-6.1**	**-2.2**	**4.3**	**4.3**	**3.2**	**4.5**
Total Inflation Sensitive	**15,278**	**6.9%**	**10.0%**	**5.0%-20.0%**	**-3.9**	**-3.6**	**-21.0**	**-16.2**	**-21.0**	**-6.7**	**-2.1**	**---**	**-3.8**
Total Deflation Sensitive	**35,811**	**16.1%**	**15.0%**	**9.0%-30.0%**	**-0.5**	**-0.1**	**-0.8**	**-0.7**	**-0.8**	**0.5**	**3.6**	**5.4**	**5.7**
Total Managed Assets Net of CA Fees	**222,828**	**100.0%**	**100.0%**	**---**	**-1.7**	**1.2**	**-2.0**	**-5.3**	**-2.0**	**7.1**	**5.9**	**4.6**	**4.0**
Total Assets Net of CA Fees	**235,414**	**---**	**---**	**---**	**-1.6**	**1.2**	**-1.9**	**-5.0**	**-1.9**	**7.0**	**5.9**	**4.6**	**4.0**

Variance Notes:

[1] The negative variance of $73 thousand in cash contributions as of December 31, 2015 is a timing issue related to some anticipated gifts that have not yet been received.

[2] Foundation subsidiaries are comprised of four single member LLCs – Foundation Enterprise Holdings I through IV – with FIU Foundation as their sole member. Each LLC has its own operating budget, with positive or break-even net income, that rolls into the Foundation's overall budget. The negative variance in revenues and positive variance in expenses is related to a sewer system connection project for the Islamorada property that has not yet occurred (since the expense has not yet occurred, revenue has not been collected from the College of Arts and Sciences). The negative variance for revenues has been offset by the 100% occupancy rate against the 10% budgeted allowance.

[3] Investment returns for fiscal year 2015-16 were projected at 5.0% or $12.2 million, based on a beginning balance of $235 million. The monthly returns were forecasted based on our asset allocation and the historical performance of indexes for each asset class. Fiscal year-to-date investment losses on the portfolio through December 31, 2015 totaled approximately 5.0%, or $12.4 million. These losses are broken down as follows by asset class: long public and private equity (54.6% allocation) down 4.1%; diversified growth (22.5% allocation) down 6.1%; inflation sensitive (6.9% allocation) down 16.2%; and deflation sensitive (16.1% allocation) down 0.7%.

[4] The positive $2.0 million variance in scholarships and program expenses is mainly due to timing of the processing of several scholarships, salary reimbursements, and event-related invoices mainly the College of Medicine, Wolfsonian, and College of Business. The majority of these expenses are expected to be incurred throughout the third quarter.

[5] The positive $1.1 million variance for Building Funds expenses is due to timing of Facilities billing the Foundation for the Hospitality Management third floor and stair renovation construction project (budgeted at $800,000).

THE FLORIDA INTERNATIONAL UNIVERSITY
BOARD OF TRUSTEES
Finance and Audit Committee
March 11, 2016

SAFETY AND ENVIRONMENTAL COMPLIANCE REPORT AS OF JANUARY 28, 2016

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

Issue #1: –Miami-Dade County Fuel Storage Tank Inspection - Biscayne Bay Campus (BBC)
Agency: Miami-Dade Department of Regulatory and Economic Resources (DERM)
Status: On December 11, 2015, the Miami-Dade Regulatory and Economic Resources Department conducted an annual inspection at the FIU Biscayne Bay Campus for two above ground fuel storage tanks located outside Central Utilities and the Marine Biology Building. The inspector reviewed FIU Environmental Health and Safety (EH&S) documentation (storage tank registration placard, monitoring system certification, certificate of insurance, and monthly inspection records) and conducted physical inspections of both above ground storage tank systems. **Findings:** No violations were observed during the time of inspection

Issue #2: FIU Gas Station Abandoned Tanks –BBC
Agency: Environmental Protection Agency
Status: On December 2, 2015, the results from the preliminary groundwater sampling revealed contamination with organic compounds above the Groundwater Cleanup target levels. EH&S coordinated additional testing of the surrounding wells to determine the extent of contamination and the next step of the remediation phase of the project. **Findings:** As of December 9, 2015, EH&S retained the services of a third party environmental contractor to conduct preliminary environmental impact assessments. EH&S is working with BBC Facilities Management and the contractor to coordinate the sample testing and remediation actions as needed.

Issue #3: Annual Life and Fire Safety Inspections – Modesto A. Maidique Campus (MMC)
Agency: Division of State Fire Marshal, Florida Department of Financial Services
Status: As of December 9, 2015, multiple state fire marshal inspections were completed throughout the campus. EH&S continues to complete inspections as required and address any outstanding violations. **Findings:** No major fire safety violations were observed during the inspections.

Issue #4: Miami-Dade County Grease Discharge Permit Renewal – All FIU campuses
Agency: Miami-Dade Department of Regulatory and Economic Resources (DERM)
Status: On January 27, 2016, a Notice of Violation (NOV) was issued due to expired grease discharge permits for the MMC, BBC, and Engineering Campuses. **Findings:** The permit invoices were submitted by FIU EH&S for payment within ample time (12/9/15) of the December 31st expiration date. Upon further investigation, it was determined that there was a delay in the process of the payment, and the payment was not issued to Miami-Dade until January 2016. EH&S has been in contact with Miami-Dade to ensure receipt of payment, and documentation of receipt has been provided by Miami-Dade. EH&S will continue to work with Miami-Dade to ensure that the NOV is closed out.

THE FLORIDA INTERNATIONAL UNIVERSITY

BOARD OF TRUSTEES

Finance and Audit Committee

March 11, 2016

TREASURY REPORT *(For quarter ending December 31, 2015)*

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

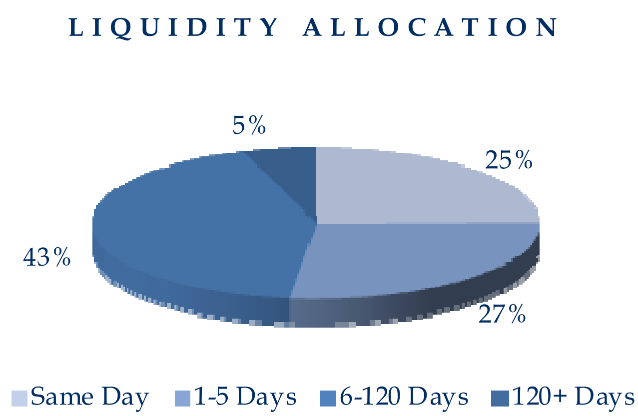
OVERVIEW

The University's total liquidity position of $283.0 million was 1.7 times the University's debt position of $170.9 million at the end of FY 2016 Q2. Including direct support organization ("DSO") debt, the liquidity to total debt ratio was 1.4 times. These results are better compared to the end of FY 2015 Q2, the liquidity to university debt and the liquidity to total debt ratios were 1.5x and 1.2x, respectively.

LIQUIDITY

Real Days Payable

At the end of FY 2016 Q2, $146.6 million, or 51.8 percent, of the liquidity position was accessible within 5 business days (See *Liquidity Allocation* chart for detail). At the end of FY 2016 Q2, the university had 37 real days payable[1] ("RDP") versus 30 RDP at the end of FY 2015 Q2. The increase in RDP was due mainly to higher operational inflows and lower operating expenses (see details in Sources and Uses sections).



Sources

The University started the fiscal year with $76.1 million in cash balances[2]. Total FYTD 2016 inflows (state and operational) were $525.8 million as compared to $511.0 million for the same period last fiscal year. On average, $4.0 million flowed into the university each business day in FYTD 2016 versus $3.8 million per day in FYTD 2015.

Uses

FYTD 2016, the university used $529.1 million as compared to $529.6 million in the same period last fiscal year. The FYTD 2016 velocity cash outflow was $4.0 million per day and was flat to FYTD 2015. The University ended the fiscal quarter with $72.8 million in cash balances.

Stress Tests/Performance Simulations

---

[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.

[2] Cash includes Working Capital Pool assets and cash balances in the concentration bank account.

The Office of the Treasurer ("Treasury") analyzes the effect of negative market performance on its liquidity position through both value-at-risk (VAR) analysis and Monte Carlo simulation analyses.

VAR analysis, completed quarterly, estimates the maximum potential loss during a specific time period at a given level of confidence. VAR uses the historical behavior of each asset class over various time horizons (five years, ten years, full history). Our VAR analysis predicts that there is a 5 percent probability that the portfolio (as of the FY 2016 Q2 ending balance) could have unrealized losses of up to $11.3 million and 1 percent probability of up to $20.8 million of unrealized losses within a twelve month period.

At the end of FY 2016 Q2, the Monte Carlo model generated by a bottom decile performance for fixed income investments, translated into median 2.0 percent, or $5.7 million, in unrealized losses. Liquidity, as measured by 5-day accessibility, would drop to 47.1 percent, or $133.2 million, of the total current available cash and investment balances. RDP would fall to 33 days based on fiscal year outflows.

The scenario with the bottom decile equity performance generates a median 3.5 percent, or $10.0 million, in unrealized losses. Liquidity, as measured by 5-days accessibility, would drop to $143.3 million or 50.6 percent of the total current available cash and investment balances. RDP would remain stable at 36 days based on fiscal year outflows in this stress scenario.

Bottom decile of overall portfolio performance represents a 4.9 percent loss, or $13.9 million, and a projected drop in liquidity to $120.3 million or 42.5 percent of the total current available balances. Furthermore, RDP drops to 30 days.

Forecast and Budget

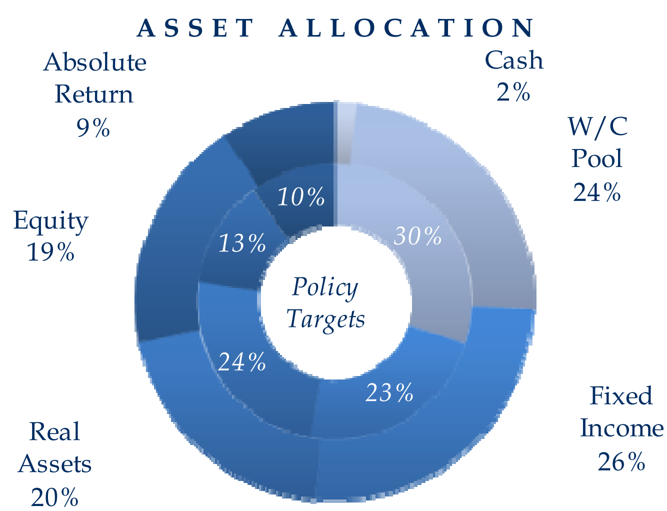
Actual balances at the end of FY 2016 Q2 were 13.7 percent higher than the rolling forecast, -8.5 percent lower than the budget and 4.9 percent higher to the prior year. For the next quarter, the university should experience an increase in the cash and investment balances lasting through the third quarter of FY 2016.

INVESTMENTS

Composition

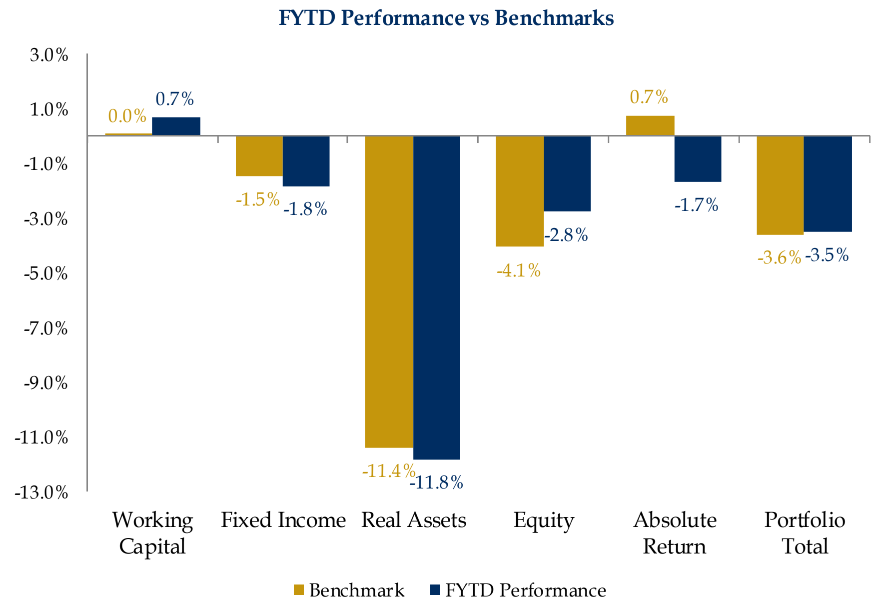
Asset allocations at the end of FYTD 2016 remained within policy guidelines (See *Asset Allocation* chart for detail of asset allocation at quarter end).

At the end of FY 2016 Q2, the market value of the University's operating funds portfolio and cash was $283.0 million. This balance reflects a decrease of $61.6 million or 17.8 percent, from the previous quarter and was in line with the quarter-to-quarter seasonality of cash flows. The total portfolio market value was $13.6 million higher than the market value at the end of FY 2015 Q2.



Performance

FIU's operating portfolio continues to outperform the State Treasury investment pool ("SPIA"), returning 3.7 percent since inception versus the SPIA's 2.7 percent for the same time. At the end of FY 2016 Q2, the portfolio was down 3.5 percent. This compares unfavorably to a negative 1.1 percent return at the end of FY 2015 Q2. The Strategic Capital and Reserve Pools were down 4.9 percent while the Working Capital Pool gained 0.7 percent. Returns from the SPIA totaled 0.9 percent FYTD 2016 (See FYTD Performance vs. Benchmarks chart for additional performance detail by asset class).



The Working Capital Pool was the top performer and exceeded the benchmark by 0.7 percent. Most other asset classes lagged their respective benchmarks. Fixed Income returned -1.8 percent (vs -1.5 percent benchmark), Real Assets returned -11.8 percent (vs -11.4 percent benchmark), Absolute Return returned -1.7 percent (vs. 0.7 percent benchmark). Equities did beat the benchmark with returns of -2.8 percent (vs -4.1 percent benchmark).

DEBT

Total Outstanding

The University and DSOs ended FY 2016 Q2 with $208.1 million in outstanding debt versus $218.8 at the end of FY 2015 Q2. The weighted average interest rate for the University and DSO issuances was 4.2 percent. At the end of FY 2016 Q2, 95.0 percent, or $197.7 million, of the University and DSOs' outstanding debt was fixed rate and 5.0 percent, or $10.4 million, was variable rate debt. All of the variable rate exposures are obligations of the DSOs (Athletics Finance Corporation, FIU Foundation).

Bond Refunding

The University, since 2010, in conjunction with the Division of Bond Finance, has refunded all eligible outstanding bond series. These refundings are expected to save the University $9.4 million in interest expense over the term of the issuances. As of December 31, 2015, the University has realized $1.3 million of interest savings from these refunding activities. The University is expected to save $0.8 million in interest expense in Fiscal Year 2016 and $3.4 million over the next 5 years. We will continue to seek additional opportunities to reduce capital costs.

	Outstanding					
	2016	**2015**	**Avg. Rate**	**Rating***	**Tax Status**	**Maturity**
Housing						
2011A Refunding	$ 17.8 M	$ 19.3 M	3.7%		Exempt	7/2025
2012A Parkview Hall	51.6 M	52.6 M	4.1%		Exempt	7/2021
2015A Refunding**	29.1 M	32.9 M	3.7%		Exempt	7/2034
Total Housing	**$ 98.5 M**	**$ 104.8 M**	**3.9%**	**Aa3 | A | A+**		
Parking						
2009B PG5 Market Station	$ 28.2 M	$ 28.9 M	4.5%		BABs	7/2039
2013A Tech Station	44.3 M	46.4 M	4.8%		Exempt	7/2043
Total Parking	**$ 72.5 M**	**$ 75.3 M**	**4.7%**	**Aa3 | AA- | A+**		
Total University	**$ 170.9 M**	**$ 180.2 M**	**4.2%**			
DSOs***						
2009 AFC - Stadium	$ 31.4 M	$ 32.1 M	3.4%		Exempt/Taxable	3/2033
2010 Foundation - MARC	5.8 M	6.5 M	2.0%		Exempt	5/2022
Total DSOs	**$ 37.2 M**	**$ 38.6 M**	**3.2%**	**Unrated**		
Total University and DSOs	**$ 208.1 M**	**$ 218.8 M**	**4.0%**			

* *(Moody's | S&P | Fitch)*

** *2015 Outstanding - Refunded 2004A Bonds*

*** *Direct Support Organizations*

Period Ending December 31, 2015

(000's)

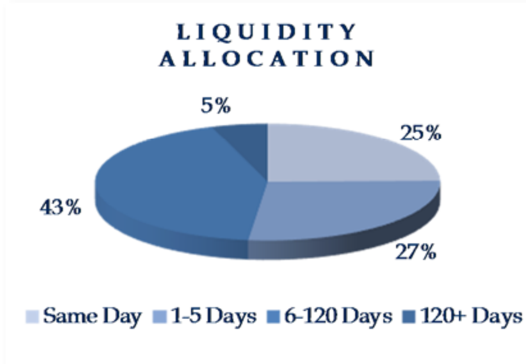
OVERVIEW

Liquidity/University Debt	**1.66**
Liquidity/Total Debt	**1.36**
Liquidity Position	
Cash + W/C Pool	$ 72,817
Strategic + Reserve Pools	210,197
Total	**$ 283,014**
Debt Position	
University Debt	$ 170,940
DSO Debt	37,208
Total	**$ 208,148**

LIQUIDITY

Availability	
Same Day	$ 69,920
1-5 Days	76,680
6-120 Days	121,506
120+ Days	14,908
Total	**$ 283,014**

Real Days Payable (<5 Days)	
MTD Outflows	**49**
QTD Outflows	**39**
YTD Outflow	**37**

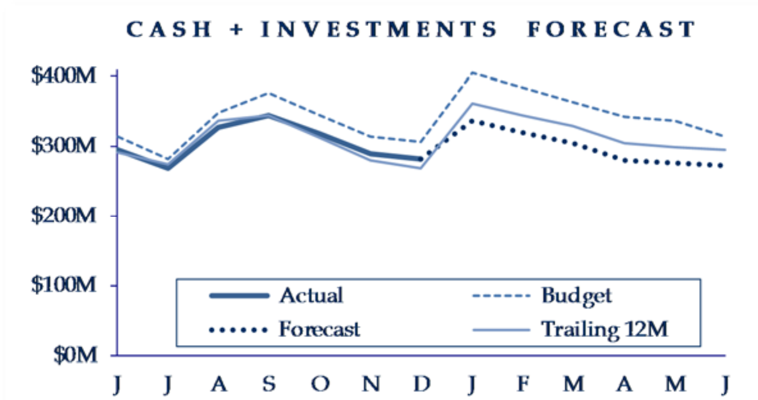


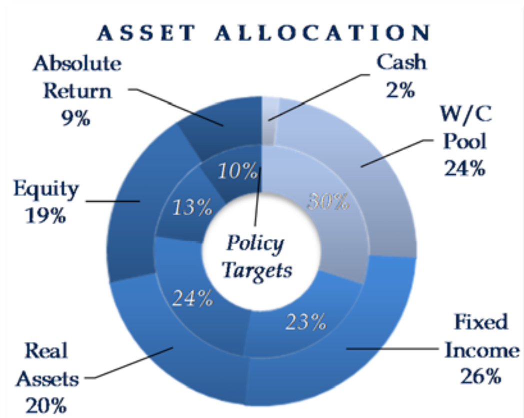
LIQUIDITY SOURCES AND USES

Sources	**MTD**	**QTD**	**YTD**
Opening W/C Pool Balance	$ 73,783	$ 117,975	$ 70,135
Opening Cash Balance	4,312	19,587	5,949
From State	68	20,576	84,916
From Operations	62,988	162,577	440,872
Uses			
To Payroll	(42,579)	(147,047)	(263,773)
To Operations	(21,383)	(86,899)	(167,699)
To Students	(4,372)	(13,953)	(97,583)
Cash + W/C Pool	**$ 72,817**	**$ 72,817**	**$ 72,817**

INVESTMENTS

Cash + W/C Pool	**Balance**	**FYTD**	**Last 1Y**
Cash	$ 5,366	0.0%	0.0%
W/C Pool	67,451	0.7%	1.3%
Strategic + Reserve Pools			
Fixed Income	73,258	-1.8%	-1.5%
Real Assets	56,870	-11.8%	-13.4%
Equity	53,847	-2.8%	0.2%
Absolute Return	26,222	-1.7%	-0.4%
Total	**$ 283,014**	**-4.9%**	**-4.3%**



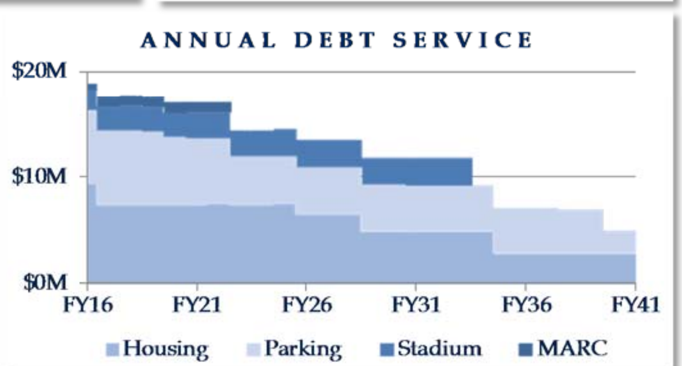


DEBT

University	**O/s Balance**	**Avg. Rate**
Housing (Aa3 | A | A+)*	$ 98,485	3.9%
Parking (Aa3 | AA- | A+)*	72,455	4.7%
Direct Support Organizations		
AFC (Unrated, Stadium)	31,416	4.6%
Foundation (Unrated, MARC)	5,793	2.0%
Total Outstanding Debt	**$ 208,148**	4.2%

** (Moody's | S&P | Fitch)*

Fixed Rate Debt	197,733	95.0%
Variable Rate Debt	10,416	5.0%



	2016 Q2 Actuals		2015 FY Actuals	
ASSETS (Uses of Funds)				
Current Assets				
Cash and Cash Equivalents	$	50,522,400	$	55,246,452
Adjustments to Fair Market Value		25,753,697		17,824,402
Total Current Assets	**$**	**76,276,097**	**$**	**73,070,853**
Noncurrent Assets				
Due from Component Units/University				
Parking Deferred Payment Plan	$	499,962	$	793,152
Athletics Operations Loan		4,707,892		4,707,892
Stadium Expansion Loan		-		
Total Non-Current Assets	$	5,207,855	**$**	**5,501,045**
TOTAL ASSETS	**$**	**81,483,951**	**$**	**78,571,898**
LIABILITIES AND CAPITAL (Sources of Funds)				
Accounts Payable	$	1,719	$	9,005
Accrued Salaries & Wages		-		1,692
Due to/(from) Component Units		-		-
Total Liabilities	**$**	**1,719**	**$**	**10,697**
Total Capital (Net Assets)	**$**	**81,482,232**	$	78,561,201
TOTAL LIABILITES AND CAPITAL	**$**	**81,483,951**	**$**	**78,571,898**