Call to Order/Roll Call. ................................................. Susan O’Connor, Chair

Greeting. ....................................................................... Susan O’Connor

Action Item(s):
1. Adoption of Amended BOT Audit & Compliance Committee Charter
2. Approval of Updated Department Charter for Internal Auditing and Compliance Operation
3. Approval of BOG Required Internal Audit Report: Performance Funding Data Integrity 2015
5. Approval of Revision of University Policy HR-18.00-2004/07 Hours of Work and Benefits

Information Item(s):
2. External Audit: Intercollegiate Athletics Financial Statement Audit
3. WUWF-FM Financial Audit
4. Internal Auditing Activities

Other Committee Business:

Adjournment
Issue: Amended Charter for BOT Audit and Compliance Committee
Proposed action: Adoption

Background information:
With the creation of an UWF Compliance Office, it is necessary to revise the Board of Trustees committee charter to reflect this new activity. Accordingly, the Audit and Operations Committee, which from the Finance, Administration and Audit Committee in December 2011, is being changed to the Audit and Compliance Committee. The Operations aspect of this committee is being moved to the Finance and Facilities Committee (which will become the Finance, Facilities, and Operations Committee). Other resources used in developing the committee’s charter include the Association of Governing Boards, the Institute of Internal Auditors, and the Society for Corporate Compliance and Ethics.

The Audit and Compliance Committee’s primary purpose will be to assist the Board of Trustees in its oversight responsibilities relating to: the integrity of the University’s financial reporting processes, the systems of internal control, the University’s compliance with legal and regulatory requirements, the independence and performance of the audit and compliance processes, and UWF’s process for monitoring compliance with laws, regulations, rules, and code of conduct.

In conjunction with General Counsel and Associate Vice President, Internal Auditing and Compliance, revised the charter to reflect these changes and is attached. The committee’s composition and required number of meetings are described in the charter.

Recommendation: Adoption of the committee charter

Implementation: Charter will be in effect upon adoption.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees and their stewardship regarding risk, compliance, and internal controls

Supporting documents:
   Revised BOT Charter Audit and Compliance Committee
   Former charter for Audit and Operations Committee

Prepared by: Betsy Bowers, Associate Vice-President, bbowers@uwf.edu, 474-2636

Presenter: Betsy Bowers, Associate Vice-President
PURPOSE
One standing committee of the University of West Florida Board of Trustees will be known as the Audit & Operations Committee. This Committee’s primary purpose will be to assist the Board in fulfilling its oversight responsibilities for the following activities:

- The integrity of the university’s annual financial statements;
- The university’s compliance with legal and regulatory requirements;
- Oversight of the university’s internal control structure and management practices; and,
- Oversight and direction of the internal auditing and compliance functions.

Key principles in fulfilling this objective purpose include:

- Diligent and knowledgeable members regarding financial areas;
- Independent communication with UWF management; and,
- Independent audit, and compliance communication and information flow.

The Committee serves as the focal point of communication between the Board of Trustees, Administration, the Internal Auditing & Management Consulting (IAMC), Internal Auditing and Compliance (IAC) department, external auditors, and state and federal agency auditors. The liaison to the UWF BOT Executive Committee is the chairman of the Audit &and Operations Committee. This committee shall take all appropriate actions to establish the overall University tone for quality financial reporting, sound business risk practices, ethical behavior, and facilitating a compliant culture.

AUTHORITY
The Committee, in fulfilling its oversight role, has the authority to study or investigate any matter within the Committee’s scope of responsibilities. The Committee will inform the Board of such actions and the results. With the concurrence of the Committee, the Committee Chair may fulfill certain duties and responsibilities of the Committee and report back the results to the Committee and Board.

The Committee will seek any information it requires from employees — all of whom are directed to cooperate with the Committee’s requests — or external parties.

COMPOSITION
The Audit & Operations Committee will be comprised of at least three, but no more than five, members of the UWF Board of Trustees. The chairman of the Board, recognizing the need for continuity of membership from year to year, shall appoint the members of the Committee.

The members will be free from any financial, family or other material personal relationship that would interfere with the exercise of their independence from management or the
institution. All members of the Committee will have a working familiarity with basic finance and accounting practices and at least one member must be a financial expert. ‘Financial literacy’ is being able to read and understand fundamental financial statements. ‘Financial expert’ means a person who has one or more of the following: an understanding of generally accepted accounting principles and financial statements; experience in applying such principles; experience in preparing or auditing financial statements; experience with internal controls; and an understanding of finance and audit committee functions.

MEETINGS
The Audit and Compliance Committee will meet at least four times annually, with authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting in person or via teleconference or videoconference. The Committee will invite members of management, auditors, or others to attend meetings and provide pertinent information as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

EDUCATION
The University is responsible for providing the Committee with educational resources related to auditing, compliance, risk management, accounting principles and practices, and other information that the Committee may request. The Secretary of the Board, the IAC Associate Vice President for Internal Auditing, and the General Counsel will assist the Committee in maintaining literacy in the appropriate areas related to the Committee’s function.

RESPONSIBILITIES
The Committee will carry out the following responsibilities:

General
- Adopt a formal written charter that is approved by the full Board of Trustees which specifies scope of responsibility, process, membership, etc. and similar matters. The charter will be reviewed as necessary, but at least every other year.
- Maintain minutes or other records of meetings and activities.
- Report Committee actions to the Board with such recommendations the Committee may deem appropriate.
- Conduct or authorize investigations into any matters within the Committee’s scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.
- Review and monitor implementation of management’s response to internal and external audit recommendations.
- Oversee the development, implementation, and execution of policies and procedures
that promote accountability, compliance, ethical values, and sound control practices. The Office of Internal Auditing—Management Consulting Internal Auditing and Compliance will be accountable to the Board through the Committee for objectively evaluating risk management, control, compliance, and governance processes.

- Perform their governance oversight as assigned by the Board.

**Financial Statements/Internal Controls**

Management is responsible for the preparation, presentation, and integrity of the University’s financial statements and for the appropriateness of the accounting principles and reporting policies used by the University. The following shall be the principal duties and responsibilities of the Committee regarding financial statements.

- Review annual audited financial statements with management and the independent accountants to determine that the independent auditors are satisfied with the disclosure and content of the financial statements, application of conservative accounting principles, and approve such financial statements.
- Review with the Florida Auditor General the scope and results of their examination of the University's annual financial statements and any other matters related to the conduct of the audit, which should be communicated to the Committee.
UWF AUDIT and COMPLIANCE COMMITTEE CHARTER

- Resolve any differences between management and the Florida Auditor General regarding financial reporting.
- Review with management and General Counsel any legal matters (including pending litigation) that may have a material impact on the university University's financial statements and any material reports or inquiries from regulatory or governmental agencies.
- Consider external auditors’ judgments regarding the quality, consistency, and appropriateness of financial statements.
- Make inquiries of management and external auditors concerning the adequacy of the university’s system of internal controls.
- Require financial management and the independent auditor to discuss with the Committee their qualitative judgments about the appropriateness, not just acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the institution.
- Review, accept, and recommend for the Board approval the university’s annual audit of accounts and records/financial statements, and the report on internal controls and compliance.
- Review the programs and policies of the university designed by management to assure compliance with applicable laws and regulations and monitor the results of compliance efforts including those involving environmental health and safety.

**Internal Auditing**

- Ensure that the internal auditing department has direct and unrestricted access to the chairman and other Committee members.
- Approve the appointment, reassignment, replacement, or dismissal of the Associate Vice President for Internal Auditing and Compliance (IAC).
- Approve and periodically review the internal audit and compliance charter.
- Review the internal audit functions including its independence and authority.
- Approve requests for accounting and auditing services through the Chairman of the Committee.
- Review with the IAC Associate Vice President, the activities, staffing, and organizational structure of the internal auditing function.
- Review and approve the annual audit plan and any significant changes to the plan.
- Receive and review reports and other work prepared by IAC.
- Receive and review all outside audits of the university or university-related organizations.
- Review all significant findings and recommendations noted by internal auditors or external auditors.
- Meet periodically with appropriate members of the university administration, IAC, and independent auditors to discuss and evaluate the scope and results of audits and the university's accounting procedures and controls.
• Require the IAC Associate Vice President for IAMC IAC to provide an annual written report in writing annually on the activities of the office.
• Review the effectiveness of the internal auditing function, including compliance conformance with The Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing.*
• Inquire of the IAC Associate Vice President for IAMC IAC regarding any difficulties encountered in the course of audits, including any restrictions on the scope of audit work or access to required information or any lack of cooperation.
• Annually review the staffing levels to fulfill the plans and mission as well as the adequacy of audit staff qualifications and training.
• Maintain adequate policies and guidelines for receiving complaints regarding accounting controls and reports of financial fraud. Review significant findings and issues identified as a result of special reviews or whistleblower complaints.
UWF AUDIT and COMPLIANCE COMMITTEE CHARTER

Compliance
- Review with the IAC Associate Vice President the activities, staffing, and organizational structure of the compliance function.
- Review and approve the annual University Compliance Plan.
- Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of follow-up (including disciplinary action) of any instances of noncompliance.
- Review the findings of any examinations by regulatory agencies and any auditor observations.
- Review the process for communicating the code of conduct to the organization’s personnel and for monitoring compliance therewith.
- Obtain regular updates from management and the General Counsel regarding compliance matters.

External Audit/Independent Accounts
Currently, The Florida Office of Auditor General performs the financial audits of the university. Procurement of external accountants for direct support and other related organizations (affiliated organizations) falls under the oversight of these organizations’ Boards of Directors.

For audits required by outside parties (e.g. external granting agencies, NCAA, etc.), the Committee will make recommendations for the selection of external auditors or may delegate such authority to the IAC Associate Vice President for IAMC.

Reporting
- Regularly report to the UWF Board of Trustees about Committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal auditing, the external auditors, and the UWF Board of Trustees.
- Review any other reports the organization issues that relate to the Committee’s responsibilities.

Other Responsibilities
- Perform other activities related to this charter as requested by the UWF Board of Trustees.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Audit and Operations Committee Audit and Compliance and Operations Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
UWF AUDIT and COMPLIANCE COMMITTEE CHARTER

• Evaluate the Committee’s and individual members’ performance on a regular basis.

University Staff Liaisons
• General Counsel or designee
• Associate Vice President for Internal Auditing & Management Consulting Internal Auditing and Compliance or designee
PURPOSE
One standing committee of the UWF Board of Trustees will be known as the Audit and Compliance Committee. This Committee’s primary purpose will be to assist the Board in fulfilling its oversight responsibilities for the following activities:

- The integrity of the University’s annual financial statements;
- The University’s compliance with legal and regulatory requirements;
- Oversight of the University’s internal control structure and management practices; and,
- Oversight and direction of the internal auditing and compliance functions.

Key principles in fulfilling this purpose include:

- Diligent and knowledgeable members regarding financial areas;
- Independent communication with UWF management; and,
- Independent audit and compliance communication and information flow.

The Committee serves as the focal point of communication between the Board of Trustees (BOT), Administration, the Internal Auditing and Compliance (IAC) department, external auditors, and state and federal agency auditors. The liaison to the UWF BOT Executive Committee is the chairman of the Audit and Compliance Committee. This committee shall take all appropriate actions to establish the overall University tone for quality financial reporting, sound business risk practices, ethical behavior, and facilitating a compliant culture.

AUTHORITY
The Committee, in fulfilling its oversight role, has the authority to study or investigate any matter within the Committee’s scope of responsibilities. The Committee will inform the Board of such actions and the results. With the concurrence of the Committee, the Committee Chair may fulfill certain duties and responsibilities of the Committee and report back the results to the Committee and Board.

The Committee will seek any information it requires from employees—all of whom are directed to cooperate with the Committee’s requests—or external parties.

COMPOSITION
The Audit and Compliance Committee will be comprised of at least three, but no more than five, members of the UWF Board of Trustees. The chairman of the Board, recognizing the need for continuity of membership from year to year, shall appoint the members of the Committee.

The members will be free from any financial, family or other material personal relationship that would interfere with the exercise of their independence from management or the institution. All members of the Committee will have a working familiarity with basic finance and accounting practices and at least one member must be a financial expert. *Financial literacy* is being able to read and understand fundamental financial statements. *Financial
expert means a person who has one or more of the following: an understanding of generally accepted accounting principles and financial statements; experience in applying such principles; experience in preparing or auditing financial statements; experience with internal controls; and an understanding of finance and audit committee functions.

MEETINGS
The Audit and Compliance Committee will meet at least four times annually, with authority to convene additional meetings as circumstances require. All Committee members are expected to attend each meeting in person or via teleconference or videoconference. The Committee will invite members of management, auditors, or others to attend meetings and provide pertinent information as necessary. Meeting agendas will be prepared and provided in advance to members, along with appropriate briefing materials. Minutes will be prepared.

EDUCATION
The University is responsible for providing the Committee with educational resources related to auditing, compliance, risk management, accounting principles and practices, and other information that the Committee may request. The Secretary of the Board, the IAC Associate Vice President, and the General Counsel will assist the Committee in maintaining literacy in the appropriate areas related to the Committee’s function.

RESPONSIBILITIES
The Committee will carry out the following responsibilities:

General
- Adopt a formal written charter that is approved by the full Board of Trustees that specifies scope of responsibility, process, membership, etc. The charter will be reviewed as necessary, but at least every other year.
- Maintain minutes or other records of meetings and activities.
- Report Committee actions to the Board with such recommendations the Committee may deem appropriate.
- Conduct or authorize investigations into any matters within the Committee’s scope of responsibilities. The Committee shall be empowered to retain independent counsel, accountants, or others to assist it in the conduct of any investigation.
- Review and monitor implementation of management’s response to internal and external audit recommendations.
- Oversee the development, implementation, and execution of policies and procedures that promote accountability, compliance, ethical values, and sound control practices. The Office of Internal Auditing and Compliance will be accountable to the Board through the Committee for objectively evaluating risk management, control, and governance processes.
- Perform other governance oversight as assigned by the Board.

Financial Statements/Internal Controls
Management is responsible for the preparation, presentation, and integrity of the
University’s financial statements and for the appropriateness of the accounting principles and reporting policies used by the University. The following shall be the principal duties and responsibilities of the Committee regarding financial statements.

- Review annual audited financial statements with management and the independent accountants to determine that the independent auditors are satisfied with the disclosure and content of the financial statements, application of conservative accounting principles, and approve such financial statements.
- Review with the Florida Auditor General the scope and results of the examination of the University’s annual financial statements and any other matters related to the conduct of the audit that should be communicated to the Committee.
- Resolve any differences between management and the Florida Auditor General regarding financial reporting.
- Review with management and General Counsel any legal matters (including pending litigation) that may have a material impact on the University’s financial statements and any material reports or inquiries from regulatory or governmental agencies.
- Consider external auditors’ judgments regarding the quality, consistency, and appropriateness of financial statements.
- Make inquiries of management and external auditors concerning the adequacy of the University’s system of internal controls.
- Require financial management and the independent auditor to discuss with the Committee their qualitative judgments about the appropriateness, not just acceptability, of accounting principles and financial disclosure practices used or proposed to be adopted by the institution.
- Review, accept, and recommend for Board approval the University's annual audit of accounts and records/financial statements, and the report on internal controls and compliance.
- Review the programs and policies of the University designed by management to assure compliance with applicable laws and regulations and monitor the results of compliance efforts including those involving environmental health and safety.

**Internal Auditing**

- Ensure that the internal auditing department has direct and unrestricted access to the chairman and other Committee members.
- Approve the appointment, reassignment, replacement, or dismissal of the Associate Vice President for Internal Auditing and Compliance (IAC).
- Approve and periodically review the internal audit and compliance charter.
- Review the internal audit functions including independence and authority.
- Approve requests for accounting and auditing services through the Chairman of the Committee.
- Review with the IAC Associate Vice President the activities, staffing, and organizational structure of the internal auditing function.
- Review and approve the annual audit plan and any significant changes to the plan.
- Receive and review reports and other work prepared by IAC.
• Receive and review all outside audits of the University or University-related organizations.
• Review all significant findings and recommendations noted by internal auditors or external auditors.
• Meet periodically with appropriate members of the University administration, IAC, and independent auditors to discuss and evaluate the scope and results of audits and the University's accounting procedures and controls.
• Require the IAC Associate Vice President to provide an annual written report on the activities of the office.
• Review the effectiveness of the internal auditing function, including conformance with The Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing.
• Inquire of the IAC Associate Vice President regarding any difficulties encountered in the course of audits, including any restrictions on the scope of audit work or access to required information or any lack of cooperation.
• Annually review staffing levels to ensure the IAC can fulfill its plans and mission and assess the adequacy of audit staff qualifications and training.
• Maintain adequate policies and guidelines for receiving complaints regarding accounting controls and reports of financial fraud. Review significant findings and issues identified as a result of special reviews or whistleblower complaints.

Compliance
• Review with the IAC Associate Vice President the activities, staffing, and organizational structure of the compliance function.
• Review and approve the annual University Compliance Plan.
• Review the effectiveness of the system for monitoring compliance with laws and regulations and the results of follow-up (including disciplinary action) of any instances of noncompliance.
• Review the findings of any examinations by regulatory agencies and any auditor observations.
• Review the process for communicating the code of conduct to the organization’s personnel and for monitoring compliance therewith.
• Obtain regular updates from management and the General Counsel regarding compliance matters.

External Audit/Independent Accounts
Currently, the Florida Office of the Auditor General performs the financial audits of the University. Procurement of external accountants for direct support and other related organizations (affiliated organizations) falls under the oversight of their organizations’ Boards of Directors.

For audits required by outside parties (e.g. external granting agencies, NCAA, etc.), the Committee will make recommendations for the selection of external auditors or may
delegate such authority to the IAC Associate Vice President.

**Reporting**
- Regularly report to the UWF Board of Trustees about Committee activities, issues, and related recommendations.
- Provide an open avenue of communication between internal auditing, the external auditors, and the UWF Board of Trustees.
- Review any other reports the organization issues that relate to the Committee’s responsibilities.

**Other Responsibilities**
- Perform other activities related to this charter as requested by the UWF Board of Trustees.
- Institute and oversee special investigations as needed.
- Review and assess the adequacy of the Audit and Compliance Committee charter annually, requesting Board approval for proposed changes, and ensure appropriate disclosure as may be required by law or regulation.
- Confirm annually that all responsibilities outlined in this charter have been carried out.
- Evaluate the Committee’s and individual members’ performance on a regular basis.

**University Staff Liaisons**
- General Counsel or designee
- Associate Vice President for Internal Auditing and Compliance or designee
Issue: Updated Department Charter for Internal Auditing and Compliance Operation

Proposed action: Approval

Background information:
To comply with the Institute of Internal Auditing (IIA) Standards (internal auditing professional standards, the UWF internal auditing function must have in place an internal auditing charter. With the creation of an UWF Compliance Office as part of Internal Auditing, it is necessary to revise the charter for the Internal Auditing and Compliance Office to reflect this new activity. Accordingly, the department is renamed from Internal Auditing and Management Consulting. The charter was last updated in March 2012. Other resources used in developing the committee’s charter include the Institute of Internal Auditors, the Society for Corporate Compliance and Ethics, the Association of Certified Fraud Examiners and ISACA.1

Changes made to the charter are as follow:
- Change of name of the Board of Trustees committee from Audit and Operations to Audit and Compliance.
- Incorporate compliance activities as a separate section in the charter.
- Adopt enhanced language regarding coordination with external auditors and services provided to Direct Support Organizations.
- Incorporate operational facets related to investigations and complaints.
- Incorporate verbiage consistent with pertinent professional standards.

In conjunction with General Counsel and Associate Vice President, Internal Auditing and Compliance, the charter was prepared.

Recommendation: Approval of the charter

Implementation: Charter will be in effect upon adoption.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees and their stewardship regarding risk, compliance, and internal controls

Supporting documents:
Updated Charter Internal Auditing and Compliance
Former charter for Internal Auditing and Management Consulting

Prepared by: Betsy Bowers, Associate Vice-President, bbowers@uwf.edu, 474-2636

Presenter: Betsy Bowers, Associate Vice-President

1 Previously known as the Information Systems Audit and Control Association, ISACA now goes by its acronym only, to reflect the broad range of IT governance professionals it serves.
Introduction

Internal Auditing and Management Consulting and Compliance is an independent, objective assurance and consulting activity designed to add value and compliance oversight in order to improve the University of West Florida’s (UWF) operations. It assists the University of West Florida in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, compliance and governance processes. Internal Auditing and Management Consulting (IAMC) and Compliance (IAC) at the University of West Florida administers the internal audit and compliance programs for the University with the objectives to assist members of the University and the Board of Trustees (BOT) in the effective discharge of their responsibilities. To this end, the IAMC IAC furnishes them with analyses, appraisals, recommendations, counsel, and information concerning the activities and organizations reviewed. IAC is also responsible for monitoring the increasingly numerous and complex federal and state requirements, as well as University policies.

Mission

The mission of IAMC IAC’s mission is to provide independent, objective assurance and consulting services, using a risk-based approach, to add value and improve the operation of the University of West Florida. IAMC IAC serves The University of West Florida and its affiliated organizations. It provides a central point for coordination and an oversight of activities that promote accountability, integrity, and efficiency, and compliance and assists the University in the implementation of a “compliant culture.”

Scope of Work

The scope of the work performed is designed to determine whether the University’s risk management, internal controls, and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed;
- Interaction with the various governance groups occur as needed;
• Significant financial, managerial, and operating information is accurate, reliable, and timely and safeguarded;
• Employees comply with University policies, standards, procedures, and applicable external laws and regulations are followed;
• Resources are acquired economically, used efficiently, and adequately protected;
• Quality and continuous improvement are fostered in the university’s control processes; and
• Legislative or regulatory issues are recognized and addressed appropriately.
• Operations and programs are being carried out as planned and their results are consistent with university objectives.

Organization, Independence, Authority

The UWF Board of Trustees Audit and Compliance & Operations Committee and the University president approve the appointment, reassignment, replacement, or dismissal of the Associate Vice President for Internal Auditing and Management Consulting (IAMC) and Consulting Compliance (IAC) to ensure the administration of a comprehensive internal auditing and compliance programs for UWF. IAMC IAC is a critical component of UWF’s governance, accountability, and compliance structure. The IAC Associate Vice President, IAMC will report functionally to the UWF Finance, Administration and Audit, UWF Audit, and Compliance and Operations Committee of the Board of Trustees and administratively to the University President pursuant to the Institute of Internal Auditors Practice Advisory 1110-1 “Organizational Independence” to ensure departmental independence, promote comprehensive audit coverage and ensure adequate consideration of audit/consulting and compliance recommendations.

In performing its function, the IAMC IAC has no direct responsibility or authority over any of the activities it reviews. Therefore, the IAC’s audit, review and appraisal activities do not relieve other persons in the University of the responsibilities assigned to them. IAMC

IAMC is authorized full and unrestricted access to all functions, activities, records, property, information systems, and personnel, including those records or activities exempt from the Public Records laws, as needed to fulfill its responsibilities. Areas and information sources necessary to carry out its activities. Documents and information provided to IAMC IAC staff during an engagement are handled in the same prudent manner as by those employees normally accountable for them.

IAMC is responsible for effective coordination and cooperation between the Florida Auditor General, federal auditors, external auditors, and other governmental bodies with a view toward avoiding duplication of effort.
Direct Support Organizations may obtain internal audit and compliance services from public accountants or consultants. IAC also may provide internal audit and compliance services to Direct Support Organizations and entities under the control and direction of UWF at the request of management or the Board of Trustees.

**Professional Standards**

Audit and compliance activities shall be performed according to professional standards as appropriate for the engagement. The internal audit activity will govern itself by adherence to The Institute of Internal Auditors’ mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (Standards). This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity’s performance.

The Institute of Internal Auditors’ Practice Advisories, Practice Guides, and Position Papers also will also be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to UWF relevant policies and procedures and the IAMC’s IAC’s standard operating procedures manual.

The compliance activity will govern itself by adherence to Society of Corporate Compliance and Ethics (SCCE) Code of Professional Ethics for Compliance and Ethics Professionals. Investigative activities shall be governed by adherence to the Association of Certified Fraud Examiners Code of Professional Standards. As relevant, IAC engagements will adhere to the Information Systems Auditing Standards published by ISACA\(^1\).

**UWF Internal Auditing & Compliance & Management Consulting Charter (continued)**

IAMC IAC staff members have a responsibility to the interests of those they serve and should refrain from entering into any activity that may create a conflict of interest. They have an obligation of self-discipline above and beyond the requirements of laws and regulations. They should uphold and demonstrate qualities of integrity, honesty, loyalty, morality, dignity, and confidentiality consistent with the Institute of Internal Auditors Code of Ethics. The Institute of Internal Auditor’s Standards for the Professional Practice of Internal Auditing and SCCE Code of Professional Ethics shall constitute the operating procedures for IAC IAMC.

**Duties and Responsibilities**

\(^1\) Previously known as the Information Systems Audit and Control Association, ISACA now goes by its acronym only, to reflect the broad range of IT governance professionals it serves.
Internal Audit

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the audit BOT Audit and Compliance Committee for review and approval.
- Evaluate risk exposure and the adequacy and effectiveness of controls in responding to risks within UWF’s governance, operations, and information systems regarding the achievement of UWF’s strategic objectives, reliability and integrity of financial and operational information, effectiveness and efficiency of operations and programs, safeguarding of assets, and compliance with laws, regulations, policies, procedures, and contracts.
- Implement the annual audit plan as approved, including, as and as appropriate, any special tasks or projects requested by management and the audit committee.
- Conduct and coordinate audits, investigations and management reviews relating to the programs and operations of the university and its support organizations.
- Conduct, supervise, or coordinate other activities carried out or financed by the University for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations. This may include facilitation, training, and advisory services.
- Execute audits, investigations, consulting services, and compliance oversight based on professional standards including the International Standards for the Practice of Internal Auditing, Association of Certified Fraud Examiners, and the Society for Corporate Compliance and Ethics. Receive complaints and coordinate all activities of the University as required by the Whistle-blower’s Act pursuant to Sections 112.3187-112.31895, Florida Statutes.
- Manage the University hotline. In accordance with UWF’s Policy on Fraudulent or Dishonest Acts, receive and consider complaints that do not meet the criteria for an investigation under the Florida Whistle-blower’s Act, and conduct, supervise, or coordinate such inquiries, investigations, or reviews as appropriate.
- Evaluate the governance processes used by the University’s Board of Trustees to provide oversight of risk and control processes administered by management.
- Participate in the planning, design, and implementation of major information systems to ensure the systems are properly tested, secured, documented, and implemented to meet user requirements.
- Keep the University president, management, and the audit committee and Compliance Committee for the University’s Board of Trustees informed concerning fraud, abuses, and internal control deficiencies relating to programs and operations,
initiate corrective actions, and report on the progress made in implementing corrective actions.

- Consider the scope of work and ensure effective coordination and cooperation between the Auditor General, federal auditors and other governmental bodies, and external auditors with a view toward avoiding duplication.
- Review, as appropriate, rules and procedures relating to the programs and operations of the university and make recommendations concerning their impact.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.
- Establish a quality assurance program by which the associate vice president of IAMC IAC assures the operations of the IAMC IAC activities.
- Perform follow-up of recommendations to ascertain implementation status.
- Participate as a member of the State University System (SUS) State University Audit Council (SUAC).

**Compliance**

- Monitor and promote University compliance with federal and state requirements, as well as all applicable policies, procedures, rules, and regulations.
- Inform, train and educate the UWF community in compliance matters, policies, procedures, ethical obligations, and Standards of Conduct.
- Manage, maintain, and operate the University’s Compliance database.
- Participate as a member of the SUS’s Compliance Consortium.
- Facilitate a culture of compliance at the University by overseeing compliance management and serving as an institutional resource for compliance matters.
- Ensure that each University function is effectively monitoring compliance risks.

In the performance of these services, IAMC IAC will ensure that an appropriate balance is maintained between audit, investigative, compliance, and other activities. IAMC IAC is responsible for performing audit work with due professional care, including having the appropriate education certification, experience, professionalism, personal integrity, and attitude of service, while producing relevant, timely, and quality work.

Betsy Bowers, Associate Vice President

Dr. Judyith Bense, General Chuck HornerLewis Bear, Chair Ms. Susan O’Connor

President UWF Board of Trustees BOT Audit & and Operations

Compliance Committee

Approved: June 19, 2003 March 1, 2016
Amended: March 11, 2008; March 8, 2012
Introduction
Internal Auditing and Compliance (IAC) is an independent, objective assurance and consulting activity designed to add value and compliance oversight to improve the University of West Florida’s (UWF) operations. It assists the University in accomplishing its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, compliance and governance processes. IAC at the University of West Florida administers the internal audit and compliance programs for the University with the objective to assist members of the University and the Board of Trustees (BOT) in the effective discharge of their responsibilities. To this end, the IAC furnishes them with analyses, appraisals, recommendations, counsel, and information concerning the activities and organizations reviewed. IAC is also responsible for monitoring the increasingly numerous and complex federal and state requirements, as well as University policies.

Mission
IAC’s mission is to provide independent, objective assurance and consulting services, using a risk-based approach, to add value and improve the operation of the University. IAC serves the University of West Florida and its affiliated organizations. It provides a central point for coordination and an oversight of activities that promote accountability, integrity, and efficiency and assists the University in maintaining a “compliant culture.”

Scope of Work
The scope of the work performed is designed to determine whether the University’s risk management, internal controls, and governance processes, as designed and represented by management, are adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occur as needed.
- Significant financial, managerial, and operating information is accurate, reliable, timely, and safeguarded.
- University policies, standards, procedures, and applicable external laws and regulations are followed.
- Resources are acquired economically, used efficiently, and adequately protected.
- Quality and continuous improvement are fostered in the University’s control processes.
- Legislative or regulatory issues are recognized and addressed appropriately.
- Operations and programs are being carried out as planned and their results are consistent with University objectives.

Organization, Independence, Authority
The UWF Board of Trustees Audit and Compliance Committee and the University President approve the appointment, reassignment, replacement, or dismissal of the Associate Vice President for Internal Auditing and Compliance (IAC) to ensure the administration of comprehensive internal auditing and compliance programs for UWF. IAC is a critical component of UWF’s governance, accountability, and compliance structure. The IAC Associate Vice President will report functionally to the UWF Audit and Compliance Committee of the Board of Trustees and administratively to the
University President pursuant to the Institute of Internal Auditors Practice Advisory 1110-1 “Organizational Independence” to ensure departmental independence, promote comprehensive audit coverage and ensure adequate consideration of audit and compliance recommendations.

In performing its function, the IAC has no direct responsibility or authority over any of the activities it reviews. Therefore, IAC’s audit, review and appraisal activities do not relieve other persons in the University of the responsibilities assigned to them.

IAC is authorized full and unrestricted access to all functions, activities, records, property, information systems, and personnel, including those records or activities exempt from the Public Records laws, as needed to fulfill its responsibilities. Documents and information provided to IAC staff during an engagement are handled in the same prudent manner as by those employees normally accountable for them.

IAC is responsible for effective coordination and cooperation between the Florida Auditor General, federal auditors, external auditors, and other governmental bodies, with a view toward avoiding duplication of effort. Direct Support Organizations may obtain internal audit and compliance services from public accountants or consultants. IAC also may provide internal audit and compliance services to Direct Support Organizations and entities under the control and direction of UWF at the request of management or the Board of Trustees.

**Professional Standards**

Audit and compliance activities shall be performed according to professional standards as appropriate for the engagement. The internal audit activity will govern itself by adherence to The Institute of Internal Auditors’ mandatory guidance including the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing. This mandatory guidance constitutes principles of the fundamental requirements for the professional practice of internal auditing and for evaluating the effectiveness of the internal audit activity’s performance.

The Institute of Internal Auditors’ Practice Advisories, Practice Guides, and Position Papers also will be adhered to as applicable to guide operations. In addition, the internal audit activity will adhere to UWF relevant policies and procedures and the IAC’s standard operating procedures manual.

The compliance activity will govern itself by adherence to Society of Corporate Compliance and Ethics (SCCE) Code of Professional Ethics for Compliance and Ethics Professionals. Investigative activities shall be governed by adherence to the Association of Certified Fraud Examiners Code of Professional Standards. As relevant, IAC engagements will adhere to the Information Systems Auditing Standards published by ISACA\(^1\).

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\(^1\) Previously known as the Information Systems Audit and Control Association, ISACA now goes by its acronym only, to reflect the broad range of IT governance professionals it serves.
IAC staff members have a responsibility to the interests of those they serve and should refrain from entering into any activity that may create a conflict of interest. They have an obligation of self-discipline above and beyond the requirements of laws and regulations. They should uphold and demonstrate qualities of integrity, honesty, loyalty, morality, dignity, and confidentiality consistent with the professional standards. The Institute of Internal Auditor’s Standards for the Professional Practice of Internal Auditing and SCCE Code of Professional Ethics shall constitute the operating procedures for IAC.

Duties and Responsibilities

Internal Audit

- Develop a flexible annual audit plan using appropriate risk-based methodology, including any risks or control concerns identified by management, and submit that plan to the BOT Audit and Compliance committee for review and approval.
- Evaluate risk exposure and the adequacy and effectiveness of controls in responding to risks within UWF’s governance, operations, and information systems regarding the achievement of UWF’s strategic objectives, reliability and integrity of financial and operational information, effectiveness and efficiency of operations and programs, safeguarding of assets, and compliance with laws, regulations, policies, procedures, and contracts.
- Implement the annual audit plan as approved, including and as appropriate, any special tasks or projects requested by management and the audit committee.
- Conduct and coordinate audits, investigations and management reviews relating to the programs and operations of the University and its support organizations.
- Conduct, supervise, or coordinate other activities carried out or financed by the University for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting fraud and abuse in, its programs and operations. This may include facilitation, training, and advisory services.
- Execute audits, investigations, consulting services, and compliance oversight based on professional standards including the International Standards for the Practice of Internal Auditing, the Association of Certified Fraud Examiners, and the Society for Corporate Compliance and Ethics.
- Manage the University hotline. In accordance with UWF’s Policy on Fraudulent or Dishonest Acts, receive and consider complaints that do not meet the criteria for an investigation under the Florida Whistleblower’s Act, and conduct, supervise, or coordinate such inquiries, investigations, or reviews as appropriate.
- Evaluate the governance processes used by the University’s Board of Trustees to provide oversight of risk and control processes administered by management.
- Participate in the planning, design, and implementation of major information systems to ensure the systems are properly tested, secured, documented, and implemented to meet user requirements.
- Keep the University President, management, and the Audit and Compliance Committee for the University’s Board of Trustees informed concerning fraud, abuses, and internal control
deficiencies relating to programs and operations, initiate corrective actions, and report on the progress made in implementing corrective actions.

- Consider the scope of work and ensure effective coordination and cooperation between the Auditor General, federal auditors and other governmental bodies, and external auditors with a view toward avoiding duplication.
- Review, as appropriate, rules and procedures relating to the programs and operations of the University and make recommendations concerning their impact.
- Maintain a professional audit staff with sufficient knowledge, skills, experience, and professional certifications to meet the requirements of this charter.
- Establish a quality assurance program by which the associate vice president of IAC assures the operations of the IAC activities.
- Perform follow-up of recommendations to ascertain implementation status.

Compliance

- Monitor and promote University compliance with federal and state requirements, as well as all applicable policies, procedures, rules, and regulations.
- Inform, train and educate the UWF community in compliance matters, policies, procedures, ethical obligations, and Standards of Conduct.
- Manage, maintain, and operate the University’s Compliance database.
- Participate as a member of the SUS’s Compliance Consortium.
- Facilitate a culture of compliance at the University by overseeing compliance management and serving as an institutional resource for compliance matters.
- Ensure that each University function is effectively monitoring compliance risks.

In the performance of these services, IAC will ensure that an appropriate balance is maintained between audit, investigative, and other activities. IAC is responsible for performing audit work with due professional care, including having the appropriate education certification, experience, professionalism, personal integrity, and attitude of service, while producing relevant, timely, and quality work.

Betsy Bowers, Associate Vice President

Dr. Judith Bense Lewis Bear Ms. Susan O’Connor
President UWF Board of Trustees, Chair BOT Audit and Compliance Committee

Approved: March 1, 2016
Amended: March 11, 2008; March 8, 2012
UWF Board of Trustees Meeting
Audit and Operations Committee
March 1, 2016

Issue: BOG Required Internal Auditing Report: Performance Funding Data Integrity 2015
Proposed action: Acceptance

Background information:
Internal Auditing & Management Consulting (IAMC) completed the BOG-required audit for the period October 1, 2014-September 30, 2015: Performance Funding Data Integrity. Below is synopsis of the report with the full report as an attachment to this agenda item. The audit report was issued December 15, 2015.

Results:
The audit report included two findings as follows:

1. Management identified an error in application of the BOG definition/rule for calculating University GPA. The programming algorithm included prior and current semester credit hours instead of prior term credit hours only, as BOG definition prescribes. If a correction had been made prior to the submission, the Academic Progress Rate, Metric 5, would have resulted in one additional point for UWF in the 2014-15 reporting period; however, it would have not affected the overall ranking of UWF among the SUS institution or the amount of funding received by any of the SUS institutions. We recommended coding related to BOG metrics should be reviewed for accuracy and independently validated prior to submission. During our audit, management implemented an independent, dual validation procedure prior to submission.

2. Two resubmissions occurred during our audit period as a result of misinterpretation and miscommunication. The Student Instruction File was found to be in error for three reporting periods due to misinterpreting a data element and resulted in three resubmissions to BOG (August 2014, January 2015, and May 2015). The second resubmission related to miscoding the expenses of Florida Virtual Campus (FLVC) in the Operating Budget File as Public Service and thereby included in the university’s Cost to Degree calculation. These expenses should have been included as an institute and research center and would not have been part of the Cost to Degree calculation. We recommended a thorough review of coding related to BOG metrics occur at least once a year and independent validations prior to submission. During our audit, management worked with the Board of Governors for clarifications regarding data submissions and management implemented an independent, dual validation procedure prior to submission.

Recommendation: Acceptance of the Internal Auditing Report

Implementation: Management has implemented corrective actions. Internal Auditing will follow up to determine if adequate corrective actions occurred.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Supporting documents:
UWF-15-16_004 Internal Auditing Report Performance Funding Data Integrity -2015

Prepared by: Betsy Bowers, Associate Vice-President, bbowers@uwf.edu, 474-2636

Presenter: Betsy Bowers, Associate Vice-President
EXECUTIVE SUMMARY

In a letter to university Presidents and Boards of Trustees dated June 25, 2015, the Chairman of the Board of Governors (BOG) wrote:

“At the direction of this Board, each University President shall again complete a Data Integrity Certification affirmatively certifying each representation and/or providing an explanation as to why the representation cannot be made as written.

To make such certifications meaningful, university boards of trustees shall direct the university Chief Audit Executive to perform, or cause to have performed by an independent audit firm, an audit of the university’s processes that ensure the completeness, accuracy and timeliness of data submissions with an emphasis on data that supports performance funding metrics.”

Our audit period was October 1, 2014, through September 30, 2015. Accordingly, fieldwork began for the Performance Funding Data Integrity - 2015 audit on August 18, 2015, and ended on November 9, 2015. Our audit was conducted in accordance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and generally accepted auditing standards.

BACKGROUND

The Florida BOG has broad governance responsibilities affecting administrative and budgetary matters for Florida’s 12 public universities. Beginning in fiscal year 2013/14, the BOG instituted a performance funding program which is based on 10 performance metrics used to evaluate the institutions on a range of issues including graduation rates, job placement, cost per degree, and retention rates, among other things. According to information published by the BOG in May 2014, the following are key components of the funding model:

- Institutions will be evaluated on either Excellence or Improvement for each metric.
- Data is based on one-year data.
- The benchmarks for Excellence were based on the Board of Governors 2025 System Strategic Plan goals and analysis of relevant data trends, whereas the benchmarks for Improvement were determined after reviewing data trends for each metric.
- The Florida Legislature has approved $100 million in new funding for performance funding and a proportional amount to total $65 million would come from each university’s recurring state base appropriation and another $35 million from other system initiatives.

HISTORY OF UWF AND THE METRICS

The State University System (SUS) scores for BOG Performance Based Funding (PBF) for 2014 gave UWF a score of 21, which was below the minimum of 25 as required by the BOG PBF policy to receive funding. Institutions scoring less than 25 had their funding withheld and were required to submit an Improvement Plan in order to have their base funding restored.

UWF senior leadership submitted an Improvement Plan to the BOG which was approved on June 19, 2014. In December 2014, UWF received ½ of the withheld base funding; the other ½ was received in June 2015. When the SUS 2015 PBF scores were released in March 19, 2015, UWF’s score was 37. This substantial improvement was made by the amelioration of the following metrics:

- Metric 2: Median Average Wages of Undergraduates Employed in Florida 1 Year after Graduation
- Metric 4: Six Year Graduation Rates (Full-time and Part-time FTIC)
- Metric 5: Academic Progress Rate (2nd Year Retention with GPA above 2.0)
- Metric 8a: Graduate Degrees Awarded in Areas of Strategic Emphasis (includes STEM)
FUTURE AT UWF WITH THE METRICS

UWF is at risk of losing some State funding relative to metrics. This is partially due to the non-scoring of the Educational Leadership graduate degree at the University. The inability to include this degree's statistics in the UWF metrics could result in nine fewer metric points.

The Educational Leadership graduate degree was one of the first education degrees at UWF to be migrated to a fully online delivery mode as a means of accommodating the needs of working adults. During this time, Educational Leadership was identified as a program of strategic emphasis in the category of Economic Development: high wage/high demand which was part of the Board of Governors’ Y-Axis goals. The methodology for the Y-Axis goals is described in the BOG State University System Strategic Plan for 2005-2013 and published in June 2005.

In August 2008, the status of the Educational Leadership graduate degree changed to an area of strategic emphasis only for Florida Gulf Coast University. However, the BOG Academic Program Inventory accessible to Academic Administrators across the University via the BOG web-site continued to show the Educational Leadership degree on its list of areas of strategic emphasis since Fall 2005 even though the BOG list indicates that "Programs of Strategic Emphasis that are assigned to one University are not included." This created some confusion about the status of the Educational Leadership degree until Fall 2014 when it became the only education degree removed from the list.

Unfortunately for UWF, 2014/2015 was the first academic year that produced a significant increase in the number of graduates in its Educational Leadership program as a result of the work over the course of many years by the Dean of the College of Education and Professional Studies and the Innovation Institute to redesign the curriculum and successfully deploy the program in a fully online format.

Former Chancellor Mark Rosenberg described the potential for a university to be adversely affected by possible changes in a strategic programs list in a response to an OPPAGA study entitled Workforce Estimating Conference Potential Not Realized; Barriers Can Be Addressed published in March 2006. In his response to this report, the former Chancellor expressed caution about linking continuation funding for a university to degree production in targeted programs. He described this approach as risky because programs could be deleted from the list before graduates are produced. UWF is now experiencing this reality.

PRIOR AUDIT

This audit was performed last year at the request of the BOG with a report date of November 10, 2014. A review of internal controls over completeness, accuracy, and timeliness of submissions revealed sound processes. There was one opportunity for improvement noted:

With UWF’s recent transition from a legacy data system to Banner, not all of the key policies and procedures related to the submission of required SUS data files had been updated and formalized in writing yet, to align with the new data system.

UWF utilizes team collaboration and knowledge management software (Confluence) as a database for University business process narratives. Procedures for data files using Banner were formalized throughout the year as BOG submissions occurred. As this is the first full year to submit BOG data files using Banner Student, formal procedures are finalized as files are submitted to the BOG.
Accordingly, full implementation is expected prior to year's end.

**KEY OBSERVATIONS**

Overall, internal controls over the completeness, accuracy, and timeliness of data submissions to the BOG appeared sound. The audit revealed two opportunities for improvement:

1. During fieldwork, management identified an error in the application of the BOG definition/rule for calculating University GPA. The programming algorithm included prior and current semester credit hours instead of prior term credit hours only, as the BOG definition prescribes. Internal Auditing and Management Consulting was notified by management promptly after the error was identified.

As noted in the table on Finding 1 (page 6), if a correction had been made in the algorithms prior to the submission, the Academic Progress Rate, Metric 5, would have resulted in one additional point for UWF in the 2014-2015 reporting period. However, it would not have affected the overall ranking of UWF among the SUS institutions or the amount of funding received by any of the SUS institutions. Clarification regarding resubmission for Academic Progress Rate for prior years will need to be sought from BOG.

2. Two resubmissions occurred during our audit period as a result of misinterpretation and miscommunication.

   a. The Student Instruction File (SIF) required resubmission to the BOG due to a misinterpretation of the data definition. BOG data element descriptions are written in present tense and not past tense as the BOG intended. This contributed to misinterpretation and inconsistency. As a result, data element 01354 in the SIF file was miscoded requiring the SIF file to be resubmitted for three (3) reporting periods. This has been corrected and a resubmission request was sent to the BOG on November 4, 2015.

   b. Additionally, a miscommunication resulted in the expenses for the Florida Virtual Campus (FLVC) being incorrectly classified in the Operating Budget file used to compute the Cost to Degree. The expenses for the FLVC should be coded as I&R Centers so that they will not be included in the Cost to Degree calculation. A miscommunication during the transition of the FLVC to UWF resulted in the costs being recorded as Public Service. This was corrected and the file resubmitted to BOG on October 9, 2015.

The detailed Observations Report, including management's response and action plans, is attached for your convenience.

**NOTABLE STRENGTH**

To proactively manage any other errors with BOG submissions and data files, the Provost has implemented a procedure that all submissions must have an independent, dual validation prior to submission. Programmers in two different departments (Provost’s Office and Institutional Research) independently write/run queries based on their understanding/interpretation of the BOG definitions. Results are then compared and any differences are reconciled with the assistance of the BOG as needed before submitting the data to the BOG. This “best practice” is well designed to prevent further errors resulting from misinterpretations of the BOG definitions. We
commend them for the dedicated effort to ensure accurate records.

**SUGGESTED MANAGEMENT ACTIONS**

Below is an opportunity identified to strengthen the overall control environment:

- A thorough review of all algorithms related to BOG metric data files should be performed as necessary, but no less than once a year.

- Independent validations to verify data should continue. Updates and clarification should be elicited from BOG for the data element definitions to ensure consistency in interpretation and application of data elements across the SUS.

**CONCLUSION**

Based on our audit, we have concluded that the controls and processes the University of West Florida has in place to ensure the completeness, accuracy and timely submission of data to the Board of Governors in support of performance based funding are adequate. Further, we believe that our audit can be relied upon by the University Board of Trustees and President as a basis for certifying the representations made to the Board of Governors related to the integrity of data required for its performance based funding model.

We appreciate the cooperation, professionalism, and responsiveness of the staff who were involved in the audit.

Respectfully submitted,

Betsy Bowers, CIA, CFE, CGFM, CIG, CRMA
Associate Vice President, Internal Auditing and Management Consulting

Audit performed by: Dan Bevil

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**REPORT PROVIDED TO THE FOLLOWING:**

- Dr. Judith A. Bense, President
- Lewis Bear, Chair Board of Trustees
- Dr. Martha Saunders, Provost and Executive Vice President
- Dr. Steven Cunningham, Vice President Finance and Administration
- Dr. George Ellenberg, Vice Provost
- Pat Lott, General Counsel
- Robert Dugan, Dean of Libraries
- Shelly Blake, Director, Provost Office
- Dr. Joffery Gaymon, Assistant Vice President, Enrollment Affairs
- Dr. Michael White, Director Institutional Effectiveness, ASPIRE
- Keith King, Associate Director of Institutional Research
- Melanie Haveard, Executive Director and CTO, Information Technology Services
- Janice Gilley, Assistant Vice President, Governmental Relations
- Jim Stultz, Auditor General, Manager, Florida Colleges & Universities
- Ken Danley, Auditor General, Audit Supervisor, Pensacola
- Joe Maleszewski, BOG Chief Inspector General
- Susan O’Connor, Chair Audit Committee, Board of Trustees
- Dr. Pam Dana, Audit Committee, Board of Trustees
- Bob Jones, Audit Committee, Board of Trustees
- Rebecca Luntsford, Executive Specialist, Liaison to the Board of Trustees
OBSERVATIONS WITH MANAGEMENT’S RESPONSE

Performance Funding Data Integrity - 2015
UWF 15-16_004
OBSERVATION #1 WITH MANAGEMENT RESPONSE

What We Found

The GPA calculation reported on the BOG metrics data file was inaccurate. A coding error affecting the University GPA calculation existed in the Academic Progress Rate file submitted for the BOG metrics. The programming code included prior semester and current semester credit hours instead of prior term hours only, as the BOG algorithm is designed. Management created an independent verification process and found this programming error.

### Academic Progress Rate (GPA) Calculations
Using Original and Corrected Reporting Methods

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<td>Both</td>
<td>1,625</td>
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<tr>
<td></td>
<td>Correct</td>
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<td>898</td>
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<tr>
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<td>63.97%</td>
</tr>
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<td></td>
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<td><strong>Academic Progress Rate</strong></td>
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<td>65%</td>
<td>64%</td>
</tr>
<tr>
<td></td>
<td>Correct</td>
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<td>66%</td>
<td>65%</td>
</tr>
<tr>
<td><strong>Improvement Score (Metric 5)</strong></td>
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<td>0</td>
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<tr>
<td></td>
<td>Correct</td>
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<td>5</td>
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</tr>
</tbody>
</table>

Why the Issue is Important

The error resulted in one less point for metric five (5) in the 2014-15 reporting period. Inaccurate BOG metrics data reporting could result in the University losing much needed funding from the State of Florida.

What is Causing the Issue

The erroneous algorithm has been long-standing. It was not reviewed as part of the Banner conversion. The file from Banner was tested for accuracy against the prior system file. Since both files contained the error in coding, it went unnoticed.

What is Expected or Required

All BOG files must be accurate. Data files should be consistent with the definitions set forth by the BOG.

What We Suggest

All coding related to the BOG metrics should be reviewed for accuracy and independently validated prior to the next submission. A thorough review of all algorithms related to BOG metric data files should be performed as necessary, but no less than once a year, and records of these reviews should be maintained. Clarification from the BOG should be sought regarding any resubmission of prior year data on the Academic Progress Rate, Metric 5.
| Responsible Auditee | Dr. Martha Saunders, Provost and Executive Vice President  
|                     | Dr. George Ellenberg, Vice Provost  
|                     | Robert Dugan, Dean of Libraries |

**What Action Management Commits to Do**

In working toward a greater level of data integrity, Institutional Research staff at UWF and Board of Governors’ Institutional Research staff review data and data submissions. This is particularly important as UWF moves from its decades-old legacy system to an enterprise integration of Banner Student. The Board of Governors staff has been very helpful in this regard and has assisted us with identifying many issues with the data submissions.

As stated in the Notable Strength section of this report, the Provost has implemented an independent, dual validation procedure prior to submission. While this may seem as a duplication of effort, we believe this is a necessary step given the complexity of the data structures, tables, and fields that are queried in order to submit the files correctly. Clarifications of data element definitions will be sought as appropriate in order to ensure that UWF is adhering to established system definitions to ensure consistency in interpretation and application.

**Implementation Date**

Effective immediately.
# OBSERVATION #2 WITH MANAGEMENT RESPONSE

## What We Found
Two resubmissions occurred during our audit as a result of misinterpretation and miscommunication.

- The Student Instruction File was found to be in error for three (3) reporting periods. Coding for the Profile Assessment Flag element of the Student Instruction File (SIF) 2015 was in error. The Board of Governors’ (BOG) description of data element 01354 was misinterpreted to read present tense and not past tense as the BOG intended, resulting in an error in the file submission coding. As a result, three SIF files will be resubmitted to the BOG: August 2014, January 2015, and May 2015.
- The expenses for the Florida Virtual Campus (FLVC) were miscoded in the Operating Budget file used to compute the Cost to Degree. The expenses for the FLVC should be coded as I&R Centers so that they will not be included in the Cost to Degree calculation. A miscommunication during the transition of the FLVC to UWF resulted in the costs being recorded as Public Service.

## Why the Issue is Important
Numerous data resubmissions could indicate systematic inconsistencies. Inaccurate BOG Metrics data reporting could result in the University losing much needed funding from the State of Florida.

## What is Causing the Issue
University staff had difficulties understanding BOG definitions of cost components that go into the Cost of Degree. During the UWF and FLVC transition, a miscommunication was made regarding the financial reporting of FLVC costs. Many BOG data element descriptions are written in the present tense and not past tense as the BOG intended, resulting in misinterpretation and subsequent collection of data.

## What is Expected or Required
- All BOG data files should be consistent with the definitions set forth by the BOG and appropriate accounting standards.

## What We Suggest
- A thorough review of all coding related to the BOG metrics should be documented as necessary, but no less than once per year.
- Independent validations to verify data should continue. Seek updates and clarifications from BOG for the data element definitions to ensure consistency in interpretation and application of data elements across the SUS.

## Responsible Auditee
Dr. Martha Saunders, Provost and Executive Vice President  
Dr. George Ellenberg, Vice Provost  
Robert Dugan, Dean of Libraries

## What Action Management Commits to Do
In working toward a greater level of data integrity, Institutional staff at UWF and Board of Governors’ Institutional Research staff reviews data and data submissions. This is particularly important as UWF moves from its decades-old legacy system to an enterprise integration of Banner Student. The Board of Governors staff has been very helpful in this regard and has assisted us with identifying many issues with the data submissions.
As stated in the Notable Strength section of this report, the Provost has implemented an independent, dual validation procedure prior to submission. We believe that concentrating efforts in this area, although duplicative, is justified due to the critical need for accurate data. As part of this effort, we will also conduct a thorough review of all coding related to the BOG metrics annually.

| Implementation Date | Effectively immediately. |
June 25, 2015

MEMORANDUM

To: Chairs, University Boards of Trustees
   University Presidents

From: Mori Hosseini, Chair

Subject: Performance Based Funding
         Data Integrity Certification Process and Audit

As I highlighted in my January 2015 State of the System speech, the Performance Based Funding Model incentivizes improvements and rewards excellence on quality indicators such as retention, graduation rates, and degrees awarded in areas of strategic emphasis. The Performance Based Funding Model works, and we are already seeing that it achieves results and provides accountability. Our Governor, President of the Senate, and Speaker of the House have all demonstrated their support for Performance Based Funding.

Credibility of the Performance Based Funding Model is essential to our success. I would like to thank you for your diligence and the tireless efforts of your Data Administrators and many university staff during this cycle’s data submissions. Your efforts, coupled with the independent data integrity audits and formal high-level certification, provided assurance that data submitted for Board of Governors Performance Based Funding decision-making was reliable, accurate, and complete.

At the direction of this Board, each University President shall again complete a Data Integrity Certification (attached) affirmatively certifying each representation and/or providing an explanation as to why the representation cannot be made as written. These certifications and related explanations will be provided to the Board of Governors after being approved by the board of trustees.
To make such certifications meaningful, university boards of trustees shall direct the university Chief Audit Executive to perform, or cause to have performed by an independent audit firm, an audit of the university’s processes that ensure the completeness, accuracy and timeliness of data submissions with an emphasis on data that supports performance funding metrics.

The scope and objectives of the audit should be set jointly between the Chair of the university board of trustees and the university Chief Audit Executive. The audit shall be performed in accordance with the current *International Standards for the Professional Practice of Internal Auditing* as published by the Institute of Internal Auditors, Inc.

The results of this audit shall be provided to the Board of Governors after being accepted by the university’s board of trustees. The audit report shall include the university’s corrective action plan designed to correct any audit findings. The audit results shall support the President’s certification. The completed Data Integrity Certification and audit report shall be submitted to the Office of Inspector General and Director of Compliance no later than March 1, 2016.

We appreciate your cooperation and assistance in ensuring the integrity of the performance funding process.

If you have questions regarding these requirements, please do not hesitate to contact the Board of Governors Inspector General at BOGInspectorGeneral@flbog.edu or 850-245-0466.

MH/jkm

Attachment
UWF Board of Trustees Meeting
Audit & Operations Committee
March 1, 2016

Issue: Internal Auditing PCard Audit Reports
Quarter 2 Update (October 2015 – December 2015)

Proposed action: Acceptance

Purpose
To provide UWF Senior leadership a short, clear overview of the PCard audits completed during the quarter and highlight results. Our main objective is to report the status of PCard audits and any issues or findings requiring action.

Background
Internal Auditing has been charged with auditing PCard holder and approver activity as well as departmental activities and internal controls. The objectives of these audits were to determine if departments complied with UWF PCard policies and procedures, as well as to evaluate the level of understanding of PCard policies among PCard holders and approvers. UWF presently has 443 PCard holders distributed across 140 departments.

Notable Strengths
Files were well organized. Staff was well trained in PCard procedures. There was strong separation of duties.

Results for Quarter 2 (October - December 2015)
Twelve (12) departments\(^1\) encompassing 30 cardholders were examined on a sample basis. Individual reports were distributed to department heads and Procurement & Contracts upon completion of the audits. The totals below show the volume of activity occurring for these twelve departments and the amount tested. All reports are available from Internal Auditing.

<table>
<thead>
<tr>
<th>Departments Reviewed</th>
<th>Cardholders</th>
<th>Transactions Occurring</th>
<th>Transactions Tested</th>
<th>Total PCard Expenditures of Depts.</th>
<th>Total PCard Transactions Tested</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>30</td>
<td>1,208</td>
<td>293</td>
<td>$632,872</td>
<td>$496,587</td>
</tr>
</tbody>
</table>

Audit Opinion for the PCard Audit\(^1\)

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXCELLENT</td>
<td>3</td>
</tr>
<tr>
<td>GOOD</td>
<td>3</td>
</tr>
<tr>
<td>FAIR</td>
<td>2</td>
</tr>
<tr>
<td>POOR</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8</strong></td>
</tr>
</tbody>
</table>

\(^1\) Departments audited (listed by audit opinion): **EXCELLENT** – Dean of Students, WUWF, and University Police; **GOOD** – VP Student Affairs, CEPS Technology Support, and Environmental Health Safety; **FAIR** – College of Arts, Social Sciences, and Humanities; SBDC State Director's Office; **POOR** – None.
Most Common Findings for Quarter 2 (October - December 2015)

1. The Department Head did not review and sign the monthly reconciliation reports.
2. The monthly reconciliation reports were not completed timely.
3. Sales tax was paid and a refund not requested.

Recommendation:
Acceptance of the Internal Auditing PCard Reports for the Second Quarter of Fiscal Year 2015-2016

Implementation: For PCard audit reports issued during the second quarter (October - December 2015), management will implement corrective actions to be completed in fiscal year 2015/16. Internal Auditing will follow up to determine if adequate corrective actions occurred.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Elizabeth Mrachek, PCard Auditor, emrachek@uwf.edu, 850-474-2639
Presenter: Betsy Bowers, Associate Vice President
Issue: Revision of University Policy HR-18.00-2004/07 “Hours of Work and Benefits”

Proposed Action: Recommend approval

Background Information: The University’s Hours of Work and Benefits policy was originally adopted by the Board of Trustees in July 2004. On February 15, 2016, a change in the text of this policy was circulated to the University community for comment. No comments related to the proposed changes have been received to date. There is a 30-day comment period for proposed amendments to University policies. The comment period will not be completed by March 1, 2016, but will be completed by March 24, 2016, the date of the full BOT meeting.

The proposed changes relate to the timing of payment for unused annual leave for employees who convert from leave accruing positions to non-leave accruing positions and for employees who convert from annual leave accruing positions to OPS positions. The proposed language would allow for payment of unused annual leave at the time the employee separates from the University for those who convert to non-leave accruing positions, at the rate of pay the employee earned at the time of the transition. The proposed language would allow for payment of unused annual leave at the time of conversion for employees who convert to OPS positions. In either case, employees would be permitted to take an annual leave payout only one time during their employment with the University.

Recommendation: Approve this policy as set forth in the supporting documentation. If comments are received they will be provided to Board of Trustees at the March 24, 2016 meeting.

Implementation Plan: If approved by the full Board of Trustees, the revised policy will be placed on the Human Resources website on the HR policy section. Announcements will be placed in the HR electronic newsletter, HR Bulletin.

Fiscal Implications: None

Supporting documents: Text of HR-18.00-2004/07 Hours of Work and Benefits, with proposed amendments shown.

Prepared by: Jeff Comeau, Associate Director of Human Resources, 850-474-2610, jcomeau@uwf.edu

Presented by: Jeff Comeau, Associate Director of Human Resources, 850-474-2610, jcomeau@uwf.edu
Policy Title: TO: University of West Florida-Community

Hours of Work and Benefits

FROM-Originator: Dr. John Cavanaugh, Dr. Judith A. Bense,
President

SUBJECT: Hours of Work and Benefits

Responsible Office/Executive: Executive Vice President and Human
Resources

Policy/Purpose: The University of West Florida provides information on benefits available to all employees and shall implement and communicate the general hours of work and procedures for the utilization, accrual, and access of leave for all employees. The University complies with the Fair Labor Standards Act (FLSA) for hours of work and benefits purposes.

CONTENTS:

(1) Hours of Work
(2) Flexible Hours and Flexible Place Schedules
(3) Exempt and Non-exempt for Overtime Eligibility
(4) Record Keeping
(5) Leaves
(6) Health, Life, and Supplemental Insurance
(7) Retirement
(8) Tax Deferred Annuities (TDA)
(9) Payroll Deductions
(10) Benefits for Retirees
(11) Solicitation/Marketing Guidelines for Employee Benefits and Retirement Programs

(1) Hours of Work
(a) Ordinarily, eight hours shall constitute a workday. The University’s official hours of operation are from 8:00 a.m. to 5:00 p.m., Monday through Friday. Flexible hours and flexible place schedules have been authorized by the President/designee.
   (b) Required attendance at approved training courses shall be considered as hours worked.
   (c) When an employee is called back to work beyond the employee's scheduled hours of work for that day, the employee shall be credited with actual time worked, including time to and from the employee's home to the assigned work location, or a minimum of two hours of work, whichever is greater.
   (d) Official travel, authorized by the University, whether on regular workdays or regular days off, shall be counted as hours worked.

(2) Flexible Hours and Flexible Place Schedules
(a) The University supports and encourages the use of flexible hour work schedules to meet personal needs, provided such work arrangements do not decrease the level or quality of work for the department/work unit and are in the best interest of the University. Requests for
flexible work schedules must be approved by the appropriate supervisory and departmental authorities.

(b) Alternate work locations, or flexible-place assignments must be approved by the appropriate supervisory and departmental authorities. Employees are required to complete an appropriate participatory agreement in accordance with University procedures.

(3) Exempt and Non-exempt for Overtime Eligibility
(a) In compliance with the FLSA, positions are assigned a status of “exempt” or “non-exempt” for purposes of accruing overtime and compensatory time.
1. The non-exempt status is not exempt from the maximum hours and overtime pay requirements of the FLSA.
2. The exempt status is exempt from the maximum hours and overtime pay requirements of the FLSA.

(4) Record Keeping
(a) Hours worked and leave taken are reported bi-weekly.
(b) An employee who earns or uses any type of leave shall be credited or charged with such leave to the nearest quarter of an hour.
(c) Requests for medical leave, medical certifications, and return to work certifications are maintained in a separate confidential personnel file in accordance with the requirements of the Family and Medical Leave Act and Public Records Law.
(d) Provisions related to non-exempt employees
1. Employees may be allowed one 15-minute work break during the first half of their work shift and one 15-minute work break during the second half of their work shift, provided that:
   a. An employee shall not accumulate unused work breaks.
   b. Work break time shall not be authorized for covering an employee’s late arrival on duty or early departure from duty.
2. Overtime
   a. Work schedules for employees eligible for overtime shall be arranged so overtime is not required, except in situations where the divisional Vice President determines that statutory responsibilities prescribed for the University cannot be accomplished properly unless overtime is authorized.
   b. The divisional Vice President may pay a non-exempt employee for any or all of the employee's accrued compensatory leave at any time.
   c. Upon reasonable notice, the Vice President may require a non-exempt employee to use any part of the employee's accrued compensatory leave in increments of eight hours, or in increments equivalent to the number of hours of work in an employee's regularly scheduled workday, at any time.
   d. An employee may be required to use earned compensatory leave before using accrued annual leave.

(5) Leaves
(a) All requests for leave with or without pay shall be in writing to the appropriate supervisory authority in advance of the effective date of the leave.
(b) Medical Certification for Leave
1. The University requires an employee to provide medical certification from a health care provider for FMLA, sick, parental, compulsory and any other medically based leave.

2. Additional certifications may be required as appropriate.

3. The University may require the employee to submit to a medical examination at the University’s expense.

4. The University may require a medical certification where a supervisor has documented concerns regarding an employee’s use of leave.

5. The University may require an employee to provide medical certification from an attending health care provider regarding ability to return to work.

(c) Annual Leave

1. Accrual-Annual leave for full-time employees shall be as set forth below, with proportionate accrual for less than full-time employees. An academic year (39 weeks) employee and an employee appointed for less than nine months shall not accrue annual leave. OPS employees are not eligible to accrue annual leave.

<table>
<thead>
<tr>
<th>Hours Accrued (Per) Pay Period</th>
<th>Year End Maximums</th>
<th>Maximum Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Service</td>
<td>9.2</td>
<td>480</td>
</tr>
<tr>
<td>12 Month Faculty</td>
<td>7</td>
<td>352</td>
</tr>
<tr>
<td>University Work Force</td>
<td>7</td>
<td>352</td>
</tr>
</tbody>
</table>

a. Annual leave shall be accrued prior to use unless annual leave is advanced by the President/designee. When leave has been advanced and employment is terminated prior to repayment, the dollar equivalent of the advanced leave will be deducted from the employee’s final pay.

b. Employees may accrue annual leave in excess of the year end maximum during a calendar year. Employees with accrued annual leave in excess of the year end maximum as of December 31, shall have any excess converted to post October 1, 1973 sick leave on an hour-for-hour basis on January 1 of each year. The employee may retain hours in excess of the year end maximum with the approval of the President/designee.

2. Request-All requests for annual leave shall be submitted by the employee to the supervisor as far in advance as possible. Approval of the dates on which an employee wishes to take annual leave shall be at the discretion of the supervisor and shall be subject to the consideration of departmental/unit and organizational scheduling.

3. Conversion Upon conversion from an annual leave-accruing position to a non-annual leave-accruing position, the employee shall be paid for unused annual leave, however, at the time of conversion. Upon separation from the University, the employee may elect to retain all unused annual leave, for up to two years, and will be paid for the remaining 352 hours of unused annual leave, at the hourly rate of the employee’s salary, the employee was paid in the annual leave accruing position at the time of conversion. Employees may take such an annual leave payout only one time during their employment with the University.
Employees who convert from an annual leave accruing position to an OPS position (including adjunct positions) will be paid at the time of conversion for their unused annual leave, for up to 352 hours of unused annual leave, at the hourly rate the employee was paid in the annual leave accruing position at the time of conversion to the OPS position. Employees may take such an annual leave payout only one time during their employment with the University.

4. Separation-An employee who separates from employment shall be paid for all unused annual leave hours up to the year end maximum allowed for the pay plan. Upon entering into the Deferred Retirement Optional Program (DROP), employees may elect to be paid up to the year end maximum of their unused annual leave.

5. Transfer-Transfer of unpaid and unused annual leave from other governmental entities is permitted provided an appropriate reciprocal agreement is in effect.

(d) Sick Leave
1. Accrual-Bi-weekly sick leave accrual for full-time employees shall be as noted below, with proportionate accrual for less than full-time. Years of service for purposes of sick leave accrual are limited to service at the University of West Florida.

<table>
<thead>
<tr>
<th></th>
<th>0-5 Yrs</th>
<th>&gt;5-10</th>
<th>&gt;10-20</th>
<th>&gt;20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Service</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Faculty</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>University Work Force</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

a. Sick leave shall be accrued before use unless available through a sick leave pool. There is no maximum on the amount of sick leave accrued. Sick leave accrued prior to October 1, 1973, shall be used prior to any sick leave accrued after that date.

b. OPS employees are not eligible to accrue sick leave.

2. Use of-Sick leave is authorized for the following purposes:
   a. The employee's personal illness, injury, exposure to a contagious disease, a disability where the employee is unable to perform assigned duties, or appointments with health care providers.
   b. The illness, injury, appointments with health care providers, or death of a member of the employee's immediate family. Immediate family members are defined as the spouse, grandparents, parents, brothers, sisters, children (including State authorized foster-care children), and grandchildren of both the employee and the employee’s spouse.

3. Certification
   a. After three workdays of absence in any 30 day period or if a pattern of abuse is documented, the University may require a medical certification from a health care provider before authorizing additional use of sick leave by the employee.
   b. After ten consecutive days of absence, the employee will be required to submit a medical certification from a health care provider before additional use of sick leave is authorized for the employee.

4. Separation-an employee with ten or more years of service at UWF, or at UWF and another State of Florida public University combined, shall be paid for one-eighth of all unused
sick leave accrued prior to October 1, 1973, and for one-fourth of unused sick leave up to a total of 480 hours accrued after October 1, 1973.

a. Upon reemployment at the University of West Florida within 100 days of separation, unpaid sick leave may be restored.

b. An employee with less than ten years of service at UWF, or less than ten years at UWF and another State of Florida public University combined, shall not be paid for any unused sick leave and such leave shall be forfeited unless the individual is reemployed by the University of West Florida within 100 days.

5. Transfer-Transfer of unpaid and unused sick leave from other governmental entities is permitted provided an appropriate reciprocal agreement is in effect.

6. Sick Leave Pool-Employees, with at least one year of employment with the University of West Florida and 64 hours of accrued sick leave are eligible to join the Sick Leave Pool. Membership in the Pool requires an initial contribution of 16 hours (prorated for part time employees) of accrued sick leave. Members of the Sick Leave Pool may donate hours to a specific member of the Pool. These donated hours are subject to the provisions of the Sick Leave Pool Procedures, as governed by the Sick Leave Pool Committee Charter. All unused donated hours will remain in the general Pool. Procedures for other donations to the Pool are set forth in the Sick Leave Pool Procedures. All Sick Leave Pool donations are non-refundable.

(e) Family and Medical Leave (FMLA)

1. The FMLA is for the birth or placement for adoption/foster care of a child, to care for a spouse, parent, or child with a serious health condition, or for the serious health condition of the employee.

2. All University employees, (including OPS employees) who have worked at the University for at least 12 months and for at least 1250 hours in the 12-months prior to the requested leave are eligible for FMLA leave. The 12 months need not have been consecutive.

3. Eligible employees are provided with up to 12 workweeks of Family and Medical Leave within a 12 month period in compliance with the Family and Medical Leave Act (FMLA) of 1993. The 12 month period is defined as the calendar year (January 1 – December 31).

4. Employees may use paid leave, unpaid leave, or a combination of both for an FMLA event and such shall be counted toward the entitlement.

5. On return from FMLA leave, an employee is entitled to be returned to the same position or to an equivalent position with equivalent benefits, pay, and working conditions.

(f) Disability Related to Job Injury (Workers’ Compensation)

1. Provisions shall be consistent with the following:

a. An employee shall remain in full pay status for a period up to a maximum of 40 hours without being required to use accrued leave. If, during that period, the employee receives Workers’ Compensation benefits then the employee shall reimburse the University the amount of the benefits. Such reimbursement shall not include payments for expenses related to medical, surgical, hospital, or nursing treatment or payments of disability losses.

b. Medical certification by an approved health care provider may be required.

c. The employee may be allowed to use paid leave during “disability related to job injury leave” to continue the contributions to State benefits and other expenses.

d. Unless agreed otherwise, an employee shall be employed in the same or similar status upon completion of the approved leave period and upon receipt of appropriate medical certification.

e. Employees who fail to meet the conditions of the “disability related to job injury
leave” or who fail to obtain medical certification and are unable to perform duties may be offered part-time employment, placed or continued on unpaid leave, requested to resign, or dismissed for inability to perform the duties of the position.

(g) Compulsory Leave
1. Placing Employee on Compulsory Leave
   a. If an employee is unable to perform assigned duties due to illness or injury the University may require the employee to submit to a medical examination by a health care provider chosen and paid by the University. The results of the medical examination will be released to the University. The employee has the option to chose and pay for the health care provider as long as the provider is acceptable to the University and provides the results of the examination and appropriate medical information to the University.
   b. If the results of the examination and medical information confirm that the employee is unable to perform assigned duties, the University may place the employee on compulsory leave.
2. Conditions of Compulsory Leave
   a. The University shall provide the employee with written notification that he/she has been placed on compulsory leave. The notice shall include the duration of the compulsory leave period, to the extent known, and the conditions under which the employee may return to work. These conditions may require the successful completion of, or participation in, a program of rehabilitation or treatment, and follow-up medical certification(s) by the health care provider, as appropriate, or other requirements.
   b. The compulsory leave period may be taken with pay to the extent that the employee has an accrued annual or sick leave balance.
   c. If the employee fulfills the terms and conditions of the compulsory leave and provides to the University appropriate medical certification stating that the employee is able to perform assigned duties, the University shall return the employee to the employee's previous duties, if possible, or to equivalent duties.
3. Failure to Complete Conditions of Compulsory Leave or Inability to Return to Work- If the employee fails to fulfill the terms and conditions of the compulsory leave and/or is unable to return to work and perform assigned duties at the end of the compulsory leave period, the University shall advise the employee, as appropriate, of the Florida Retirement System's disability provisions and application process, and may, based upon the University's needs:
   a. Place the employee in leave without pay
   b. Request the employee's resignation; or
   c. Dismiss the employee from employment

(h) Parental Leave
1. Employees shall be provided with up to six months of unpaid parental leave when the employee becomes a biological or adoptive parent or a child is placed in the employee’s home pending adoption. An employee may use sick and/or annual leave during the parental leave period.
2. Parental leave may begin up to two weeks prior to the expected date of the child's arrival unless otherwise approved by the President/designee.
3. The President/designee shall acknowledge to the employee in writing the period of leave to be granted, that such leave counts against the employee’s unused FMLA entitlements, and the date of return to employment.

(i) Administrative Leave
1. Administrative leave counts as hours of pay, but does not count as hours of work
for overtime purposes. In no case may the approval of administrative leave cause an employee
to exceed 40 hours, or exceed the employee’s established work hours.

2. Administrative leave includes the following:
   a. Court Appearances or Jury Duty – Administrative leave with pay will be granted
      for jury duty when appropriate documentation from the Clerk of the Court is provided or, for
      witnesses subpoenaed or required to appear in court or in administrative matters related to their
      duties as University employees. In such instances, witness fees shall be retained by the
      employee. Administrative leave will not be granted for appearances as an expert witness unless
      the payment for the expert witness testimony is remitted to the University.
   b. Bereavement Leave – Employees are entitled to three workdays of administrative
      leave for the death of members of their immediate family, as defined in subsection (5)(d)2.b.
      Leave requests shall include the name and relationship of the deceased immediate family
      member and may be taken up to six months after the date of death.
   c. Military Training/Active Duty - Employees who are members of the U.S. Armed
      Forces Reserve, shall, upon presentation of a copy of the employee's official orders issued
      pursuant to the authority of Title 10 or Title 32, U.S. Code, be granted Administrative Leave
      during the period in which the employee is ordered to active or inactive duty for training.
      (I) Such leave, whether continuous or intermittent, shall not exceed 17 working days
      in any one Federal fiscal year (October 1 - September 30).
      (II) A copy of the official orders shall be maintained in the employee's personnel file.
   d. National Guard Service - Employees who are members of the National Guard
      Service shall upon presentation of the employee's official orders issued pursuant to the Chapter
      250, Florida Statutes, be granted Administrative Leave during periods in which the employee is
      ordered to active State service.
      (I) Such leave with pay shall not exceed 30 days at any one time.
      (II) A copy of the official orders shall be filed in the employee's personnel file.
   e. Official Emergency Closing - Administrative leave shall be provided for official
      emergency closing of University facilities. Special Compensatory leave shall be provided to
      eligible employees required to perform essential services during the emergency closing. Only
      employees scheduled to work during the time of the emergency closing shall be provided
      administrative leave.
   f. Emergency Response - The President/designee may grant up to two days of
      administrative leave for civil disorder or disaster for an employee who is a member of a
      volunteer emergency response team.
   g. Voting - The President/designee may provide administrative leave up to one hour
      for voting in public elections; the employee must provide appropriate documentation.
   h. Volunteer Service – With appropriate supervisory approval, employees may be
      provided up to two hours of administrative leave per calendar month for service within their
      communities. Such service may be provided through school assistance or as a volunteer member
      of a community service organization.
   i. Leave Pending Investigation - When the President/designee has reason to believe
      that an employee’s presence on the job may adversely affect the operation of the University or
      cause injury to the employee or others, the employee may immediately be placed on leave
      pending investigation.
   j. Leave Pending Discipline - The President/designee may place an employee on
      administrative leave during the time between a Notice of Proposed Reduction of Pay,
Suspension, Termination or Dismissal and the effective date of such action. Refer also to the Human Resources Policy on Standards of Conduct.

(j) Other Leaves of Absence
1. An employee may, upon request, be granted leave without pay for a period not to exceed 12 calendar months unless the granting of such leave is inconsistent with the best interests of the University.

2. Use of sick or annual leave pay (intermittent leave) is authorized during a leave of absence without pay for parental, state-authorized foster care, medical, or military reasons.

3. An employee who has been placed on a leave of absence without pay, and is therefore in non-pay status for the entire day before a holiday, shall not be eligible to receive payment for such holiday or any other holiday observed while the employee is on such leave.

4. For employees on military, medical or parental leave, the employer shall continue, for the corresponding pay periods, to contribute to state insurance for a period not to exceed six months.

5. All approved leaves of absence without pay shall be counted as continuous service.

6. All leave without pay requests shall be submitted to the Director of Human Resources, after being approved by the employee’s appropriate supervisory authority.

(6) Health, Life, and Supplemental Insurance
(a) Salaried employees are provided options for State sponsored health, life, and supplemental insurance through the Division of State Group Insurance (DSGI) and the University pursuant to plan rules, policies, terms, and regulations. Insurance coverage for the domestic partners of employees is not provided by the State or University.

1. Premiums are a combination of pre-tax employee deductions, unless the employee requests an official exception, and employer contributions.

2. Employee-paid supplemental insurance plans are available.

3. Approved insurance plans and coverage may only be added or changed at the time of new hire, annual open enrollment or when a qualifying status change event occurs. A qualifying status change, as defined by the Division of State Group Insurance (DSGI), includes: marriage, adoption, birth of a child, divorce, death, change in employment status, or significant change in health coverage attributable to the spouse’s employment. This list may not be inclusive of all qualifying status changes; check with Human Resources for additional information.

(7) Retirement
(a) The University provides retirement plans for employees; retirement contributions are paid by the employer for all employees other than OPS employees.

(b) Retirement Program Options
1. The Florida Retirement System (FRS) is a defined benefit pension plan sponsored by the State of Florida. Upon completion of six years of creditable service, members are vested in the plan and are eligible to receive a lifetime income benefit upon retirement. The amount received is based on the member's age, years of creditable service, the value of each year of service, and the average final compensation which is the average of the highest five years of salary.

2. The Optional Retirement Plan (ORP) is a defined contribution pension plan sponsored by the State of Florida. Each pay period, the University contributes a percentage of
earnings into an annuity for the participant. Regardless of the length of service, participants receive a lifetime monthly annuity income at retirement that is based on the amount of funds contributed, the investment earnings of those funds, and the type of annuity selected. Participants may choose to contribute to their selected annuity in accordance with Internal Revenue Code regulations.

3. The Public Employees Optional Retirement Program (PEORP) is a defined contribution plan. The University contributes a percentage of the participating employee’s salary into an annuity plan. Regardless of the length of service, participants receive a lifetime monthly annuity at retirement.

4. The Teacher's Retirement System (TRS) is available for retirement purposes to existing members only. A detailed description of the retirement option(s) offered by TRS may be obtained from the Division of Retirement or Human Resources.

5. The University also offers the Deferred Retirement Option Program (DROP), an early retirement incentive option.
   a. DROP provides eligible FRS members an alternative method for payout of retirement benefits for up to 60 months after a member reaches age 62 or has completed 30 years of employment. If 30 years of service is obtained prior to age 57, DROP participation may be deferred until age 57. Special Risk employees must be either age 55 and vested in FRS OR complete 25 years of service.
   b. DROP allows members to have their retirement benefits deposited monthly into an annuity account, which earns interest, while the employee simultaneously continues to work.
   c. An employee who fails to terminate employment on time will lose the accumulated DROP account and his or her retirement will be revoked. In such cases, the employee’s membership in FRS will be retroactively established to reflect the start date of DROP and the University will assume payment of the differential in contributions to the employee's FRS account.
   d. Eligible rollover plans include an individual retirement account, an individual retirement annuity, a qualified trust, and an annuity.
   e. Leave options: DROP participants may elect to be paid for unused annual leave and any overtime or special compensatory leave (if earned within the last eleven months).
      (I) Annual leave and compensation payments are included in the calculation of the highest five years of salary. A participant may receive payment for the applicable maximum allowable amount of leave accrual. Any annual leave hours in excess of the applicable maximum remain as annual leave to be used during the five year DROP period.
      (II) Leave payments may be tax sheltered.
   (8) Tax Deferred Annuities (TDA)
      (a) Employees may establish additional savings for retirement through participation in tax deferred programs. There are no taxes assessed on annuity contributions or earnings until funds are withdrawn.
      (b) Included in the University's tax deferred programs are 403(b) Tax Deferred Annuities (TDA) and 457 Deferred Compensation plans. Specifics on each of the available plans may be obtained from Human Resources.

   (9) Payroll Deductions - Employees may elect payroll deductions for employee insurance programs, pre-paid college, Nautilus Card, union dues, annuities, parking decals, United Way, University Foundation, and credit unions.
(10) Benefits for Retirees
(a) In addition to retention of insurance plans, the following benefits are provided to University of West Florida retirees except where to do so would interfere with University operations:
1. Use of a retired employee identification card
2. Use of University Library
3. Listing in the University directory
4. Placement on designated University mailing lists
5. Use of a free University parking decal
6. Use of University recreational facilities, applicable fees apply
7. Use of a mailbox in the department from which retired, subject to availability
8. Use of a University email account

(11) Soliciting/Marketing Guidelines for Employee Benefits and Retirement Programs
(a) Solicitation of insurance and annuity products on the University of West Florida campus are limited to those agents who have been pre-approved by the State of Florida/University of West Florida. Approval is limited to the State Deferred Compensation Program, the Public Employees Optional Retirement Program, and the Optional Retirement Program. State benefits are those approved by the Division of Management Services as pretax programs and the State of Florida Optional Life Insurance plan.

(b) Additional insurance and annuity products must be approved by the University of West Florida. UWF approval requires response to a Request for Proposal, selection of a product/company, and approval by the President/designee. Once a product/company is selected as the agent of record, each of its agents must submit a current valid Florida license.

(c) At no time may any agent solicit products other than those authorized by the University and/or the State of Florida. Violation of this policy may result in removal of the agent permanently from the University campus.

Change Justification:

This policy is being revised as the result of a review of University Human Resources policies.

Authority and Related Documents
Reference: Fair Labor Standards Act; Chapter 121-122 Florida Statutes; UWF Rule 6C6-2.028 Holidays; UWF/REG-2.028 University Holidays; Family and Medical Leave Act; 110.123 FS.; Chapters 403(b) and 457 of the Internal Revenue Code; applicable rules; and relevant Collective Bargaining Agreements.

History:

HR-18.00-2004/07 Hours of Work and Benefits, adopted July 2004; amended hereby.

Approved By: ___________________________ Date: ________________

Dr. John Cavanaugh
Judith A. Bense, President
University Policy HR-18.02-03/16

Policy Title: To: University of West Florida
Community Hours of Work and Benefits

FROM: Originator: Dr. John Cavanaugh, Dr. Judith A. Bense, President
SUBJECT: Hours of Work and Benefits

Responsible Office/Executive: Executive Vice President and Human Resources

Policy/Purpose: The University of West Florida provides information on benefits available to all employees and shall implement and communicate the general hours of work and procedures for the utilization, accrual, and access of leave for all employees. The University complies with the Fair Labor Standards Act (FLSA) for hours of work and benefits purposes.

CONTENTS:

(1) Hours of Work
(2) Flexible Hours and Flexible Place Schedules
(3) Exempt and Non-exempt for Overtime Eligibility
(4) Record Keeping
(5) Leaves
(6) Health, Life, and Supplemental Insurance
(7) Retirement
(8) Tax Deferred Annuities (TDA)
(9) Payroll Deductions
(10) Benefits for Retirees
(11) Solicitation/Marketing Guidelines for Employee Benefits and Retirement Programs

(1) Hours of Work
(a) Ordinarily, eight hours shall constitute a workday. The University’s official hours of operation are from 8:00 a.m. to 5:00 p.m., Monday through Friday. Flexible hours and flexible place schedules have been authorized by the President/designee.
(b) Required attendance at approved training courses shall be considered as hours worked.
(c) When an employee is called back to work beyond the employee's scheduled hours of work for that day, the employee shall be credited with actual time worked, including time to and from the employee's home to the assigned work location, or a minimum of two hours of work, whichever is greater.
(d) Official travel, authorized by the University, whether on regular workdays or regular days off, shall be counted as hours worked.

(2) Flexible Hours and Flexible Place Schedules
(a) The University supports and encourages the use of flexible hour work schedules to meet personal needs, provided such work arrangements do not decrease the level or quality of work for the department/work unit and are in the best interest of the University. Requests for
flexible work schedules must be approved by the appropriate supervisory and departmental authorities.

(b) Alternate work locations, or flexible-place assignments must be approved by the appropriate supervisory and departmental authorities. Employees are required to complete an appropriate participatory agreement in accordance with University procedures.

(3) Exempt and Non-exempt for Overtime Eligibility

(a) In compliance with the FLSA, positions are assigned a status of “exempt” or “non-exempt” for purposes of accruing overtime and compensatory time.

1. The non-exempt status is not exempt from the maximum hours and overtime pay requirements of the FLSA.

2. The exempt status is exempt from the maximum hours and overtime pay requirements of the FLSA.

(4) Record Keeping

(a) Hours worked and leave taken are reported bi-weekly.

(b) An employee who earns or uses any type of leave shall be credited or charged with such leave to the nearest quarter of an hour.

(c) Requests for medical leave, medical certifications, and return to work certifications are maintained in a separate confidential personnel file in accordance with the requirements of the Family and Medical Leave Act and Public Records Law.

(d) Provisions related to non-exempt employees

1. Employees may be allowed one 15-minute work break during the first half of their work shift and one 15-minute work break during the second half of their work shift, provided that:
   a. An employee shall not accumulate unused work breaks.
   b. Work break time shall not be authorized for covering an employee’s late arrival on duty or early departure from duty.

2. Overtime
   a. Work schedules for employees eligible for overtime shall be arranged so overtime is not required, except in situations where the divisional Vice President determines that statutory responsibilities prescribed for the University cannot be accomplished properly unless overtime is authorized.
   b. The divisional Vice President may pay a non-exempt employee for any or all of the employee's accrued compensatory leave at any time.
   c. Upon reasonable notice, the Vice President may require a non-exempt employee to use any part of the employee's accrued compensatory leave in increments of eight hours, or in increments equivalent to the number of hours of work in an employee's regularly scheduled workday, at any time.
   d. An employee may be required to use earned compensatory leave before using accrued annual leave.

(5) Leaves

(a) All requests for leave with or without pay shall be in writing to the appropriate supervisory authority in advance of the effective date of the leave.

(b) Medical Certification for Leave
1. The University requires an employee to provide medical certification from a health care provider for FMLA, sick, parental, compulsory and any other medically based leave.

2. Additional certifications may be required as appropriate.

3. The University may require the employee to submit to a medical examination at the University’s expense.

4. The University may require a medical certification where a supervisor has documented concerns regarding an employee’s use of leave.

5. The University may require an employee to provide medical certification from an attending health care provider regarding ability to return to work.

   (c) Annual Leave

   1. Accrual-Annual leave for full-time employees shall be as set forth below, with proportionate accrual for less than full-time employees. An academic year (39 weeks) employee and an employee appointed for less than nine months shall not accrue annual leave. OPS employees are not eligible to accrue annual leave.

   

<table>
<thead>
<tr>
<th></th>
<th>Hours Accrued (Per) Pay Period</th>
<th>Year End Maximums</th>
<th>Maximum Payment</th>
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<tr>
<td>Executive Service</td>
<td>9.2</td>
<td>480</td>
<td>480</td>
</tr>
<tr>
<td>12 Month Faculty</td>
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<td>352</td>
<td>352</td>
</tr>
<tr>
<td>University Work Force</td>
<td>7</td>
<td>352</td>
<td>352</td>
</tr>
</tbody>
</table>

a. Annual leave shall be accrued prior to use unless annual leave is advanced by the President/designee. When leave has been advanced and employment is terminated prior to repayment, the dollar equivalent of the advanced leave will be deducted from the employee’s final pay.

b. Employees may accrue annual leave in excess of the year end maximum during a calendar year. Employees with accrued annual leave in excess of the year end maximum as of December 31, shall have any excess converted to post October 1, 1973 sick leave on an hour-for-hour basis on January 1 of each year. The employee may retain hours in excess of the year end maximum with the approval of the President/designee.

2. Request-All requests for annual leave shall be submitted by the employee to the supervisor as far in advance as possible. Approval of the dates on which an employee wishes to take annual leave shall be at the discretion of the supervisor and shall be subject to the consideration of departmental/unit and organizational scheduling.

3. Conversion-Upon conversion from an annual leave accruing position to a non-annual leave accruing position, the employee shall be paid for unused annual leave, however, at the time of conversion. Employees who convert from an annual leave accruing position to a non-annual leave accruing position may retain up to 352 hours of unused annual leave, however, at the time of conversion. Upon separation from the University, the employee may elect to retain all will be paid up for their unused annual leave, for up to two years, and will be paid for the remaining 352 hours of unused annual leave, at the hourly rate of the employee’s salary the employee was paid in the annual leave accruing position at the time of conversion. Employees may take such an annual leave payout only one time during their employment with the University.
Employees who convert from an annual leave accruing position to an OPS position (including adjunct positions) will be paid at the time of conversion for their unused annual leave, for up to 352 hours of unused annual leave, at the hourly rate the employee was paid in the annual leave accruing position at the time of conversion to the OPS position. Employees may take such an annual leave payout only one time during their employment with the University.

4. Separation-An employee who separates from employment shall be paid for all unused annual leave hours up to the year end maximum allowed for the pay plan. Upon entering into the Deferred Retirement Optional Program (DROP), employees may elect to be paid up to the year end maximum of their unused annual leave.

5. Transfer-Transfer of unpaid and unused annual leave from other governmental entities is permitted provided an appropriate reciprocal agreement is in effect.

(d) Sick Leave
1. Accrual-Bi-weekly sick leave accrual for full-time employees shall be as noted below, with proportionate accrual for less than full-time. Years of service for purposes of sick leave accrual are limited to service at the University of West Florida.

<table>
<thead>
<tr>
<th></th>
<th>0-5 Yrs</th>
<th>&gt;5-10</th>
<th>&gt;10-20</th>
<th>&gt;20</th>
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<tr>
<td>Faculty</td>
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<td>5</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>University Work Force</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
</tr>
</tbody>
</table>

a. Sick leave shall be accrued before use unless available through a sick leave pool. There is no maximum on the amount of sick leave accrued. Sick leave accrued prior to October 1, 1973, shall be used prior to any sick leave accrued after that date.

b. OPS employees are not eligible to accrue sick leave.

2. Use of-Sick leave is authorized for the following purposes:
   a. The employee's personal illness, injury, exposure to a contagious disease, a disability where the employee is unable to perform assigned duties, or appointments with health care providers.
   b. The illness, injury, appointments with health care providers, or death of a member of the employee's immediate family. Immediate family members are defined as the spouse, grandparents, parents, brothers, sisters, children (including State authorized foster-care children), and grandchildren of both the employee and the employee’s spouse.

3. Certification
   a. After three workdays of absence in any 30 day period or if a pattern of abuse is documented, the University may require a medical certification from a health care provider before authorizing additional use of sick leave by the employee.
   b. After ten consecutive days of absence, the employee will be required to submit a medical certification from a health care provider before additional use of sick leave is authorized for the employee.

4. Separation-an employee with ten or more years of service at UWF, or at UWF and another State of Florida public University combined, shall be paid for one-eighth of all unused
sick leave accrued prior to October 1, 1973, and for one-fourth of unused sick leave up to a total of 480 hours accrued after October 1, 1973.

a. Upon reemployment at the University of West Florida within 100 days of separation, unpaid sick leave may be restored.

b. An employee with less than ten years of service at UWF, or less than ten years at UWF and another State of Florida public University combined, shall not be paid for any unused sick leave and such leave shall be forfeited unless the individual is reemployed by the University of West Florida within 100 days.

5. Transfer—Transfer of unpaid and unused sick leave from other governmental entities is permitted provided an appropriate reciprocal agreement is in effect.

6. Sick Leave Pool—Employees, with at least one year of employment with the University of West Florida and 48 hours of accrued sick leave are eligible to join the Sick Leave Pool. Membership in the Pool requires an initial contribution of 16 hours (prorated for part time employees) of accrued sick leave. Members of the Sick Leave Pool may donate hours to a specific member of the Pool. These donated hours are subject to the provisions of the Sick Leave Pool Procedures, as governed by the Sick Leave Pool Committee Charter. All unused donated hours will remain in the general Pool. Procedures for other donations to the Pool are set forth in the Sick Leave Pool Procedures. All Sick Leave Pool donations are non-refundable.

(e) Family and Medical Leave (FMLA)
1. The FMLA is for the birth or placement for adoption/foster care of a child, to care for a spouse, parent, or child with a serious health condition, or for the serious health condition of the employee.

2. All University employees, (including OPS employees) who have worked at the University for at least 12 months and for at least 1250 hours in the 12-months prior to the requested leave are eligible for FMLA leave. The 12 months need not have been consecutive.

3. Eligible employees are provided with up to 12 workweeks of Family and Medical Leave within a 12 month period in compliance with the Family and Medical Leave Act (FMLA) of 1993. The 12 month period is defined as the calendar year (January 1 – December 31).

4. Employees may use paid leave, unpaid leave, or a combination of both for an FMLA event and such shall be counted toward the entitlement.

5. On return from FMLA leave, an employee is entitled to be returned to the same position or to an equivalent position with equivalent benefits, pay, and working conditions.

(f) Disability Related to Job Injury (Workers’ Compensation)
1. Provisions shall be consistent with the following:

a. An employee shall remain in full pay status for a period up to a maximum of 40 hours without being required to use accrued leave. If, during that period, the employee receives Workers’ Compensation benefits then the employee shall reimburse the University the amount of the benefits. Such reimbursement shall not include payments for expenses related to medical, surgical, hospital, or nursing treatment or payments of disability losses.

b. Medical certification by an approved health care provider may be required.

c. The employee may be allowed to use paid leave during “disability related to job injury leave” to continue the contributions to State benefits and other expenses.

d. Unless agreed otherwise, an employee shall be employed in the same or similar status upon completion of the approved leave period and upon receipt of appropriate medical certification.

e. Employees who fail to meet the conditions of the “disability related to job injury
leave” or who fail to obtain medical certification and are unable to perform duties may be offered part-time employment, placed or continued on unpaid leave, requested to resign, or dismissed for inability to perform the duties of the position.

(g) Compulsory Leave
1. Placing Employee on Compulsory Leave
   a. If an employee is unable to perform assigned duties due to illness or injury the University may require the employee to submit to a medical examination by a health care provider chosen and paid by the University. The results of the medical examination will be released to the University. The employee has the option to chose and pay for the health care provider as long as the provider is acceptable to the University and provides the results of the examination and appropriate medical information to the University.
   b. If the results of the examination and medical information confirm that the employee is unable to perform assigned duties, the University may place the employee on compulsory leave.
2. Conditions of Compulsory Leave
   a. The University shall provide the employee with written notification that he/she has been placed on compulsory leave. The notice shall include the duration of the compulsory leave period, to the extent known, and the conditions under which the employee may return to work. These conditions may require the successful completion of, or participation in, a program of rehabilitation or treatment, and follow-up medical certification(s) by the health care provider, as appropriate, or other requirements.
   b. The compulsory leave period may be taken with pay to the extent that the employee has an accrued annual or sick leave balance.
   c. If the employee fulfills the terms and conditions of the compulsory leave and provides to the University appropriate medical certification stating that the employee is able to perform assigned duties, the University shall return the employee to the employee's previous duties, if possible, or to equivalent duties.
3. Failure to Complete Conditions of Compulsory Leave or Inability to Return to Work- If the employee fails to fulfill the terms and conditions of the compulsory leave and/or is unable to return to work and perform assigned duties at the end of the compulsory leave period, the University shall advise the employee, as appropriate, of the Florida Retirement System's disability provisions and application process, and may, based upon the University's needs:
   a. Place the employee in leave without pay
   b. Request the employee's resignation; or
   c. Dismiss the employee from employment

(h) Parental Leave
1. Employees shall be provided with up to six months of unpaid parental leave when the employee becomes a biological or adoptive parent or a child is placed in the employee’s home pending adoption. An employee may use sick and/or annual leave during the parental leave period.
2. Parental leave may begin up to two weeks prior to the expected date of the child's arrival unless otherwise approved by the President/designee.
3. The President/designee shall acknowledge to the employee in writing the period of leave to be granted, that such leave counts against the employee’s unused FMLA entitlements, and the date of return to employment.

(i) Administrative Leave
1. Administrative leave counts as hours of pay, but does not count as hours of work
for overtime purposes. In no case may the approval of administrative leave cause an employee to exceed 40 hours, or exceed the employee’s established work hours.

2. Administrative leave includes the following:
   a. Court Appearances or Jury Duty – Administrative leave with pay will be granted for jury duty when appropriate documentation from the Clerk of the Court is provided or, for witnesses subpoenaed or required to appear in court or in administrative matters related to their duties as University employees. In such instances, witness fees shall be retained by the employee. Administrative leave will not be granted for appearances as an expert witness unless the payment for the expert witness testimony is remitted to the University.

   b. Bereavement Leave – Employees are entitled to three workdays of administrative leave for the death of members of their immediate family, as defined in subsection (5)(d)2.b. Leave requests shall include the name and relationship of the deceased immediate family member and may be taken up to six months after the date of death.

   c. Military Training/Active Duty - Employees who are members of the U.S. Armed Forces Reserve, shall, upon presentation of a copy of the employee's official orders issued pursuant to the authority of Title 10 or Title 32, U.S. Code, be granted Administrative Leave during the period in which the employee is ordered to active or inactive duty for training.

   (I) Such leave, whether continuous or intermittent, shall not exceed 17 working days in any one Federal fiscal year (October 1 - September 30).

   (II) A copy of the official orders shall be maintained in the employee's personnel file.

   d. National Guard Service - Employees who are members of the National Guard Service shall upon presentation of the employee's official orders issued pursuant to the Chapter 250, Florida Statutes, be granted Administrative Leave during periods in which the employee is ordered to active State service.

   (I) Such leave with pay shall not exceed 30 days at any one time.

   (II) A copy of the official orders shall be filed in the employee's personnel file.

   e. Official Emergency Closing - Administrative leave shall be provided for official emergency closing of University facilities. Special Compensatory leave shall be provided to eligible employees required to perform essential services during the emergency closing. Only employees scheduled to work during the time of the emergency closing shall be provided administrative leave.

   f. Emergency Response - The President/designee may grant up to two days of administrative leave for civil disorder or disaster for an employee who is a member of a volunteer emergency response team.

   g. Voting - The President/designee may provide administrative leave up to one hour for voting in public elections; the employee must provide appropriate documentation.

   h. Volunteer Service – With appropriate supervisory approval, employees may be provided up to two hours of administrative leave per calendar month for service within their communities. Such service may be provided through school assistance or as a volunteer member of a community service organization.

   i. Leave Pending Investigation - When the President/designee has reason to believe that an employee’s presence on the job may adversely affect the operation of the University or cause injury to the employee or others, the employee may immediately be placed on leave pending investigation.

   j. Leave Pending Discipline - The President/designee may place an employee on administrative leave during the time between a Notice of Proposed Reduction of Pay,
Suspension, Termination or Dismissal and the effective date of such action. Refer also to the Human Resources Policy on Standards of Conduct.

(j) Other Leaves of Absence
1. An employee may, upon request, be granted leave without pay for a period not to exceed 12 calendar months unless the granting of such leave is inconsistent with the best interests of the University.
2. Use of sick or annual leave pay (intermittent leave) is authorized during a leave of absence without pay for parental, state-authorized foster care, medical, or military reasons.
3. An employee who has been placed on a leave of absence without pay, and is therefore in non-pay status for the entire day before a holiday, shall not be eligible to receive payment for such holiday or any other holiday observed while the employee is on such leave.
4. For employees on military, medical or parental leave, the employer shall continue, for the corresponding pay periods, to contribute to state insurance for a period not to exceed six months.
5. All approved leaves of absence without pay shall be counted as continuous service.
6. All leave without pay requests shall be submitted to the Director of Human Resources, after being approved by the employee’s appropriate supervisory authority.

(6) Health, Life, and Supplemental Insurance
(a) Salaried employees are provided options for State sponsored health, life, and supplemental insurance through the Division of State Group Insurance (DSGI) and the University pursuant to plan rules, policies, terms, and regulations. Insurance coverage for the domestic partners of employees is not provided by the State or University.
1. Premiums are a combination of pre-tax employee deductions, unless the employee requests an official exception, and employer contributions.
2. Employee-paid supplemental insurance plans are available.
3. Approved insurance plans and coverage may only be added or changed at the time of new hire, annual open enrollment or when a qualifying status change event occurs. A qualifying status change, as defined by the Division of State Group Insurance (DSGI), includes: marriage, adoption, birth of a child, divorce, death, change in employment status, or significant change in health coverage attributable to the spouse’s employment. This list may not be inclusive of all qualifying status changes; check with Human Resources for additional information.

(7) Retirement
(a) The University provides retirement plans for employees; retirement contributions are paid by the employer for all employees other than OPS employees.
(b) Retirement Program Options
1. The Florida Retirement System (FRS) is a defined benefit pension plan sponsored by the State of Florida. Upon completion of six years of creditable service, members are vested in the plan and are eligible to receive a lifetime income benefit upon retirement. The amount received is based on the member's age, years of creditable service, the value of each year of service, and the average final compensation which is the average of the highest five years of salary.
2. The Optional Retirement Plan (ORP) is a defined contribution pension plan sponsored by the State of Florida. Each pay period, the University contributes a percentage of
earnings into an annuity for the participant. Regardless of the length of service, participants receive a lifetime monthly annuity income at retirement that is based on the amount of funds contributed, the investment earnings of those funds, and the type of annuity selected. Participants may choose to contribute to their selected annuity in accordance with Internal Revenue Code regulations.

3. The Public Employees Optional Retirement Program (PEORP) is a defined contribution plan. The University contributes a percentage of the participating employee’s salary into an annuity plan. Regardless of the length of service, participants receive a lifetime monthly annuity at retirement.

4. The Teacher's Retirement System (TRS) is available for retirement purposes to existing members only. A detailed description of the retirement option(s) offered by TRS may be obtained from the Division of Retirement or Human Resources.

5. The University also offers the Deferred Retirement Option Program (DROP), an early retirement incentive option.
   a. DROP provides eligible FRS members an alternative method for payout of retirement benefits for up to 60 months after a member reaches age 62 or has completed 30 years of employment. If 30 years of service is obtained prior to age 57, DROP participation may be deferred until age 57. Special Risk employees must be either age 55 and vested in FRS OR complete 25 years of service.
   b. DROP allows members to have their retirement benefits deposited monthly into an annuity account, which earns interest, while the employee simultaneously continues to work.
   c. An employee who fails to terminate employment on time will lose the accumulated DROP account and his or her retirement will be revoked. In such cases, the employee’s membership in FRS will be retroactively established to reflect the start date of DROP and the University will assume payment of the differential in contributions to the employee's FRS account.
   d. Eligible rollover plans include an individual retirement account, an individual retirement annuity, a qualified trust, and an annuity.
   e. Leave options: DROP participants may elect to be paid for unused annual leave and any overtime or special compensatory leave (if earned within the last eleven months).
      (I) Annual leave and compensation payments are included in the calculation of the highest five years of salary. A participant may receive payment for the applicable maximum allowable amount of leave accrual. Any annual leave hours in excess of the applicable maximum remain as annual leave to be used during the five year DROP period.
      (II) Leave payments may be tax sheltered.

(8) Tax Deferred Annuities (TDA)
   a. Employees may establish additional savings for retirement through participation in tax deferred programs. There are no taxes assessed on annuity contributions or earnings until funds are withdrawn.
   b. Included in the University's tax deferred programs are 403(b) Tax Deferred Annuities (TDA) and 457 Deferred Compensation plans. Specifics on each of the available plans may be obtained from Human Resources.

(9) Payroll Deductions - Employees may elect payroll deductions for employee insurance programs, pre-paid college, Nautilus Card, union dues, annuities, parking decals, United Way, University Foundation, and credit unions.
(10) Benefits for Retirees

(a) In addition to retention of insurance plans, the following benefits are provided to University of West Florida retirees except where to do so would interfere with University operations:

1. Use of a retired employee identification card
2. Use of University Library
3. Listing in the University directory
4. Placement on designated University mailing lists
5. Use of a free University parking decal
6. Use of University recreational facilities, applicable fees apply
7. Use of a mailbox in the department from which retired, subject to availability
8. Use of a University email account

(11) Soliciting/Marketing Guidelines for Employee Benefits and Retirement Programs

(a) Solicitation of insurance and annuity products on the University of West Florida campus are limited to those agents who have been pre-approved by the State of Florida/University of West Florida. Approval is limited to the State Deferred Compensation Program, the Public Employees Optional Retirement Program, and the Optional Retirement Program. State benefits are those approved by the Division of Management Services as pretax programs and the State of Florida Optional Life Insurance plan.

(b) Additional insurance and annuity products must be approved by the University of West Florida. UWF approval requires response to a Request for Proposal, selection of a product/company, and approval by the President/designee. Once a product/company is selected as the agent of record, each of its agents must submit a current valid Florida license.

(c) At no time may any agent solicit products other than those authorized by the University and/or the State of Florida. Violation of this policy may result in removal of the agent permanently from the University campus.

Change Justification:

This policy is being revised as the result of a review of University Human Resources policies.

Authority and Related Documents

Reference: Fair Labor Standards Act; Chapter 121-122 Florida Statutes; UWF Rule 6C6-2.028 Holidays; UWF/REG-2.028 University Holidays; Family and Medical Leave Act; 110.123 FS.; Chapters 403(b) and 457 of the Internal Revenue Code; applicable rules; and relevant Collective Bargaining Agreements.

History:

HR-18.00-2004/07 Hours of Work and Benefits, adopted July 2004; amended hereby.

Approved By: Dr. John Cavanaugh
Judith A. Bense, President
Issue: External Audit: Financial Exam of Florida Small Business Development Center (SBDC) Network

Proposed action: Informational

Background information:
Pursuant to 15 USC 648 §21(k)(1) of the Small Business Act and the Code of Federal Regulations (CFR) 13, Part 130 requires the Small Business Administration (SBA) to perform a financial and programmatic examination every two years. The examination of the Florida Small Business Development Center (FL-SBDC) network was conducted for the Program Year 2014.

After filling out SBA’s Risk Assessment Questionnaire and providing supporting documentation electronically, the Florida SBDC Network received a Level Two Review (limited scope desk review). This occurred during July-October 2015 and focused on internal controls at the Lead Center (State Director’s Office-Pensacola) and the financial activities of the Florida Small Business Development Centers (FL SBDC) at Miami-Dade (Broward County), Ft. Lauderdale, and SBDC at Indian River College. Objectives of the audit were to determine if adequate controls were in place to ensure:

1. Accuracy of the reported financial and management data;
2. Whether costs incurred and claimed for reimbursement were allowable and allocable; and
3. Compliance with program policies, operating procedures, applicable laws and regulations.

Results:
The FL SBDC network is in compliance with:
1. Financial reports being submitted timely;
2. The monitoring of the financial aspects of its service centers;
3. Time & Effort recordkeeping requirements;
4. The monitoring of its Cash Disbursement requirements;
5. Indirect cost requirements;
6. In-Kind Cost requirements; and
7. Program Income requirements.

There were no findings in this audit report.

Recommendation: None

Implementation Plan: The external auditors made no audit recommendations or management letter items. Accordingly, no further actions are warranted.

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees of activities affiliated with or through the University of West Florida.

Supporting documents:
SBA Audit Report 15-09 “Financial Examination of the Florida Small Business Development Center Network” Cooperative Agreement SBAHQ-14-B-0065 dated November 2, 2015

Prepared by: Betsy Bowers, Associate Vice President, bbowers@uwf.edu, 474-2636
Facilitator/Presentor: Betsy Bowers
Mr. Michael Myhre  
State Director  
Small Business Development Center  
University of West Florida  
11000 University Pkwy, Bldg 38  
Pensacola, FL 32514  

RE: Biennial Financial Examination  

Dear Mr. Myhre:  

Enclosed is the final financial examination report of the Florida SBDC network for the Program Year 2014 conducted July through October 2015.  

We appreciate the high level of cooperation you demonstrated throughout the examination process.  

If there are any questions regarding the final report, please contact Felicia Smith, Financial Examiner at Felicia.Smith@sba.gov or at (202) 205-7522.  

Sincerely,  

Scott Henry  
Acting Director  
Financial Examinations Unit  

Enclosure  

Cc: Cassius Butts, SBA Regional Administrator  
Leon "Lonnie" Koyama, SBA Project Officer  
Francisco Marrero, SBA District Director  
Brian McDonald, SBA Program Manager  
Brett Thibodeau, ASBDC Accreditation Program Manager, Burke, VA  
Scott Henry, Acting Director, Financial Examinations, Washington, DC
Financial Examination of the Florida Small Business Development Center

Report No. 15-09
Date: 11/2/2015
Cooperative Agreement: SBAHQ-14-B-0065
November 2, 2015

Associate Administrator for Small Business Development Centers
Office of Small Business Development Centers
Washington, DC

The attached financial examination, desk review was conducted during July 2015-October 2015, of the Florida Small Business Development Center (FL-SBDC) network, including the lead center at Pensacola, FL and the Small Business Development Centers (SBDCs) at SBDC Miami-Dade, SBDC in Broward, Ft. Lauderdale, and SBDC at Indian River State College. The scope of the financial examination focused on validating the adequacy of the FL-SBDC network financial management procedures to ensure compliance with financial laws, regulations, and policies of the SBDC Program.

The overall objective of the financial examination was to determine whether the FL-SBDC network had controls in place to ensure: (1) the accuracy of the reported financial management data; (2) costs incurred and claimed for reimbursement were allowable and allocable; (3) compliance with applicable laws and regulations, policies, operating procedures as it pertains to financial management. This was accomplished by reviewing samples of Financial Reporting, Cash Disbursements, Indirect Cost, Program Income, and other financial requirements of the SBDC Program.

Overall, FL-SBDC is in compliance with the financial objectives of the SBDC Program. Based on the review of the limited data examined, there are no findings requiring attention.

Please extend my sincere thanks to the FL-SBDC for the cooperation and courtesies they afforded the Financial Examination Unit during this examination.

Felicia Daniels Smith
Small Business Administration
Office of Entrepreneurial Development
Financial Examiner, Financial Examinations Unit
Executive Summary:

A financial examination desk review was conducted during July 2015-October 2015, of the Florida Small Business Development Center (FL-SBDC) network including the lead center at Pensacola, FL and the Small Business Development Centers (SBDCs) at SBDC Miami-Dade, SBDC in Broward, Ft. Lauderdale, and SBDC at Indian River State College. The overall objectives of the Small Business Administration (SBA) financial examination process are to determine whether the FL-SBDC network has controls in place to ensure: (1) the accuracy of the reported financial and management data; (2) whether costs incurred and claimed for reimbursement were allowable and allocable; (3) compliance with program policies, operating procedures, applicable laws and regulations. The scope of the financial examination focused on the adequacy of the FL-SBDC network management to ensure compliance with policies, laws, and regulations of the SBDC Program. This was accomplished by reviewing FL-SBDC’s compliance with the Reporting, Time and Effort, Cash Disbursements, Indirect Cost, and Program Income requirements of the SBDC Program.

FL-SBDC reported Federal expenditures of $6,312,950.74 for the network, which was matched with $6,760,884.39 in cash match, $0 of In-Kind Contribution, and $2,137,875.64 of waived Indirect Costs.

Findings: There are no findings to report.
I. EXAMINATION PURPOSE

The overall objective of the SBA financial examination process is to determine whether the SBDC network has controls in place to ensure: (1) the accuracy of the reported financial and management data; (2) whether costs incurred and claimed for reimbursement were allowable and allocable; (3) compliance with program policies, operating procedures, applicable laws and regulations.

Pursuant to 15 USC 648 § 21(k) (1) of the Small Business Act (the Act) and the Code of Federal Regulations (CFR) 13, Part 130 which require the Office of Small Business Development Centers (OSBDC) to perform a financial and programmatic examination of each SBDC network every two years.

This examination was conducted during July 2015-October 2015, and covered the SBDC operations for Program Year 2014. Our examination focused on the financial activities of the FL-SBDC. The Centers included in our review were as follows:

- Florida SBDC Network, University of West Florida – Lead Center
- SBDC Miami-Dade, Miami, FL
- SBDC in Broward, Ft. Lauderdale, Ft. Lauderdale, FL
- SBDC at Indian River State College, Ft. Pierce, Ft. Pierce, FL

The findings and opinions noted in this report pertain solely to the centers and samples selected. This examination does not substitute for audits required of Federal grantees under the Single Audit Act of 1984 or Office of Management and Budget (OMB) Circular A-110 or A-133. Named users of this report are the SBA, America’s Small Business Development Centers (ASBDC) Accreditation Committee, the University of West Florida, and the FL-SBDC network. This report is not intended as a basis for reliance or action by any other users.

II. CORRECTIVE ACTIONS RESULTING FROM PREVIOUS EXAMINATION

Summary of corrective actions is located in Attachment 1.
III. RESULTS OF CURRENT EXAMINATION

Reporting

No Finding - Although reporting cycles were not tested by the financial examiner, the required financial reports have been submitted within SBA’s specified closing dates. Overall, the general ledgers properly supported all requests for reimbursement submitted by the network service centers to the lead center.

Service Center Monitoring

No Finding – The examination included a review of sample transactions of Federal expenditures from the lead center and selected service center’s general ledgers, invoices and supporting documents. The review included samples of expenditures for personnel salaries and direct operating costs. The lead center has sufficient expertise, staffing, and procedures in place to oversee all financial activities of the FL-SBDC network.

Time & Effort

No Finding – The examination included a review of time and effort for employees at the lead center and selected service centers. The review included samples of timesheets and certifications for employees working on the SBDC program.

Cash Disbursements (Federal and Matching)

No Finding - The examination included a review of transaction activity from the lead center and selected service center’s general ledger accounts. Invoices and support documentation, together with sample expenditures for personnel salaries and direct operating costs were used. As a general rule, ledgers have properly supported all requests for reimbursement, submitted by the service centers to the lead center. The examination included a test of 50 transactions:

- 15 transactions at the Lead Center
- 11 transactions at SBDC Miami-Dade
- 14 transactions at SBDC in Broward
- 10 transactions at SBDC at Indian River State College

The Federal Financial Report, SF-425, was supported by a crosswalk spreadsheet maintained by the lead center. The lead center reported Federal expenditures of $6,312,950.74 for the network, which was matched with $6,760,884.39 in cash match.

The FL-SBDC network appears to have adequate controls in place to ensure that costs claimed by the service centers are reasonable, allowable, and allocable.
Indirect Costs

No Finding - The FL-SBDC network Federal Financial Report, SF-425, reported a total of $3,182,260.61 for Indirect Costs. A detailed breakout of Indirect Cost shows the amount reimbursed by Federal funds for the period totaled $1,044,384.97 with $2,137,875.64 reported as waived indirect non-cash matching costs. The examiner reviewed all Indirect Cost agreements for the FL-SBDC network and found that Indirect Costs appeared to be calculated correctly and in accordance with documented agreements.

In-Kind Match

No Finding - The FL-SBDC network reported $0 of In-Kind Match contributions for the period January 1, 2014 - December 31, 2014.

Program Income Receipts and Disbursements

No Finding - Program Income activity from the network was reported on SBA Form 2113 (Program Income Report) and further supported by the lead center’s internal schedule or spreadsheet of network Program Income. The examination included a review of selected transactions with no discrepancies.

The lead center reported a network opening balance on January 1, 2014 of $1,113,180.70 and $681,777.93 in revenue and $546,834.85 in expenses for the period. The FL-SBDC network reported a closing Program Income balance of $1,248,123.78 for the period ending December 31, 2014.

A review of the ending balance shows that the FL-SBDC is within the 25% policy that requires SBDCs to expend any Program Income exceeding 25% of their total budget. This was tested by the examiner and determined to be within the limits as established in the Program Announcement and the Notice of Award and therefore the FL-SBDC is in compliance with this requirement.
### RESULTS OF CURRENT EXAMINATION

Results of our Examination of Cost Claimed on the Federal Financial Report (SF-425) for the Period 1/01/2014 thru 12/31/2014

<table>
<thead>
<tr>
<th>Item Number</th>
<th>Item Description</th>
<th>Claimed</th>
<th>Examiner Adjustment</th>
<th>Adjusted Amount</th>
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<td>10a</td>
<td>Cash Receipts</td>
<td>$4,309,526.03</td>
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<td>10b</td>
<td>Cash Disbursements</td>
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<td>Cash on Hand (a minus b)</td>
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**Federal Expenditures and Unobligated Balance:**

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<td>Federal Share of Unliquidated Obligations</td>
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<td>Total Federal Share</td>
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<td>Unobligated Balance of Federal Funds</td>
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**Recipient Share:**

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**Program Income:**

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<td>Total Federal Program Income Earned</td>
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<td>Unexpended Program Income (line l minus line m or line n)</td>
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<td>$0.00</td>
<td>$0.00</td>
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SUMMARY OF RESULTS

Based on the limited testing of the data available from the lead center and the selected service centers, it was determined that the FL-SBDC network:

1. Is in compliance with Reporting requirements;
2. Is in compliance with monitoring of the financial activities of its Service Centers;
3. Is in compliance with Time & Effort reporting;
4. Is in compliance with monitoring of its Cash Disbursement requirements;
5. Is in compliance with Indirect Cost requirements;
6. Is in compliance with In-Kind Match requirements;
7. Is in compliance with Program Income requirements.
Finding 1: The FL-SBDC lead center charged $36,850.00 of in-kind contributions for advisory board time and consultation against the program. Advisory board members may not be reimbursed for time at meetings as outlined in the Notice of Award. $20,000 is allowed for consultation as approved in the budget and $16,850.00 is disallowed because adequate documentation was not provided to support the in-kind contribution by advisory board members.

Finding 1 is resolved. Please note that the network did not claim in-kind contributions for program year 2014.

Finding 2: The Service Center at Palm Beach State College, Boca Raton, FL charged $16,376.88 of in-kind contributions for a number of newspaper articles. While newspaper articles mentioning or featuring the SBDC is great publicity, it is not a “donation” from the newspaper and therefore not an in-kind contribution. The $16,376.88 is disallowed as an in-kind contribution.

Finding 2 is resolved. Please note that the network did not claim in-kind contributions for program year 2014.
Issue: External Audit: Intercollegiate Athletics Financial Statement Audit

Proposed action: Informational

Background information:
Annually, a financial audit is conducted of the UWF Intercollegiate Athletics. This is to comply with NCAA Bylaws. To ensure compliance, the Associate Vice-President of Internal Auditing and Management Consulting performed a cursory review of the documents and determined each met the requirements.

Results:
UWF Intercollegiate Athletics received a clean unqualified opinion. No deficiencies were identified in the internal controls over financial reporting that were considered to be material weaknesses. Results of testing disclosed no instances of noncompliance or other matters that were required to be reported.

Financial Highlights:
- Revenue from student athletic fees increased from $5,510,929 in 2014 to $5,656,393 in 2015; however, revenue from direct institutional support (including university scholarship support) decreased from $1,424,751 in 2014 to $1,190,085 in 2015.
- Total operating expenses increased from $7,187,785 in 2014 to $8,098,693 in 2015 primarily due to an increase in personnel services and scholarships.
- Unrestricted Net Position decreased by $146,260 during the fiscal year.

Recommendation: Informational

Implementation Plan: None

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees of activities affiliated with or through the University of West Florida.

Supporting documents:
Intercollegiate Athletics Financial Statements for fiscal year ending June 30, 2015
Intercollegiate Athletics Audit Communication Letter June 30, 2015

Prepared by: Betsy Bowers, Associate Vice-President, bbowers@uwf.edu, 474-2636

Presenter: Betsy Bowers, Associate Vice-President
December 17, 2015

To the Finance Committee,
University of West Florida Athletics Department of Intercollegiate Athletics

We have audited the financial statements of Florida State University Department of Intercollegiate Athletics (the Department) as of and for the years ended June 30, 2015 and 2014, and have issued our report thereon dated December 17, 2015. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 16, 2015, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of Department of Intercollegiate Athletics the Department solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.
Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Department is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the years ended June 30, 2015 and 2014. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Management’s estimate of the depreciation expense is based on the underlying assets depreciation calculated using the straight-line method over the assets’ useful lives. We evaluated the key factors and assumptions used to develop the estimate of depreciation expense in determining that it is reasonable in relation to the basic financial statements.

- Management’s estimate of the allowance for doubtful accounts is based on the expected collectability of receivables. We evaluated the key factors and assumptions used to develop the estimate of allowance for doubtful accounts in determining that it is reasonable in relation to the basic financial statements.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.
In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole or applicable opinion units.

**Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Department’s financial statements or the auditor’s report. No such disagreements arose during the course of the audit.

**Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated December 17, 2015.

**Management’s Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the Department, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Department’s auditors.

This report is intended solely for the information and use of management and the Department and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

JAMES MOORE CO., P.L.
December 17, 2015

James Moore & Co., P.L.
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308

This representation letter is provided in connection with your audit of the financial statements of University of West Florida Athletics Department of Intercollegiate Athletics (the Department), which comprise the statement of financial position as of June 30, 2015 and 2014 and the related statements of revenues, expenses and change in net position and cash flows for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of December 17, 2015.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated October 16, 2015.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

- We have reviewed, approved, and taken responsibility for the financial statements and related notes.

- We have a process to track the status of audit findings and recommendations.

- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.

All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.

All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.

All funds and activities are properly classified.

All funds that meet the quantitative criteria in GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus as amended, and GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.

All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.

Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.

All interfund and intra-entity transactions and balances have been properly classified and reported.

Deposit and investment risks have been properly and fully disclosed.

Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

All required supplementary information is measured and presented within the prescribed guidelines.

With regard to investments and other instruments reported at fair value:

The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated courses of action.

The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.

There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

**Information Provided**

We have provided you with:
- Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.

- Additional information that you have requested from us for the purpose of the audit.

- Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have no knowledge of any fraud or suspected fraud that affects the Department and involves:
  - Management,
  - Employees who have significant roles in internal control, or
  - Others where the fraud could have a material effect on the financial statements.

- We have no knowledge of any allegations of fraud or suspected fraud affecting the Department’s financial statements communicated by employees, former employees, grantors, regulators, or others.

- We have disclosed to you all known actual or possible litigation, claims, and assessment whose effects should be considered when preparing the financial statements.

- We have disclosed to you the identity of the Department’s related parties and all the related party relationships and transactions of which we are aware.

- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

- The Department has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

- We have disclosed to you all guarantees, whether written or oral, under which the Department is contingently liable.

- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

- There are no:
Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

The Department has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

- Except as made known to you and disclosed in the notes to the financial statements, the Department has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

- We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.

- Required supplementary information (MD&A) is measured and presented within the prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the required supplementary information.

Jeffrey A. Djerlek, CPA, Associate Controller

Delma Cotsonis, Business Manager
UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014
<table>
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<tr>
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<td>Independent Auditors’ Report</td>
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<tr>
<td>Management’s Discussion and Analysis</td>
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</tr>
<tr>
<td>Financial Statements</td>
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</tr>
<tr>
<td>Statements of Net Position</td>
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<td>Schedule of Revenues</td>
<td>22</td>
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<td>Schedule of Expenses</td>
<td>23</td>
</tr>
<tr>
<td>Reporting and on Compliance and Other Matters Based on an Audit of</td>
<td></td>
</tr>
<tr>
<td>Financial Statements Performed in Accordance with Government Auditing</td>
<td></td>
</tr>
<tr>
<td>Standards</td>
<td></td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT

The Board of Trustees,
University of West Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of the University of West Florida Department of Intercollegiate Athletics as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise University of West Florida Department of Intercollegiate Athletics basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial net position of the University of West Florida Department of Intercollegiate Athletics as of June 30, 2015 and 2014, and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

As discussed in Note 1, the financial statements of the University of West Florida Department of Intercollegiate Athletics are intended to present the financial position, changes in financial position and cash flows of only that portion of the University of West Florida that is attributable to the transactions of University of West Florida Department of Intercollegiate Athletics. They do not purport to, and do not, present fairly the financial position of the University of West Florida, as of June 30, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise University of West Florida Department of Intercollegiate Athletics basic financial statements. The additional information on pages 22 through 23 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion on or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated December 17, 2015, on our consideration of the University of West Florida Department of Intercollegiate Athletics internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University of West Florida Department of Intercollegiate Athletics’ internal control over financial reporting and compliance.

Tallahassee, Florida
December 17, 2015
The management’s discussion and analysis (MD&A) of the University of West Florida Department of Intercollegiate Athletics (The Department) financial statements provides an overview of the Department’s financial position and activities for the fiscal years ended June 30, 2015 and June 30, 2014, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto, are the responsibility of University management.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB 35, the Department’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.

FINANCIAL HIGHLIGHTS

The Department’s net position by category at June 30, 2015, 2014, and 2013 are shown in the following chart:

![Net Position Chart](image-url)

- 3 -
Unrestricted Net Position decreased by $117,812 during fiscal year ended June, 30 2015 predominantly due to a decrease in the Student Athletic Fees revenues, an increase in Personnel Services expenses, Athletic Scholarship expenses, and other expenses.

The following chart provides a graphical presentation of the Department’s revenues by category for the fiscal year ended June 30, 2015:

![Total Revenues Chart]

The economic position of the Department is closely tied to enrollment. For the fiscal year ended June 30, 2015, fee revenues comprised approximately 71.1 percent of the Department’s total operating and nonoperating revenues and were the largest source of funding. Nonoperating revenues, comprising 9.1 percent of total revenue, came primarily from State appropriations, while direct institutional support comprised 15 percent consisting primarily of fee waivers.

In the fiscal year ended June 30, 2015, the Department’s expenses exceeded revenues and other support, resulting in a decrease in net position of $146,260. Revenue from student athletic fees increased from $5,510,928 in 2014 to $5,656,393 in 2015. However, revenue from direct institutional support including fee waivers and university scholarship support decreased from $1,424,751 in 2014 to $1,190,085 in 2015. Total operating expenses increased from $7,187,785 in 2014 to $8,098,693 in 2015. Personnel services rose from $2,679,115 to $3,082,542, and scholarship expenditures rose from $2,302,207 to $2,611,291. Travel expenses decreased slightly, while other operating expenses rose from $1,488,616 in 2014 to $1,721,832 in 2015. The increase in other operating expenses is primarily due to more money spent on game guarantees, medical expenses and insurance, and direct facilities and maintenance.
In the fiscal year ended June 30, 2014, the Department’s revenues and other support exceeded expenses, resulting in an increase in net position of $474,161. Revenue from student athletic fees rose from $5,269,999 in 2013 to $5,510,928 in 2014 primarily due to additional University support in the form of scholarship while total other revenue remained relatively stable. Total operating expenses increased from $6,532,239 in 2013 to $7,187,785 in 2014. Personnel services rose from $2,239,993 to $2,679,115, and scholarship expenditures rose from $1,949,524 to $2,302,207. The remaining expenditures slightly decreased due primarily to less money spent on travel, food, advertising, general operating supplies, other contractual services, game guarantees, printing charges, and clothing.

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

The statement of net position and the statement of revenues, expenses, and changes in net position report information on the Department and on its activities in a way that helps the reader determine if the Department is in a better position from one year to the next. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the Department’s operating results.

These two statements report the Department’s net position and changes in it. The Department’s net position amount, the difference between assets and liabilities, is one way to measure the Department’s financial health or financial position. Over time increases or decreases, in the Department’s net position are one indicator of whether its financial health is improving or deteriorating. However, many other non-financial factors—such as certain trends in the National Collegiate Athletic Association (NCAA) funding, NCAA ranking, student enrollment and retention, recruitment, condition of facilities and sponsorships—should be considered in assessing the overall health of the Department.

The statements are prepared using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided, and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of net position presents the assets, liabilities, and net position of the Department as of the end of the fiscal year. Its purpose is to present to the readers of the financial statements a fiscal snapshot of the Department at a certain point in time. The statement of net position presents end-of-year data concerning assets (current and noncurrent), liabilities (current and noncurrent), and net position (assets minus liabilities).

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of the Department. They are also able to determine how much the Department owes vendors, employees, and others. Finally, the statement of net position provides a picture of the net position (assets minus liabilities) and its availability for use by the Department. Net position for the Department is classified as either invested in capital assets or unrestricted. Unrestricted net position is available for any lawful purpose.
The following table summarizes the Department’s assets, liabilities, and net position at June 30:

### Condensed Statements of Net Position

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td>$1,988,344</td>
<td>$2,061,092</td>
<td>$1,444,764</td>
</tr>
<tr>
<td>Capital Assets, Net</td>
<td>102,725</td>
<td>131,173</td>
<td>153,495</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>2,091,069</td>
<td>2,192,265</td>
<td>1,598,259</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>182,406</td>
<td>104,500</td>
<td>74,666</td>
</tr>
<tr>
<td>Noncurrent Liabilities</td>
<td>376,049</td>
<td>408,891</td>
<td>318,880</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>558,455</td>
<td>513,391</td>
<td>393,546</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Investment in Capital Assets</td>
<td>102,725</td>
<td>131,173</td>
<td>153,495</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,429,889</td>
<td>1,547,701</td>
<td>1,051,218</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$1,532,614</td>
<td>$1,678,874</td>
<td>$1,204,713</td>
</tr>
<tr>
<td>Increase (Decrease) in Net Position</td>
<td>$(146,260)</td>
<td>$474,161</td>
<td>$375,857</td>
</tr>
</tbody>
</table>

Current Assets decreased by $72,748 for fiscal year ended June 30, 2015 due to a decrease in cash related to negative net operating margins and offset by an increase to liabilities. During the fiscal year ended June 30, 2014, current assets increased by $616,328. Net depreciable capital assets decreased by $28,448 in 2015 and $22,322 in 2014 due to the depreciation expense of equipment.

Changes in total net position as presented on the statement of net position are based on the activity presented in the statement of revenues, expenses, and changes in net position. The purpose of the statement of revenues, expenses, and changes in net position is to present the revenues received, both operating and nonoperating, and the expenses paid, both operating and nonoperating, and any other revenues, expenses, gains, and losses received or incurred by the Department.

Operating revenues are received for providing goods and services to the various customers and constituencies of the Department. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Department. Nonoperating revenues are revenues received for which goods and services are not provided. For example, State appropriations are nonoperating because they are provided by the Legislature without the Legislature directly receiving commensurate goods and services for those revenues.
A summary of revenues and expenses of the Department for the fiscal years ended June 30, 2015, 2014, and 2013 is presented in the following table:

### Condensed Statements of Revenue, Expenses, and Changes in Net Position

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$7,226,723</td>
<td>$7,312,266</td>
<td>$6,553,659</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>(8,098,693)</td>
<td>(7,187,785)</td>
<td>(6,532,239)</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>(871,970)</td>
<td>124,481</td>
<td>21,420</td>
</tr>
<tr>
<td>Nonoperating Revenues</td>
<td>725,710</td>
<td>349,680</td>
<td>354,437</td>
</tr>
<tr>
<td><strong>Excess (Deficiency) of Revenues over (under) expenses</strong></td>
<td>(146,260)</td>
<td>474,161</td>
<td>375,857</td>
</tr>
<tr>
<td>Net Position, Beginning of Year</td>
<td>1,678,874</td>
<td>1,204,713</td>
<td>828,856</td>
</tr>
<tr>
<td><strong>Net Position, End of Year</strong></td>
<td>$1,532,614</td>
<td>$1,678,874</td>
<td>$1,204,713</td>
</tr>
</tbody>
</table>

Student athletic fees of $5,656,393, $5,510,928, and $5,269,999 for 2015, 2014, and 2013 respectively, are included in operating revenues and are shown at gross amounts received.

The Department’s operating expenses by natural classification for the fiscal years ended June 30, 2015, 2014, and 2013 are presented in the following table:

### Operating Expenses

<table>
<thead>
<tr>
<th>Natural Classification</th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Services</td>
<td>$3,082,542</td>
<td>$2,679,115</td>
<td>$2,239,993</td>
<td>38%</td>
</tr>
<tr>
<td>Athletic Scholarships</td>
<td>2,529,917</td>
<td>2,222,323</td>
<td>1,876,340</td>
<td>31%</td>
</tr>
<tr>
<td>Other Scholarships</td>
<td>81,374</td>
<td>79,884</td>
<td>73,184</td>
<td>1%</td>
</tr>
<tr>
<td>Travel</td>
<td>647,038</td>
<td>680,990</td>
<td>719,324</td>
<td>8%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>35,990</td>
<td>36,857</td>
<td>35,772</td>
<td>1%</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>1,721,832</td>
<td>1,488,616</td>
<td>1,587,626</td>
<td>21%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$8,098,693</td>
<td>$7,187,785</td>
<td>$6,532,239</td>
<td>100%</td>
</tr>
</tbody>
</table>

Personnel Service expenses increased by $403,427 for the fiscal year ended June 30, 2015, due to staffing changes in Athletics, including additional positions for the creation of the football team at the University and additional positions within the baseball and soccer teams. Additionally, this increase is attributed to a $62,258 increase in employee leave payouts in 2015, as well as a salary bonus that was given to all University employees in January 2015.
THE STATEMENT OF CASH FLOWS

Another important factor to consider when evaluating the Department’s financial viability is its ability to meet its financial obligations as they become due. The statement of cash flows helps in this evaluation. The statement of cash flows presents information related to cash inflows and outflows summarized by operating, capital and noncapital financing, and investing activities. The statement of cash flows also helps users assess:

- The Department’s ability to generate future net cash flows.
- The need for external financing.

A summary of the Department’s cash flows for the fiscal years ended June 30, 2015, 2014, and 2013 is presented in the following table:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Provided by (Used in):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Activities</td>
<td>$842,441</td>
<td>$243,265</td>
<td>$92,259</td>
</tr>
<tr>
<td>Noncapital Financing Activities</td>
<td>703,643</td>
<td>337,890</td>
<td>337,890</td>
</tr>
<tr>
<td>Capital and Related Financing Activities</td>
<td>(7,242)</td>
<td>(14,535)</td>
<td>(42,111)</td>
</tr>
<tr>
<td>Investing Activities</td>
<td>21,767</td>
<td>11,790</td>
<td>16,547</td>
</tr>
<tr>
<td><strong>Net Increase (Decrease) in Cash and Cash Equivalents</strong></td>
<td>(124,273)</td>
<td>578,410</td>
<td>404,585</td>
</tr>
<tr>
<td>Cash and Cash Equivalents, Beginning of the Year</td>
<td>1,938,561</td>
<td>1,360,151</td>
<td>955,566</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents, End of the Year</strong></td>
<td>$1,814,288</td>
<td>$1,938,561</td>
<td>$1,360,151</td>
</tr>
</tbody>
</table>

The primary cash receipts from operating activities consist of student athletic fees. Primary cash outlays include payment of salaries, benefits, supplies, travel expenses, and scholarships.

State appropriations are the primary source of noncapital financing inflows. During fiscal year June 30, 2015 the state appropriations increased by $365,753.

CONTACTING MANAGEMENT

This financial narrative is designed to provide the reader with a general overview of the University of West Florida’s Department of Intercollegiate Athletics finances and to show the Department’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the University of West Florida, Office of Financial Services:

University of West Florida
Attn: Financial Services
11000 University Parkway
Bldg 20-E, Room 108-E
Pensacola, FL 32514
850-474-2759
# UNIVERSITY OF WEST FLORIDA
## DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
## STATEMENTS OF NET POSITION
## JUNE 30, 2015 AND 2014

### Assets

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,814,288</td>
<td>$1,938,561</td>
</tr>
<tr>
<td>Accounts receivable, net of allowance for doubtful accounts of $32,198 and $9,848 at June 30, 2015 and 2014, respectively</td>
<td>121,394</td>
<td>70,618</td>
</tr>
<tr>
<td>Due from other funds</td>
<td>3,878</td>
<td>1,952</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>48,784</td>
<td>49,961</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>1,988,344</td>
<td>2,061,092</td>
</tr>
<tr>
<td><strong>Capital assets, net of accumulated depreciation of $284,230 and $253,665 in 2015 and 2014, respectively</strong></td>
<td>102,725</td>
<td>131,173</td>
</tr>
</tbody>
</table>

**Total Assets** | 2,091,069 | 2,192,265 |

### Liabilities

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>65,324</td>
<td>16,603</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>74,446</td>
<td>63,613</td>
</tr>
<tr>
<td>Compensated absences, current</td>
<td>42,636</td>
<td>24,284</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>182,406</td>
<td>104,500</td>
</tr>
</tbody>
</table>

**Noncurrent Liabilities** | 376,049 | 408,891 |

**Total Liabilities** | 558,455 | 513,391 |

### Net Position

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net investment in capital assets</strong></td>
<td>102,725</td>
<td>131,173</td>
</tr>
<tr>
<td><strong>Unrestricted</strong></td>
<td>1,429,889</td>
<td>1,547,701</td>
</tr>
</tbody>
</table>

**Total Net Position** | $1,532,614 | $1,678,874 |

The accompanying notes to financial statements are an integral part of these statements.
## UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student athletic fees</td>
<td>5,656,393</td>
<td>5,510,928</td>
</tr>
<tr>
<td>Direct institutional support</td>
<td>1,190,085</td>
<td>1,424,751</td>
</tr>
<tr>
<td>Sales and services of auxiliary enterprises</td>
<td>13,685</td>
<td>14,268</td>
</tr>
<tr>
<td>Other operating revenue</td>
<td>366,560</td>
<td>362,319</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>7,226,723</td>
<td>7,312,266</td>
</tr>
</tbody>
</table>

| **Operating Expenses**       |               |               |
| Personnel services           | 3,082,542     | 2,679,115     |
| Athletic scholarships        | 2,529,917     | 2,222,323     |
| Other scholarships           | 81,374        | 79,884        |
| Travel                       | 647,038       | 680,990       |
| Depreciation                 | 35,990        | 36,857        |
| Other                        | 1,721,832     | 1,488,616     |
| **Total expenses**           | 8,098,693     | 7,187,785     |

| **Operating Income (Loss)** |               |               |
| (871,970)                   | 124,481       |

| **Nonoperating Revenues**         |               |               |
| State appropriations             | 703,643       | 337,890       |
| Interest income                 | 21,767        | 11,790        |
| Gain on disposal of capital assets | 300          | -             |
| **Total nonoperating revenues**  | 725,710       | 349,680       |

| **Excess (Deficiency) of Revenues Over (Under) Expenses** |               |
| (146,260) | 474,161 |

| **Net Position, beginning of year** |               |               |
| 1,678,874 | 1,204,713 |

| **Net Position, end of year** | $1,532,614 | $1,678,874 |

The accompanying notes to financial statements are an integral part of these statements.
### Cash Flows from Operating Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Student athletic fees</td>
<td>$5,656,393</td>
<td>$5,510,928</td>
</tr>
<tr>
<td>Direct institutional support</td>
<td>190,970</td>
<td>376,242</td>
</tr>
<tr>
<td>Sales and services of auxiliary enterprises</td>
<td>13,685</td>
<td>14,268</td>
</tr>
<tr>
<td>Other operating receipts</td>
<td>313,858</td>
<td>370,720</td>
</tr>
<tr>
<td>Payments to employees</td>
<td>(3,086,199)</td>
<td>(2,562,644)</td>
</tr>
<tr>
<td>Payments to suppliers for goods and services</td>
<td>(2,318,972)</td>
<td>(2,212,551)</td>
</tr>
<tr>
<td>Payments to students for scholarships</td>
<td>(1,612,176)</td>
<td>(1,253,698)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(842,441)</td>
<td>243,265</td>
</tr>
</tbody>
</table>

### Cash Flows from Noncapital Financing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Appropriations</td>
<td>703,643</td>
<td>337,890</td>
</tr>
</tbody>
</table>

### Cash Flows from Capital and Related Financing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of fixed assets</td>
<td>(7,542)</td>
<td>(14,535)</td>
</tr>
<tr>
<td>Proceeds from sale of fixed assets</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net cash used in noncapital financing activities</strong></td>
<td>(7,242)</td>
<td>(14,535)</td>
</tr>
</tbody>
</table>

### Cash Flows from Investing Activities

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>21,767</td>
<td>11,790</td>
</tr>
</tbody>
</table>

### Increase (Decrease) in Cash and Cash Equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Increase (Decrease) in Cash and Cash Equivalents</strong></td>
<td>(124,273)</td>
<td>578,410</td>
</tr>
</tbody>
</table>

### Cash and Cash Equivalents, beginning of year

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents, beginning of year</td>
<td>1,938,561</td>
<td>1,360,151</td>
</tr>
</tbody>
</table>

### Cash and Cash Equivalents, end of year

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents, end of year</td>
<td>$1,814,288</td>
<td>$1,938,561</td>
</tr>
</tbody>
</table>

### Reconciliation of Operating Income (Loss) to Net Cash Provided by (used in) Operating Activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income (loss)</td>
<td>$871,970</td>
<td>$124,481</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(842,441)</td>
<td>243,265</td>
</tr>
</tbody>
</table>
NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant accounting policies of the University of West Florida Department of Intercollegiate Athletics (the Department), which affect significant elements of the accompanying basic financial statements.

Reporting Entity

The Department is an auxiliary enterprise of the University of West Florida (the University) located in Pensacola, Florida and conducts various intercollegiate athletic programs. The University is part of the State University System of Florida and is governed by the University’s Board of Trustees consisting of thirteen members. The Governor appoints six citizen members, and the State’s 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 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 Florida Law, State Board of Education rules, and the Board of Governors regulations. The Trustees select the University President, and the State Board of Education ratifies the candidate selected. 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 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, the nature and significance whose relationships with the primary government are such that exclusion would cause the primary government’s financial statements to be misleading or incomplete. Based on the application of these criteria, the University is a component unit of the State of Florida, and its financial balances and activity are reported in the State’s Comprehensive Annual Financial Report by discrete presentation.

Basis of Presentation

The Department’s accounting policies conform to accounting principles generally accepted in the United States of America applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (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).

In November 1999, the Governmental Accounting Standards Board issued GASB Statement No. 35, Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities. This Statement includes public colleges and universities within the financial reporting guidelines of GASB Statement No. 34, Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments.
GASB allows public universities various reporting options. The University has elected to report as an entity engaged in only business-type activities. This election requires the adoption of the accrual basis of accounting and entity-wide reporting including the following components:

- Management’s Discussion and Analysis
- Basic Financial Statements
  - Statement of Net Position
  - Statement of Revenues, Expenses and Changes in Net Position
  - Statement of Cash Flows
  - Notes to Financial Statements

**Basis of Accounting**

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

As stated previously, the Department follows the reporting guidelines of the University. The financial statements of the Department include those economic resources of the University that are expendable for operational purposes in performing the primary objectives of the Department. The financial statements of the Department do not purport to present the financial position or results of operations of the University as a whole. A portion of the Department is, however, accounted for and reported by the University of West Florida Foundation, Inc. (Foundation), which is a separate legal entity.

The Statement of Net Position is presented in a classified format to distinguish between current and noncurrent assets and liabilities.

The Statement of Revenues, Expenses and Changes in Net Position is presented by major sources and is reported at gross amounts received.

The Statement of Cash Flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows for Proprietary and Nonexpendable Trust Funds*.

**Cash and Cash Equivalents**

The amount reported as cash and cash equivalents consists 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 in accordance with Florida Statutes.
Accounts Receivable

Accounts receivable are stated at their net realizable value. Based on its assessment of the credit history of organizations and individuals with outstanding balances, management has concluded that realization of losses on balances outstanding at year end will be immaterial.

Capital Assets

Capital assets of the Department consist of furniture, equipment, 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. Costs to maintain or repair these assets are expensed as incurred. The University has a capitalization threshold of $5,000 for tangible personal property. Depreciation is computed on the straight-line basis over the following estimated useful lives of the assets.

- Furniture and Equipment – 5 to 20 years
- Computer Software – 5 years

Income Taxes

The Department is an auxiliary enterprise of the University, which is a part of the State University System of Florida. Accordingly, substantially all income generated by the Department is exempt from federal and state income taxes.

Athletic Fees

The University charges an athletic fee to students for each semester enrolled and for each enrolled credit hour. Athletic fees for semesters which cross fiscal years are recognized during the year in which the semester is predominantly conducted.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Department to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Sales Tax on Athletic Event Tickets

In accordance with Chapter 1006, Section 71, Florida Statutes, the Department retains an amount equal to the sales taxes collected from ticket sales to athletic events for use in the support of women’s athletic programs.
Net Position

Net position is classified and displayed in three components:

- Net investment in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any debt that is attributable to those assets.

- Restricted – consists of net position that has constraints placed upon its use either by external donors or creditors or through laws, regulations or constraints imposed by law through constitutional provision or enabling legislation, reduced by any liabilities to be paid from these assets.

- Unrestricted – consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the Department’s policy to use the restricted resources first, followed by the use of the unrestricted resources as they are needed.

NOTE 2 – CASH AND CASH EQUIVALENTS

At June 30, 2015, all of the Department’s cash and cash equivalents were held with the University’s pooled funds. At June 30, 2015 and 2014, the carrying amount and fair value of the Department’s cash and cash equivalents were $1,814,288 and $1,938,561, respectively.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consist of the following amounts at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of West Florida</td>
<td>$144,729</td>
<td>$68,849</td>
</tr>
<tr>
<td>Other</td>
<td>$8,863</td>
<td>$11,617</td>
</tr>
<tr>
<td>Total</td>
<td>$153,592</td>
<td>$80,466</td>
</tr>
</tbody>
</table>

Less: Allowance for doubtful accounts

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(32,198)</td>
<td>(9,848)</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>$121,394</td>
<td>$70,618</td>
</tr>
</tbody>
</table>

The Department has no policy requiring collateral or other security to support its accounts receivable.
NOTE 4 – COMPENSATED ABSENCES

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors’ Regulation 6C-5.920 Benefits and Hours of Work 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 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. Consequently, the recording of a liability for compensated absences without the corresponding recognition of such future resources results in a reduction of current year net position.

At June 30, 2015 and 2014, the estimated liability for compensated absences was $418,685 and $433,175, respectively. The current compensated absences liability, totaling $42,636 and $24,284 at June 30, 2015 and 2014, respectively, is based on actual payouts over the last three years calculated as a percentage of those years’ total compensated absences liability.

Changes in the liability for compensated absences for the years ended June 30, 2015 and 2014 were as follows:

<table>
<thead>
<tr>
<th>Balance</th>
<th>Additions</th>
<th>Reductions</th>
<th>Balance</th>
<th>Current</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30,</td>
<td></td>
<td></td>
<td>June 30,</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td>2015</td>
<td>Portion</td>
</tr>
<tr>
<td>$433,175</td>
<td>$164,989</td>
<td>$179,479</td>
<td>$418,685</td>
<td>$42,636</td>
</tr>
</tbody>
</table>

| Beginning   | Additions | Reductions | Ending        | Current |
| Balance     |           |            | Balance       |         |
| June 30,    |           |            | June 30,      |         |
| 2013        |           |            | 2014          | Portion |
| $341,205    | $157,526  | $65,556    | $433,175      | $24,284 |
**NOTE 5 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance 07/01/14</th>
<th>Additions</th>
<th>Decreases</th>
<th>Balance 06/30/15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$57,327</td>
<td>$-</td>
<td>$-</td>
<td>$57,327</td>
</tr>
<tr>
<td>Equipment</td>
<td>327,511</td>
<td>7,542</td>
<td>5,424</td>
<td>329,629</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>384,838</td>
<td>7,542</td>
<td>5,424</td>
<td>386,956</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>253,665</td>
<td>35,990</td>
<td>5,424</td>
<td>284,231</td>
</tr>
<tr>
<td>Total capital assets, net</td>
<td>$131,173</td>
<td>$(28,448)</td>
<td>$-</td>
<td>$102,725</td>
</tr>
</tbody>
</table>

Capital asset activity for the year ended June 30, 2014 was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance 07/01/13</th>
<th>Additions</th>
<th>Decreases</th>
<th>Balance 06/30/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets being depreciated:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$48,366</td>
<td>$8,961</td>
<td>$-</td>
<td>$57,327</td>
</tr>
<tr>
<td>Equipment</td>
<td>319,825</td>
<td>18,686</td>
<td>11,000</td>
<td>327,511</td>
</tr>
<tr>
<td>Total capital assets being depreciated</td>
<td>368,191</td>
<td>27,647</td>
<td>11,000</td>
<td>384,838</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>214,696</td>
<td>49,969</td>
<td>11,000</td>
<td>253,665</td>
</tr>
<tr>
<td>Total capital assets, net</td>
<td>$153,495</td>
<td>$(22,322)</td>
<td>$-</td>
<td>$131,173</td>
</tr>
</tbody>
</table>

**NOTE 6 – THE UNIVERSITY OF WEST FLORIDA FOUNDATION, INC.**

The Foundation serves as the official legal conduit for the acceptance, investment, and distribution of private gifts in support of the activities and programs of the University. The Foundation expends significant resources for, or on behalf of, the Department. The other revenues category on the Statements of Revenues, Expenses and Changes in Net Position includes revenue from the Foundation in the amount of $104,843 and $77,642 for the fiscal years ended June 30, 2015 and 2014, respectively. Revenues and expenditures for, or on behalf of, the Department that do not flow through the accounts of the University are not included in the records of the Department but rather are included in the Foundation’s separate, audited financial statements.

Although the Foundation is chartered as a private nonprofit organization, it operated solely for the benefit of the University and its mission of teaching, research, and service. It serves as the vehicle whereby taxpayers who want to advance the cause of higher education and to pay more than their share of the cost of education may do so. It does not serve any private causes but benefits the public generally.
NOTE 7 – RETIREMENT PLANS

General State Employees' Retirement System

The Florida Retirement System (FRS) is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). FRS provisions 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. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

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, which may include up to four years of credit for military service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments.

A Deferred Retirement Option Program (DROP) subject to provisions of Sections 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 the 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.

Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

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

Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six 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. For the fiscal years ended June 30, 2015 and June 30, 2014, the employing university contributed on behalf of the participant 7.69 and 7.34 percent, respectively, of the participant’s salary, less a small amount used to cover administrative costs and employees contribute 3 percent of the employee’s salary. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the university to the participant’s annuity account.

Disclosures pertaining to the University’s retirement plans that are required by Statement No. 68 of the Governmental Accounting Standards Board are included in the University’s financial statements for the years ended June 30, 2015 and 2014. The Department’s contributions to the plans for the years ended June 30, 2015 and 2014 were $150,561 and $121,193, respectively.

NOTE 8 – POSTEMPLOYMENT HEALTHCARE BENEFITS

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University or its component units, University of West Florida Foundation, Inc., West Florida Historic Preservation, Inc., and UWF Business Enterprises, Inc., are eligible to participate in the State Group Health Insurance Program, an agent multiple employer defined-benefit 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. The benefits provided under this defined benefit plan are provided for a fixed number of years determined at the time of retirement based on the number of years worked for the University. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

Disclosures pertaining to the University’s postemployment healthcare benefits are required by Statement No. 68 of the Governmental Accounting Standards Board are included in the University’s financial statements for the years ended June 30, 2015 and 2014.
NOTE 9 – 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, student medical insurance, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain health care 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.

Medical insurance coverage for the Department’s student athletic programs is provided through purchased commercial insurance. Student medical insurance is only to cover student athletes’ medical injuries during participation in athletic events.
ADDITIONAL INFORMATION
## UNIVERSITY OF WEST FLORIDA
DEPARTMENT OF INTERCOLLEGIATE ATHLETICS
SCHEDULE OF REVENUES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Athletic Fees</td>
<td>$5,656,393</td>
<td>$5,510,928</td>
</tr>
<tr>
<td>Out of State Fee Waivers</td>
<td>691,075</td>
<td>692,882</td>
</tr>
<tr>
<td>Fee Waivers</td>
<td>308,040</td>
<td>355,627</td>
</tr>
<tr>
<td>Athletic Marticulation</td>
<td>183,470</td>
<td>113,193</td>
</tr>
<tr>
<td>University Scholarship Support</td>
<td>7,500</td>
<td>263,049</td>
</tr>
<tr>
<td>Ticket Sales</td>
<td>13,182</td>
<td>13,905</td>
</tr>
<tr>
<td>Surcharge on Admissions</td>
<td>503</td>
<td>363</td>
</tr>
<tr>
<td><strong>Total Other Operating Revenue</strong></td>
<td>366,560</td>
<td>362,319</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>7,226,723</td>
<td>7,312,266</td>
</tr>
<tr>
<td><strong>Nonoperating Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education and General</td>
<td>703,643</td>
<td>337,890</td>
</tr>
<tr>
<td>Interest Income</td>
<td>21,767</td>
<td>11,790</td>
</tr>
<tr>
<td>Gain on Disposal of Capital Assets</td>
<td>300</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Nonoperating Revenues</strong></td>
<td>725,710</td>
<td>349,680</td>
</tr>
<tr>
<td><strong>Total Operating and Nonoperating Revenues</strong></td>
<td>$7,952,433</td>
<td>$7,661,946</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Salary Expenditures</td>
<td>$ 2,799,585</td>
<td>$ 2,411,141</td>
</tr>
<tr>
<td>Other Personnel Services</td>
<td>282,957</td>
<td>267,974</td>
</tr>
<tr>
<td>Athletic Scholarships</td>
<td>2,529,917</td>
<td>2,222,323</td>
</tr>
<tr>
<td>Other Scholarships</td>
<td>81,374</td>
<td>79,884</td>
</tr>
<tr>
<td>Travel</td>
<td>647,038</td>
<td>680,990</td>
</tr>
<tr>
<td>Depreciation</td>
<td>35,990</td>
<td>36,857</td>
</tr>
<tr>
<td><strong>Other Operating Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Game Officials</td>
<td>76,093</td>
<td>78,715</td>
</tr>
<tr>
<td>Game Guarantees</td>
<td>20,276</td>
<td>4,287</td>
</tr>
<tr>
<td>Medical Expenses and Insurance</td>
<td>209,472</td>
<td>109,285</td>
</tr>
<tr>
<td>Equipment, Uniforms, Supplies</td>
<td>696,936</td>
<td>519,983</td>
</tr>
<tr>
<td>Dues and Memberships</td>
<td>40,378</td>
<td>36,464</td>
</tr>
<tr>
<td>Spirit Groups</td>
<td>6,309</td>
<td>8,400</td>
</tr>
<tr>
<td>Fundraising, Marketing and Promotion</td>
<td>7,112</td>
<td>18,313</td>
</tr>
<tr>
<td>Direct Facilities and Maintenance</td>
<td>135,497</td>
<td>49,282</td>
</tr>
<tr>
<td>Insurance</td>
<td>72,342</td>
<td>65,723</td>
</tr>
<tr>
<td>Other Operating Expenses--Misc</td>
<td>457,417</td>
<td>598,164</td>
</tr>
<tr>
<td><strong>Total Other Operating Expenses:</strong></td>
<td>1,721,832</td>
<td>1,488,616</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$ 8,098,693</td>
<td>$ 7,187,785</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS’ REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees,
University of West Florida:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the University of West Florida Department of Intercollegiate Athletics (the “Department”) as of and for the year ended June 30, 2015, and related notes to the financial statements which collectively comprise the Department’s basic financial statements and have issued our report thereon dated December 17, 2015.

Internal Control over Financial Reporting

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

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tallahassee, Florida
December 17, 2015

James Moore & Co., P.L.
UWF Board of Trustees Meeting
Audit and Operations Committee
March 1, 2016

Issue: External Audit: WUWF-FM Financial Statement Audit

Proposed action: Informational

Background information:
Annually, a financial audit is conducted of the WUWF-FM, a public telecommunications entity operated by UWF. This is to comply with the Corporation of Public Broadcasting (CPB) community service grant requirements. To ensure compliance with these requirements, the Associate Vice President of Internal Auditing and Management Consulting performed a cursory review of the special purpose financial statements and determined WUWF Public Media was in compliance.

Results:
WUWF Public Media received a clean unqualified opinion. No deficiencies were identified in the internal controls over financial reporting that were considered to be material weaknesses. Results of testing disclosed no instances of noncompliance or other matters that were required to be reported.

Financial Highlights:
- Operating revenues were $1,780,472, down $366,944 from prior year and operating expenses totaled $1,957,076 which is down $85,274 from prior year. The operating revenue decrease was attributed to a decrease in the community service grant funds from the Florida Department of Education used for programming production expenses. The decrease in operating expense were spread equally among each functional expense area.
- WUWF-FM experienced a decrease of $35,219 in operating revenue due to market losses on investments.

Recommendation: Informational

Implementation Plan: None

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees of activities affiliated with or through the University of West Florida.

Supporting documents:
WUWF-FM Financial Statements for fiscal year ending June 30, 2015
WUWF-FM Audit Communication Letter June 30, 2015

Prepared by: Betsy Bowers, Associate Vice-President, bbowers@uwf.edu, 474-2636

Presenter: Betsy Bowers, Associate Vice-President
WUWF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY
OPERATED BY THE
UNIVERSITY OF WEST FLORIDA

FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014
## TABLE OF CONTENTS

JUNE 30, 2015 AND 2014

<table>
<thead>
<tr>
<th>Section</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent Auditors’ Report</td>
<td>1 – 3</td>
</tr>
<tr>
<td>Management’s Discussion and Analysis</td>
<td>4 – 7</td>
</tr>
<tr>
<td><strong>Financial Statements</strong></td>
<td></td>
</tr>
<tr>
<td>Statements of Net Position</td>
<td>8</td>
</tr>
<tr>
<td>Statements of Revenues, Expenses and Changes in Net Position</td>
<td>9</td>
</tr>
<tr>
<td>Statements of Cash Flows</td>
<td>10</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>11 – 21</td>
</tr>
<tr>
<td><strong>Supplemental Information</strong></td>
<td>22</td>
</tr>
<tr>
<td>Schedule of Functional Expenses (Exhibit I)</td>
<td>23</td>
</tr>
<tr>
<td><strong>Independent Auditors’ Report on Internal Control Over</strong></td>
<td>24 – 25</td>
</tr>
<tr>
<td>Financial Reporting and on Compliance and Other Matters</td>
<td></td>
</tr>
<tr>
<td>Based on an Audit of Financial Statements Performed in</td>
<td></td>
</tr>
<tr>
<td>Accordance With <em>Government Auditing Standards</em></td>
<td></td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITORS' REPORT

To the Board of Trustees,
University of West Florida:

Report on the Financial Statements

We have audited the accompanying financial statements of WUWF-FM (the “Station”), a public telecommunications entity operated by the University of West Florida, as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Station’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WUWF-FM as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management’s discussion and analysis on pages 4 to 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise WUWF-FM’s basic financial statements. The Schedule of Functional Expenses (Exhibit I) is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Functional Expenses is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Functional Expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole.
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2016 on our consideration of WUWF-FM’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WUWF-FM’s internal control over financial reporting and compliance.

Tallahassee, Florida
January 12, 2016

[Signature]

James Moore & Co., P.L.
INTRODUCTION AND REPORTING ENTITY

The following discussion and analysis is an overview of the financial position and activities of WUWF Radio Station for the years ended June 30, 2015 and 2014. Management of WUWF Radio Station has prepared the following discussion, and it should be read with the financial statements and related footnotes which follow this section. Our discussion and analysis is required by accounting principles generally accepted in the United States of America in Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments. The Governmental Accounting Standards Board has not developed accounting standards for presentation of auxiliary (or departmental) entities. The Station’s accounting policies and practices do, however, conform to those permitted or allowed by the Corporation for Public Broadcasting (CPB), which generally follow published Governmental Accounting Standards. The overview presented below highlights the significant financial activities that occurred during the past year and describes changes in financial activity from the prior year.

WUWF-FM Radio Station is a public telecommunications entity operated by the University of West Florida. The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints 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.

Serving North-West Florida and South Alabama, WUWF is community and listener supported public radio from the University of West Florida. WUWF is a full-service, community-oriented public radio station with a professional staff of 15 and 25 volunteers. Funds are provided primarily through listener and local corporate support, broadcasting 24 hours a day, 7 days a week, on 88.1 FM, with a non-directional power output of 100,000 watts. WUWF is affiliated with both NPR (National Public Radio) and PRI (Public Radio International) and we originate local news and music programs.

Broadcasting a wide variety of network programs, WUWF-FM is also known for outstanding locally produced programming like “Acoustic Interlude” and “Radio Live”. Both of these programs have national and international followers who listen on the Station's very strong and high quality internet broadcast service.

Founded in 1981 by Thomas K. Perry, WUWF-FM has had an enormous impact on the Pensacola and NW Florida communities. Working with a core staff of multi-talented professionals and numerous volunteers, WUWF-FM has been responsible for arts resurgence in the area.
With the cutback of federal funding in the 1990's, WUWF-FM began a course as a truly listener supported station. Today, it operates largely with contributions from local individual listeners with additional support from locally based businesses. The University of West Florida also provides funds for salaries, facilities, utilities, and general upkeep.

FINANCIAL HIGHLIGHTS

2015: The Station’s operating revenues totaled $1,780,472, down $366,944 from prior year and operating expenses totaled $1,957,076 which is down $85,274 from prior year. The decrease in operating revenues was mainly due to a decrease in the community service grant funds from the Florida Department of Education used for programming production expenses. The decrease in operating expenses were spread equally among each category of functional expenses.

The Station experienced a decrease of $35,219 in non-operating revenue due to market losses on investments.

2014: The Station’s operating revenues totaled $2,147,416, up $440,221 from prior year and operating expenses totaled $2,042,350 which is up $344,022 from prior year. The increase in operating revenues was mainly due to a new programming production grant in the current year from the Florida Department of Education. The increase in operating expenses was due mainly to an increase in programming expenses.

The Station experienced an increase of $8,672 in non-operating revenue due to gains on investments.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Station is a unit of University of West Florida, and these financial statements include assets, liabilities and activity related to its public broadcasting function. This includes account activity in funds which are under the control of the Station manager within the University and University of West Florida Foundation.

These financial statements consist of statements of net position and statements of revenues, expenses, and changes in net position. The statements of net position and the statements of revenues, expenses, and changes in net position are intended to demonstrate the Station’s financial position as a result of the year’s activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

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

The statement of net position and the statement of revenues, expenses, and changes in net position are valuable report information on WUWF’s Current Fund and activities in a way that helps the reader determine if the Station is in a better position from one year to the next. When revenues and other support exceed expenses, the result is an increase in net position. The relationship between revenues and expenses may be thought of as WUWF’s operating results.
These two statements report WUWF’s net position and changes in them. The net position amount, the difference between assets and liabilities, is one way to measure WUWF’s financial health or financial position. Over time, increases or decreases in WUWF’s net position are one indicator of whether its financial health is improving or deteriorating. However, many other non-financial factors such as certain trends in funding, condition of facilities and sponsorships should be considered in assessing the overall health of the radio station.

These statements are prepared using the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service, regardless of when cash is exchanged.

The statement of net position presents the assets, liabilities, and net position of WUWF’s Current Fund as of the end of the fiscal year. Its purpose is to present to the readers of the financial statements a fiscal snapshot of the station’s current fund at a certain point in time. The statement of net position presents end-of-year data concerning assets, (current and non-current), liabilities (current and non-current), and net position (assets minus liabilities).

From the data presented, readers of the statement of net position are able to determine the assets available to continue the operations of WUWF Radio Station. They are also able to determine how much the current fund owes vendors, employees, and others. Finally, the statement of net position provides a picture of the net position (assets minus liabilities) and their availability for use by WUWF.

**CONDENSED STATEMENTS OF NET POSITION**

<table>
<thead>
<tr>
<th>Table 1</th>
<th>June 30, 2015</th>
<th>June 30, 2014</th>
<th>June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>$626,677</td>
<td>$702,927</td>
<td>$656,619</td>
</tr>
<tr>
<td>Noncurrent assets</td>
<td>735,176</td>
<td>796,819</td>
<td>675,985</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>1,361,853</strong></td>
<td><strong>1,499,746</strong></td>
<td><strong>1,332,604</strong></td>
</tr>
<tr>
<td>Current liabilities</td>
<td>80,909</td>
<td>56,274</td>
<td>41,528</td>
</tr>
<tr>
<td>Noncurrent liabilities</td>
<td>145,434</td>
<td>136,914</td>
<td>130,359</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>226,343</strong></td>
<td><strong>193,188</strong></td>
<td><strong>171,887</strong></td>
</tr>
<tr>
<td>Net position</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>735,176</td>
<td>796,819</td>
<td>675,983</td>
</tr>
<tr>
<td>Restricted</td>
<td>350,825</td>
<td>358,075</td>
<td>366,787</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>49,509</td>
<td>151,664</td>
<td>117,947</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td><strong>$1,135,510</strong></td>
<td><strong>$1,306,558</strong></td>
<td><strong>$1,160,717</strong></td>
</tr>
</tbody>
</table>
### CONDENSED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**TABLE 2**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating revenues</td>
<td>$1,780,472</td>
<td>$2,147,416</td>
<td>$1,707,195</td>
</tr>
<tr>
<td>Non-operating revenues</td>
<td>5,556</td>
<td>40,775</td>
<td>32,103</td>
</tr>
<tr>
<td><strong>Total revenues</strong></td>
<td>$1,786,028</td>
<td>$2,188,191</td>
<td>$1,739,298</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total expenses</td>
<td>$1,957,076</td>
<td>$2,042,350</td>
<td>$1,698,328</td>
</tr>
<tr>
<td><strong>Increase (decrease) in net position</strong></td>
<td>$(171,048)</td>
<td>$145,841</td>
<td>$40,970</td>
</tr>
</tbody>
</table>

### REQUEST FOR INFORMATION

This financial narrative is designed to provide a general overview of the Station’s finances and to show accountability for the contributions received by the Station. If you have questions about this report or a need for additional financial information, contact the Station at:

WUWF
11000 University Parkway
Pensacola, FL 32514
(800) 239-9893 (850) 474-2787
# WUWF-FM
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY
THE UNIVERSITY OF WEST FLORIDA
STATEMENTS OF NET POSITION
JUNE 30, 2015 AND 2014

## Assets

<table>
<thead>
<tr>
<th>Current assets</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$330,711</td>
<td>$408,998</td>
</tr>
<tr>
<td>Funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station</td>
<td>263,045</td>
<td>262,826</td>
</tr>
<tr>
<td>Accounts and grants receivable</td>
<td>8,107</td>
<td>10,770</td>
</tr>
<tr>
<td>Prepaid program costs</td>
<td>24,814</td>
<td>20,333</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>626,677</td>
<td>702,927</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noncurrent assets</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets, net of accumulated depreciation</td>
<td>735,176</td>
<td>796,819</td>
</tr>
</tbody>
</table>

| **Total assets**                        | 1,361,853| 1,499,746|

## Liabilities

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>33,762</td>
<td>18,299</td>
</tr>
<tr>
<td>Unearned revenue</td>
<td>38,329</td>
<td>30,993</td>
</tr>
<tr>
<td>Current portion of compensated absences</td>
<td>8,818</td>
<td>6,982</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>80,909</td>
<td>56,274</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Noncurrent liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term portion of compensated absences</td>
<td>145,434</td>
<td>136,914</td>
</tr>
</tbody>
</table>

| **Total liabilities**                   | 226,343  | 193,188  |

## Net Position

<table>
<thead>
<tr>
<th>Net position</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment in capital assets</td>
<td>735,176</td>
<td>796,819</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>49,509</td>
<td>151,664</td>
</tr>
<tr>
<td>Restricted:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expendable</td>
<td>200,825</td>
<td>208,075</td>
</tr>
<tr>
<td>Nonexpendable - Endowment</td>
<td>150,000</td>
<td>150,000</td>
</tr>
<tr>
<td><strong>Total net position</strong></td>
<td>$1,135,510</td>
<td>$1,306,558</td>
</tr>
</tbody>
</table>

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

- 8 -
### WUWF-FM
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY THE UNIVERSITY OF WEST FLORIDA**
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**
**FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

<table>
<thead>
<tr>
<th>Operating revenues</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community service grants donated by the Corporation for Public Broadcasting</td>
<td>$152,411</td>
<td>$166,036</td>
</tr>
<tr>
<td>Community service grants donated by the Florida Department of Education</td>
<td>100,078</td>
<td>313,016</td>
</tr>
<tr>
<td>Appropriations from the University of West Florida</td>
<td>569,718</td>
<td>524,022</td>
</tr>
<tr>
<td>Business and industry support</td>
<td>168,018</td>
<td>194,438</td>
</tr>
<tr>
<td>Membership income</td>
<td>457,466</td>
<td>459,219</td>
</tr>
<tr>
<td>Donated facilities and administrative support from the University of West Florida</td>
<td>304,740</td>
<td>390,885</td>
</tr>
<tr>
<td>In-kind contributions</td>
<td>18,647</td>
<td>23,326</td>
</tr>
<tr>
<td>Other sources</td>
<td>9,394</td>
<td>76,474</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>1,780,472</strong></td>
<td><strong>2,147,416</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating expenses (Exhibit I)</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Programming and production</td>
<td>997,164</td>
<td>1,003,622</td>
</tr>
<tr>
<td>Broadcasting</td>
<td>318,092</td>
<td>333,625</td>
</tr>
<tr>
<td>Program information and promotion</td>
<td>78,729</td>
<td>96,201</td>
</tr>
<tr>
<td>Management and general</td>
<td>254,378</td>
<td>245,165</td>
</tr>
<tr>
<td>Fundraising and membership development</td>
<td>264,701</td>
<td>293,040</td>
</tr>
<tr>
<td>Underwriting and grant solicitation</td>
<td>44,012</td>
<td>70,697</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>1,957,076</strong></td>
<td><strong>2,042,350</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating income (loss)</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(176,604)</td>
<td>105,066</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-operating revenues</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td>4,001</td>
<td>3,997</td>
</tr>
<tr>
<td>Net increase in fair value of investments</td>
<td>1,555</td>
<td>36,778</td>
</tr>
<tr>
<td><strong>Total non-operating revenues</strong></td>
<td><strong>5,556</strong></td>
<td><strong>40,775</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Increase (decrease) in net position</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(171,048)</strong></td>
<td><strong>145,841</strong></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net position, beginning of year</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,306,558</td>
<td>$1,160,717</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net position, end of year</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$1,135,510</strong></td>
<td><strong>$1,306,558</strong></td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes to financial statements are an integral part of these statements.
### WUWF-FM
**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY THE UNIVERSITY OF WEST FLORIDA**
**STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED JUNE 30, 2015 AND 2014**

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from grants, donors and fundraising activities</td>
<td>$897,366</td>
<td>$1,231,256</td>
</tr>
<tr>
<td>Cash paid to suppliers and vendors</td>
<td>(632,195)</td>
<td>(694,838)</td>
</tr>
<tr>
<td>Cash paid to employees for salaries and benefits</td>
<td>(342,228)</td>
<td>(333,987)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>(77,057)</td>
<td>202,431</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of equipment</td>
<td>(6,567)</td>
<td>(190,100)</td>
</tr>
<tr>
<td>Purchases of funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station, net of fees</td>
<td>(219)</td>
<td>(34,839)</td>
</tr>
<tr>
<td>Investment income</td>
<td>5,556</td>
<td>40,775</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(1,230)</td>
<td>(184,164)</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash and cash equivalents</strong></td>
<td>(78,287)</td>
<td>18,267</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, beginning of year</strong></td>
<td>408,998</td>
<td>390,731</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td>$330,711</td>
<td>$408,998</td>
</tr>
<tr>
<td><strong>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating income (loss)</strong></td>
<td>$176,604</td>
<td>$105,066</td>
</tr>
<tr>
<td><strong>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>68,210</td>
<td>69,266</td>
</tr>
<tr>
<td>(Increase) decrease in certain assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts and grants receivable</td>
<td>2,663</td>
<td>10,372</td>
</tr>
<tr>
<td>Prepaid program costs</td>
<td>(4,481)</td>
<td>(3,574)</td>
</tr>
<tr>
<td>Increase (decrease) in certain liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>15,463</td>
<td>5,286</td>
</tr>
<tr>
<td>Compensated absences</td>
<td>10,356</td>
<td>4,314</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>7,336</td>
<td>11,701</td>
</tr>
<tr>
<td><strong>Total adjustments</strong></td>
<td>99,547</td>
<td>97,365</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) operating activities</strong></td>
<td>$77,057</td>
<td>$202,431</td>
</tr>
</tbody>
</table>

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

- 10 -
(1) **Summary of Significant Accounting Policies:**

The following is a summary of the more significant accounting policies of WUWF-FM (the “Station”), which affect significant elements of the accompanying financial statements:

(a) **Reporting entity**—The Station is a department of the University of West Florida (the “University”) located in Pensacola, Florida and conducts various public broadcasting functions. The President of the University of West Florida is responsible for the management of the University and the Station operates as a department of the University under the control of the Station manager. The financial statements include only those funds under the administrative control of the Vice President for Advancement, that relate directly to the operations of the Station, including funds held by University of West Florida Foundation, Inc. (the “Foundation”). These statements do not purport to present the financial position or results of operations for the University as a whole.

(b) **Basis of accounting**—For financial reporting purposes, the Station is considered a special-purpose government engaged only in business-type activities. Accordingly, the Station prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for proprietary funds, which is similar to those of private business enterprises. Accordingly, revenues are recorded when earned and expenses are recorded when incurred. The Station’s accounting policies conform with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

(c) **Net position**—In the statements of net position, net position includes the following:

- **Net investment in capital asset**—This is the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets. At June 30, 2015 and 2014, there is no related debt.

- **Restricted**—The component of net position that reports the constraints placed on the use of net position by either external parties and/or enabling legislation. At June 30, 2015 and 2014 the expendable portion of restricted net position includes certain grant funds and endowment earnings. At June 30, 2015 and 2014, the nonexpendable portion of restricted net position represents endowment funds established by donors.

- **Unrestricted**—The difference between assets and liabilities that is not reported in Net investment in capital assets and Restricted net position.

It is the Station’s policy to expend restricted resources first and to use unrestricted resources when the restricted resources have been depleted.

(d) **Cash and cash equivalents**—For purposes of reporting cash flows, cash and cash equivalents include cash on hand and cash in demand accounts with original maturities of three months or less. 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 in accordance with Florida statutes.
(1) **Summary of Significant Accounting Policies:** (Continued)

(e) **Investments**—Investments are carried at fair value, and realized and unrealized gains and losses are reflected in the statements of revenues, expenses and changes in net position.

(f) **Costs incurred for programs not yet broadcast**—Costs incurred for programs not yet broadcast (prepaid program costs) are recorded as a deferred asset. Such costs relate to programs purchased or produced by the Station that will be broadcast subsequent to year end. Programs to be completed and broadcast within one year are classified as current assets whereas programs to be completed and broadcast in more than one year are classified as long-term. At June 30, 2015 and 2014, there were no long-term costs incurred for programs not yet broadcast. As the programs are broadcast, the costs incurred will be included in program services. Program status is evaluated annually. Costs associated with programs not considered to have future benefit are adjusted to net realizable value.

(g) **Capital assets**—Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets ranging from five to fifty years.

(h) **Revenue recognition**—State appropriations are recorded as support in the statements of revenues, expenses and changes in net position when an expenditure is recorded. Membership contributions are recognized as support in the period they are received. Program production grants are reported as unearned revenues for programs not yet broadcast until the specific program is broadcast. At such time, amounts are included as revenues and the expenditures are recorded.

Revenue related to program underwriting for subsequent fiscal years is reflected as unearned revenues in the accompanying statements of net position. Revenue is recognized when the related program is aired.

Contributed support represents expenses paid on behalf of the Station by others outside the reporting entity, and includes contributed professional services, donated materials or facilities, and indirect administrative support.

(i) **In-kind contributions**—Contributed materials, supplies, facilities, and property are recorded at their estimated fair value at the date of donation. The Station reports gifts of equipment, materials and other nonmonetary contributions as support in the accompanying statements of revenues, expenses, and changes in net position.

If the fair value of contributed materials, supplies, facilities, and property cannot be reasonably determined they are not recorded. Donated personal services of nonprofessional volunteers, as well as national and local programming services, are not recorded as revenue and expense as there is no objective basis available to measure the value of such services.
(1) **Summary of Significant Accounting Policies:** (Continued)

(j) **Pledges and contributions**—The Station engages in periodic fundraising campaigns manifested by offering some special programs and on-air and mail fundraising appeals. These appeals encourage supporters, both individuals and organizations, to provide financial contributions to the Station for enhancement of program offerings and other expenses. Financial contributions are frequently evidenced by pledges received from responding listeners. Contributions including unconditional promises to give and membership receipts are recognized as revenue in the period received or given. However, uncollected pledges are not enforceable against contributors and not shown as assets on the statements of net position. Contributions and collected pledges are components of the unrestricted operating fund in as much as their usage is not limited to specific activities of the Station. This usage is consistent with appeals for contributions and pledges.

(k) **Corporation for Public Broadcasting Community Service Grants**—The Corporation for Public Broadcasting (CPB) is a private, nonprofit grantmaking organization responsible for helping fund more than 1,000 television and radio stations. CPB distributes annual Community Service Grants (CSGs) to qualifying public broadcasting entities. CSGs are used to augment the financial resources of public broadcasting entities and thereby to enhance the quality of programming and expand the scope of public broadcasting services. Each CSG may be expended over one or two Federal fiscal years as described in the Communications Act, 47 United States Code Annotated, Section 396(k)(7). In any event, each grant must be expended within two years of the initial grant authorization.

According to the Communications Act, funds may be used at the discretion of recipients for purposes relating primarily to production and acquisition of programming. Also, the grants may be used to sustain activities begun with CSGs awarded in prior years. Certain General Provisions must be satisfied in connection with application for and use of the grants to maintain eligibility and meet compliance requirements. These General Provisions pertain to the use of grant funds, record keeping, audits, financial reporting, mailing lists, and licensee status with the Federal Communications Commission.

(l) **Indirect support provided by the University of West Florida**—Indirect support from the University consists of allocated institutional support and physical plant costs incurred by the University for which the Station receives benefits. The fair value of this support is recognized in the statements of revenues, expenses, and changes in net position as donated facilities and administrative support and is allocated as an expense to each of the functional expense categories.

(m) **Production revenue**—The Station uses the percentage-of-completion method of accounting for production revenue, whereby the cumulative production revenue earned equals the ratio of costs incurred to the estimated total costs at completion applied to the total committed revenues from outside sponsors. Production costs include charges by subcontractors plus all direct labor and other direct costs. Indirect and general and administrative expenses are charged to expense as incurred. Cost estimates on programs are reviewed periodically as the work progresses and adjustments, if needed, are reflected in the period in which the estimates are revised.
(1) **Summary of Significant Accounting Policies:** (Continued)

(n) **Program and production underwriting**—Revenue for program underwriting is recorded on a pro-rata basis for the period covered and for production underwriting on an estimated percentage-of-completion basis.

(o) **Operating activities**—The Station’s policy for defining operating activities as reported on the statements of revenues, expenses, and changes in net position are those that generally result from the provision of public broadcasting and instructional technology services, and from the production of program material for distribution in those services. Revenues associated with, or restricted by donors to use for capital improvements, and revenues and expenses that result from financing and investing activities are recorded as non-operating revenues.

(p) **Income taxes**—The Station is owned and operated by the University of West Florida which is a part of the State of Florida’s educational system. Accordingly, the Station is exempt from Federal income taxes. Any taxable income is aggregated at the University level and taxes paid, if any, are paid by the University.

(q) **Functional allocation of expenses**—The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited based on total personnel costs or other systematic bases.

(r) **Use of estimates**—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period, accordingly, results could differ from those estimates.

(s) **Compensated absences**—The liability for compensated absences represents employees’ accrued annual and sick leave based on length of service subject to certain limitations as defined by state statute and University policies.

(t) **Advertising Costs**—Advertising costs are expensed in the period in which they are incurred. There were no advertising expenses incurred during the year ended June 30, 2015. Advertising expense for the year ended June 30, 2014, was $392.

(u) **Reclassifications**—Certain accounts in the prior year information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. These reclassifications had no effect on net income for 2014.
(2) **Funds Held by the University of West Florida Foundation, Inc. on Behalf of the Station:**

The Station has an agreement with the University of West Florida Foundation, Inc., whereby Station funds are held and invested by the University of West Florida Foundation, Inc. on behalf of the Station. These amounts are included in the accompanying statements of net position of the Station as “Funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station.” Total funds held and invested by the Foundation were $263,045 and $262,826 as of June 30, 2015 and 2014, respectively.

All funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station are invested in uninsured and unregistered investments, which are held in the name of the University of West Florida Foundation, Inc. All funds held and invested by the University of West Florida Foundation, Inc. on behalf of the Station are reflected at fair value. Fair value for mutual funds is determined based upon publicly available trading values. Fair value for hedge funds is determined based upon values provided to the University of West Florida Foundation, Inc. by the respective hedge fund’s manager.

(3) **Capital Assets:**

Capital asset activity for the years ended June 30, 2015 and 2014, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>July 1, 2014</th>
<th>Increases</th>
<th>Decreases</th>
<th>July 1, 2013</th>
<th>Increases</th>
<th>Decreases</th>
<th>July 30, 2015</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>$1,202,643</td>
<td>$-</td>
<td>$-</td>
<td>$1,202,643</td>
<td>$-</td>
<td>$125,576</td>
<td>$1,268,219</td>
<td>$1,268,219</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>$862,463</td>
<td>$6,567</td>
<td>$(125,576)</td>
<td>$743,454</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$2,065,106</td>
<td></td>
<td></td>
<td>$1,946,097</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>$(1,268,287)</td>
<td></td>
<td></td>
<td>(1,210,921)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$796,819</td>
<td>$(61,643)</td>
<td>$-</td>
<td>$735,176</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>July 1, 2013</th>
<th>Increases</th>
<th>Decreases</th>
<th>July 30, 2014</th>
<th>Ending Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td>$1,202,643</td>
<td>$-</td>
<td>$-</td>
<td>$1,202,643</td>
<td></td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>672,363</td>
<td>190,100</td>
<td>$-</td>
<td>862,463</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$1,875,006</td>
<td></td>
<td></td>
<td>$2,065,106</td>
<td></td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>(1,199,021)</td>
<td></td>
<td>$-</td>
<td>(1,268,287)</td>
<td></td>
</tr>
<tr>
<td>Capital assets, net</td>
<td>$675,985</td>
<td>$120,834</td>
<td>$-</td>
<td>$796,819</td>
<td></td>
</tr>
</tbody>
</table>
(4) **State Retirement Plans:**

(a) **General State Employees Retirement System**

The Florida Retirement System (FRS) is primarily a State-administered, cost-sharing, multiple-employer, defined benefit retirement plan (Plan). FRS provisions 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. Essentially, all regular employees of participating employers are eligible to enroll as members of the FRS.

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, which may include up to four years of credit for military service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, and death benefits, and annual cost-of-living adjustments.

A Deferred Retirement Option Program (DROP) subject to provisions of Sections 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 the 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.

Section 121.4501, Florida Statutes, provides for a Public Employee Optional Retirement Program (PEORP). The PEORP is a defined contribution plan alternative available to all FRS members in lieu of the FRS defined benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

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

(b) State University System Optional Retirement Program

Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six 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. For the fiscal years ended June 30, 2015, June 30, 2014 and June 30, 2013, the employing university contributed on behalf of the participant 7.69, 7.34 and 5.64 percent, respectively, of the participant’s salary, less a small amount used to cover administrative costs and employees contribute 3 percent of the employee’s salary. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the university to the participant’s annuity account.

Disclosures pertaining to the University’s retirement plans that are required by Statement No. 68 of the Governmental Accounting Standards Board are included in the University’s financial statements for the years ended June 30, 2015 and 2014. The Department’s contributions to the plans for the years ended June 30, 2015 2014, and 2013 were $41,960, $37,636 and $23,386, respectively.

(5) **Post-Employment Benefits:**

Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University or its component units, University of West Florida Foundation, Inc., West Florida Historic Preservation, Inc., and UWF Business Enterprises, Inc., are eligible to participate in the State Group Health Insurance Program, an agent multiple employer defined-benefit 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. The benefits provided under this defined benefit plan are provided for a fixed number of years determined at the time of retirement based on the number of years worked for the University. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible.

Disclosures pertaining to the University’s postemployment benefits are included in the University’s financial statements for the years ended June 30, 2015 and 2014.
(6) Risk Management Programs:

Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance coverage 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 of losses for each occurrence with an annual aggregate retention of $40 million for named wind and flood losses and no aggregate retention for all other named perils. After the annual aggregate retention, losses in excess of $2 million per occurrence were commercially insured up to $50 million for named wind and flood through February 15, 2014, and increased to $54 million starting February 16, 2014. For perils other than named wind 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, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. There have been no significant reductions in insurance coverage from the prior year coverage. Settlements have not exceeded insurance coverage during the past three 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.
(7) **Significant Concentrations:**

Information related to significant concentrations of revenues and credit risk for financial instruments owned by the Station, except as otherwise disclosed, is as follows:

(a) **Cash and cash equivalents**—The Station has demand deposits held at financial institutions for the University which are secured up to FDIC limits. Amounts in excess of this limit are secured by collateral held by the financial institution which is pledged to the State of Florida Public Deposits Trust Fund. These deposits amounted to $330,711 and $408,998 at June 30, 2015 and 2014, respectively.

(b) **Funds held by the Foundation**—The Foundation holds investments for the Station. The amount held by the Foundation for the Station was $263,045 and $262,826 at June 30, 2015 and 2014, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(c) **Revenues**—The Station received significant revenue from three sources. The CPB provided approximately 9% and 8%, Florida DOE provided 6% and 14%, and the University provided approximately 49% and 42% in cash support and donated facilities during the years ended June 30, 2015 and 2014, respectively.

(d) **Accounts, grants and pledges receivable**—The Station has grants and accounts receivable of $8,107 and $10,770 at June 30, 2015 and 2014, respectively. The Station has no policy requiring collateral or other security to support these amounts.

(8) **Compensated Absences:**

Compensated absences liability activity for the years ended June 30, 2015 and 2014, was as follows:

<table>
<thead>
<tr>
<th></th>
<th>Balance June 30, 2014</th>
<th>Additions</th>
<th>Deletions</th>
<th>Balance June 30, 2015</th>
<th>Amount Due Within 1 Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$ 143,896</td>
<td>$ 58,919</td>
<td>$ 48,563</td>
<td>$ 154,252</td>
<td>$ 8,818</td>
</tr>
<tr>
<td>Balance June 30, 2013</td>
<td>$ 139,582</td>
<td>$ 77,877</td>
<td>$ 73,563</td>
<td>$ 143,896</td>
<td>$ 6,982</td>
</tr>
</tbody>
</table>
(9) **Community Service Grants:**

The Station receives a CSG from the Corporation for Public Broadcasting annually. The CSGs received and expended during the most recent fiscal years were as follows:

<table>
<thead>
<tr>
<th>Year of Grant</th>
<th>Grants Received</th>
<th>2012-13</th>
<th>Expended</th>
<th>Uncommitted Balance at June 30, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012-14</td>
<td>$164,559</td>
<td>$34,812</td>
<td>$110,477</td>
<td>$19,270</td>
</tr>
<tr>
<td>2013-15</td>
<td>$166,036</td>
<td>-</td>
<td>$34,548</td>
<td>$117,607</td>
</tr>
<tr>
<td>2014-16</td>
<td>$152,411</td>
<td>-</td>
<td>-</td>
<td>$22,890</td>
</tr>
</tbody>
</table>

(10) **Operating Lease:**

The Station leases a tower under an operating lease that expires January 31, 2018. Rent expense for the years ended June 30, 2015 and 2014, was $19,997 and $19,724, respectively.

Minimum future rental payments under the noncancellable operating lease having a remaining term in excess of one year as of June 30, 2015, for each of the remaining years are:

<table>
<thead>
<tr>
<th>Year Ending June 30,</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>$20,189</td>
</tr>
<tr>
<td>2017</td>
<td>20,189</td>
</tr>
<tr>
<td>2018</td>
<td>11,777</td>
</tr>
<tr>
<td>2019</td>
<td>-</td>
</tr>
<tr>
<td>2020</td>
<td>-</td>
</tr>
</tbody>
</table>
Nonfederal Financial Support (NFFS):

The Corporation for Public Broadcasting (CPB) allocates a portion of its funds annually to public broadcasting entities, primarily based on NFFS. NFFS is defined as the total value of cash and the fair market value of property and services received as either a contribution or a payment and meeting all of the respective criteria for each.

A “contribution” is cash, property or services given to a public broadcasting entity for general operational purposes. Support received as a contribution by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source may be an entity except the Federal government or any other public broadcasting entity; (2) the contribution may take the form of a gift, grant, bequest, donation or appropriation; (3) the purpose must be for the construction or operation of a noncommercial, educational public broadcast station or for the production, acquisition, distribution or dissemination of educational television or radio program and related activities; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

A “payment” is cash, property or services received by a public broadcasting entity from specific sources in exchange for specific services or materials. Support received as a payment by a public broadcasting entity must meet the following criteria to be includable as NFFS: (1) the source must be a state, any agency or political subdivision of a state, an educational institution or organization or a nonprofit entity; (2) the form of the payment must be appropriations or contract payments in exchange for specific services or materials; (3) the purpose must be for any related activity of the public broadcast station; and (4) the recipient must be a public broadcasting entity on behalf of a public broadcast station.

Reported NFFS for the Station was $1,623,069 and $1,929,126 for the years ended June 30, 2015 and 2014, respectively.
**WUWF-FM**

**A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY**

**THE UNIVERSITY OF WEST FLORIDA**

**SCHEDULE OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED JUNE 30, 2015 WITH SUMMARIZED INFORMATION FOR THE YEAR ENDED JUNE 30, 2014**

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

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Supporting Services</th>
<th>2014 Total Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Programming and Production</strong></td>
<td><strong>Broadcasting</strong></td>
<td><strong>Program Information and Promotion</strong></td>
</tr>
<tr>
<td>Salaries, payroll taxes and employee benefits</td>
<td>$420,668</td>
<td>$78,421</td>
</tr>
<tr>
<td>Professional services</td>
<td>3,732</td>
<td>80,874</td>
</tr>
<tr>
<td>Donated facilities and administrative support from the University of West Florida</td>
<td>129,414</td>
<td>30,535</td>
</tr>
<tr>
<td>Office supplies</td>
<td>6,955</td>
<td>10,229</td>
</tr>
<tr>
<td>Telephone and utilities</td>
<td>886</td>
<td>55,949</td>
</tr>
<tr>
<td>Postage and freight</td>
<td>61</td>
<td>510</td>
</tr>
<tr>
<td>Advertising</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Repairs and maintenance of equipment</td>
<td>15</td>
<td>1,101</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>2,706</td>
<td>-</td>
</tr>
<tr>
<td>Travel and training</td>
<td>7,886</td>
<td>966</td>
</tr>
<tr>
<td>Operating supplies</td>
<td>-</td>
<td>776</td>
</tr>
<tr>
<td>Programming</td>
<td>395,436</td>
<td>10,817</td>
</tr>
<tr>
<td>Subscriptions and fees</td>
<td>8,942</td>
<td>167</td>
</tr>
<tr>
<td>Depreciation</td>
<td>20,463</td>
<td>47,747</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$997,164</td>
<td>$318,092</td>
</tr>
</tbody>
</table>

EXHIBIT I
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees,
University of West Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of WUWF-FM (the “Station”), a public telecommunications entity operated by the University of West Florida, which comprise the statement of net position as of June 30, 2015, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2016.

Internal Control over Financial Reporting

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

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Station’s internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Station’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tallahassee, Florida
January 12, 2016
January 12, 2016

To the Board of Trustees
WUWF-FM
11000 University Parkway
Pensacola, FL 32514

We have audited the financial statements of WUWF-FM, for the year ended June 30, 2015 and 2014, and have issued our report thereon dated January 12, 2016. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated November 23, 2015, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of WUWF-FM solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding material weaknesses and other matters noted during our audit in a separate letter to you dated January 12, 2016.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.
Compliance with All Ethics Requirements Regarding Independence

The engagement team, other individuals in our firm, and our firm has complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by WUWF-FM is included in Note 1 to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2015. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimate affecting the financial statements is:

Management’s estimate of depreciation expense is based on the underlying assets depreciation calculated using the straight-line method over the assets’ useful lives. We evaluated the key factors and assumptions used to develop the estimate of depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are the disclosures relating to commitments and contingencies.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of our audit.
Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to WUWF-FM’s financial statements or the auditor’s report. No such disagreements arose during the course of our audit.

Representations Requested from Management

We have requested certain representations from management which are included in the attached letter dated January 12, 2016.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings or Issues

In our normal course of our professional association with WUWF-FM, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as WUWF-FM’s auditors.

This report is intended solely for the information and use of the Board of Trustees and management of WUWF-FM and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

JAMES MOORE & CO., P.L.
January 12, 2016

James Moore & Co., P.L.
2477 Tim Gamble Place, Suite 200
Tallahassee, FL 32308

This representation letter is provided in connection with your audit of the basic financial statements of WUWF-FM as of June 30, 2015 and 2014 and for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of WUWF-FM in conformity with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of the date of this letter.

Financial Statements

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 23, 2015 for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.

- We have reviewed, approved, and taken responsibility for the financial statements and related notes. We have a process to track the status of audit findings and recommendations.

- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

- Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
• All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

• We are not aware of any pending or threatened litigation, claims, or assessments, or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (FASB Accounting Standards Codification TM (ASC) 450, Contingencies), and we have not consulted a lawyer concerning litigation, claims, or assessments.

• All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.

• All funds and activities are properly classified.

• All funds that meet the quantitative criteria in GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and GASB Statement No. 37, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus as amended, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.

• All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.

• Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.

• All revenues within the statement of activities have been properly classified as program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.

• All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.

• All interfund and intra-entity transactions and balances have been properly classified and reported.

• Special items and extraordinary items have been properly classified and reported.

• Deposit and investment risks have been properly and fully disclosed.

• Capital assets, including infrastructure assets, are properly capitalized, reported, and if applicable, depreciated.

• All required supplementary information is measured and presented within the prescribed guidelines.

• With regard to investments and other instruments reported at fair value:
- The underlying assumptions are reasonable and they appropriately reflect management's intent and ability to carry out its stated courses of action.

- The measurement methods and related assumptions used in determining fair value are appropriate in the circumstances and have been consistently applied.

- The disclosures related to fair values are complete, adequate, and in conformity with U.S. GAAP.

- There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

• With respect to the supplementary information accompanying the financial statements:

  - We acknowledge our responsibility for the presentation of the schedule of functional expenses in accordance with accounting principles generally accepted in the United States of America.

  - We believe the schedule of functional expenses, including its form and content, is fairly presented in accordance with generally accepted accounting principles.

  - The methods of measurement or presentation have not changed from those used in the prior period.

  - We believe the cost allocations underlying the measurement or presentation of the schedule of functional expenses, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.

  - When the schedule of functional expenses is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of functional expenses no later than the date of issuance by the entity of the schedule of functional expenses and the auditor's report thereon.

  - We acknowledge our responsibility to include the auditor's report on schedule of functional expenses in any document containing the schedule of functional expenses and that indicates the auditor reported on such schedule of functional expenses.

  - We acknowledge our responsibility to present the schedule of functional expenses with the audited financial statements or, if the schedule of functional expenses will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the schedule of functional expenses no later than the date of issuance by the entity of the schedule of functional expenses and the auditor's report thereon.

• With respect to the required supplementary information accompanying the financial statements:

  - We acknowledge our responsibility for the presentation of Management's Discussion and Analysis in accordance with Governmental Accounting Standards.

  - We believe Management's Discussion and Analysis, including its form and content, is measured and
fairly presented in accordance with Governmental Accounting Standards.

- The methods of measurement or presentation have not changed from those used in the prior period.

**Information Provided**

- We have provided you with:
  
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, 7 and other matters;
  
  - Additional information that you have requested from us for the purpose of the audit; and
  
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

- All transactions have been recorded in the accounting records and are reflected in the financial statements.

- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  
  - Management;
  
  - Employees who have significant roles in internal control; or
  
  - Others where the fraud could have a material effect on the financial statements.

- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, vendors, regulators, or others.

- We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

- We have disclosed to you the identity of the entity’s related parties and all the related party relationships and transactions of which we are aware.

- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.

- WUWF-FM has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.

- We have disclosed to you all guarantees, whether written or oral, under which WUWF-FM is contingently liable.
• We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.

• We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.

• There are no:
  
  – Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.

  – Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.

  – Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.

• WUWF-FM has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.

• We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

Signature: [Signature]
Title: [Associate Controller of Reporting]
To provide the Committee with an overview of activities within Internal Auditing and Compliance.

1. Status of audit in process
2. Status of advisory/consulting activities
3. Compliance operation
4. Miscellaneous items

Recommendation: None

Implementation: None

Fiscal Implications: Fiscal oversight by the UWF Board of Trustees

Prepared by: Betsy Bowers, Associate Vice President, bbowers@uwf.edu, 474-2636

Presenter: Betsy Bowers