

2001

Annual financial report for the fiscal year 1999-2000

Florida International University

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FIU

FLORIDA INTERNATIONAL UNIVERSITY
Miami's public research university

1999-2000

ANNUAL

FINANCIAL

REPORT

*It was a very good year
for quality & growth*





CONTENTS

Message from the Executive Vice President for Business and Finance	3
Message from the Controller	4
The University	5
Quality Growth	6
Financial Summary	9
Balance Sheet	10
Statement of Changes in Fund Balance	12
Statement of Current Funds, Revenues, Expenditures and Other Changes	14
Notes to the Financial Statements	15
Board of Regents and University Officials	23

t was a very good year

Message from the Executive Vice President for Business and Finance

Florida International University – Miami’s public research university – is one of America’s most dynamic institutions of higher learning. The University has a nationally renowned faculty known for their outstanding teaching and cutting-edge research; students from throughout the U.S. and more than 130 foreign countries; and its alumni have risen to prominence in every field and are a testament to the University’s academic excellence. The University offers more than 180 baccalaureate, master’s and doctoral degree programs in 16 colleges and schools.

Perhaps the most notable event of the past year, was the establishment of the FIU College of Law, which will welcome its first-year class in the fall of 2002. FIU had another record year attracting external research grants and contracts. For fiscal 1999-2000, we received more than \$58 million in overall contracts and grants, a 31 percent increase over 1998-99 and the third consecutive annual increase in excess of 20 percent. Shortly after the end of the fiscal year, the University achieved a goal it has pursued for more than a decade: The Carnegie Foundation for the Advancement of Teaching awarded FIU the highest, most comprehensive ranking possible in its prestigious classification system, making FIU one of only five Florida schools to hold that status. FIU rose from a “Doctoral II” rating in Carnegie’s old classification system to “Doctoral/Research University-Extensive”, which replaces Carnegie’s previous rating of “Research I.”

The Board of Regents unanimously approved the establishment of a Division I-AA football program; the team will take the field in fall 2002. At University Park, construction was underway for the first fraternity house, the presidential residence and events center, and a second parking garage. A new housing complex was completed, adding 347 beds at a cost of \$23 million.



Paul D. Gallagher
Executive Vice President for
Business and Finance



Paul D. Gallagher

or quality & growth



Andy Fornaguera

Message from the Controller

The financial statements in this annual report have been prepared in accordance with the accounting and financial reporting guidance recognized by the American Institute of Certified Public Accountant Industry Audit Guide, Audits of Colleges and Universities as amended by AICPA Statement of Position (SOP) 74-8, Financial Accounting and Reporting by Colleges and Universities and as modified by applicable Financial Accounting Standards Board (FASB) pronouncements issued through November 30, 1989, and as modified by all applicable pronouncements cited in Codification Section Co5, Colleges and Universities.

The financial statements were audited by the Auditor General of the State of Florida prior to being submitted to the Board of Regents for consolidation with the other universities in the State University System. The consolidated financial statements will be presented in the State-wide General Purpose Financial Statements issued by the State Comptroller's Office. The State-wide statements will be the subject of an opinion by the Auditor General.

The mission of the Controller's Office is to maintain the integrity of the accounting records and to provide quality service to students, faculty and staff and the community that we serve. To that end, this Office is committed to introducing new technology to facilitate the retrieval of financial data, expediting payments to students and vendors and providing quality customer service to our clients.

Should you have any questions concerning this annual report or would like additional information, you may contact me at (305) 348-2131, or e-mail me at fornague@fiu.edu.

A handwritten signature in brown ink that reads "Andy Fornaguera". The signature is written in a cursive, flowing style.

Andy Fornaguera
Controller

UNIVERSITY HISTORY

Established in 1965 by the Florida Legislature, Florida International University opened its doors to 5,667 students in the fall of 1972. Originally established as an upper-division institution, the University operated one campus in Miami-Dade County. In 1981, the University added lower-division classes for freshmen and sophomores. FIU now has two major campuses in Miami-Dade County, University Park and Biscayne Bay Campus, two academic centers in Broward County, and a major research facility, the Center for Engineering and Applied Science, located near University Park. In the Fall of 1999, FIU had a total student population of 31,274 offering over 180 baccalaureate, masters and doctoral degree programs and over 83,000 alumni. FIU continues to be the largest public university in South Florida.



Little more than 25 years ago, construction began on FIU's second building, Duxieme Maison (Second House), next to Primera Casa (First House).

MISSION STATEMENT

Florida International University (FIU) is an urban, multi-campus, research university serving Southeast Florida, the state, the nation and the international community by imparting knowledge through excellent undergraduate and graduate teaching, by creating new knowledge through research, and by promoting public service.

Five strategic themes guide the University's development: International, Environmental, Urban, Health, and Information. We focus on these themes with a commitment to quality management and cultural diversity.

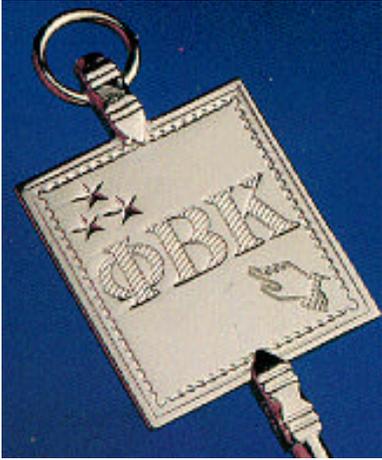
The University's priorities are to graduate a well educated, technologically sophisticated, ethnically diverse student body, who can think critically about a changing world; to continue to enhance undergraduate teaching while broadening graduate and professional programs; to promote research and creative activities which contribute to the social, artistic, cultural, economic, environmental, scientific and technological foundations for the 21st century; and to solve critical social, educational, environmental, health and transportation problems through applied research and service.

These strategic themes and priorities guide our pursuit of recognition as one of America's top 25 public urban research universities while maintaining the highest quality of undergraduate programs.



During the past decade FIU has experienced unprecedented growth. Several projects are currently underway to accommodate enrollment.

Quality and Growth



Since opening in 1972, FIU has achieved many benchmarks of excellence that have taken other universities more than a century to reach – and the past year was one of the most extraordinary in its history. The University was authorized to establish the FIU College of Law, the first public law school in South Florida, which will open in 2002. Shortly after the close of the year, the University received the highest classification from the Carnegie Foundation, Doctoral/Research University-Extensive, which replaces the previous Research I rating. FIU was also invited to establish a chapter of Phi Beta Kappa, the nation's oldest and most distinguished academic honorary society, and had its accreditation reaffirmed for another 10 years by the Southern Association of Colleges and Schools (SACS)

The University has received national recognition during its short existence. *U.S. News and World Report* magazine has ranked FIU among the top 100 public national universities in its annual survey of "America's Best Colleges." FIU has also been recognized as one of the top 10 public commuter universities in the nation by *Money* magazine. *Kiplinger's Personal Finance Magazine* ranked FIU as the country's 18th best value in public higher education.

FIU's intercollegiate athletics teams competed in the National Collegiate Athletic Association (NCAA) Division I, the nation's most competitive college sports division, the Sun Belt Conference and the Atlantic Soccer Conference. Fifteen sports programs are offered, including basketball, track and cross country, soccer, volleyball, softball and baseball. The University will field its first intercollegiate football team in the Fall of 2002, which will compete in Division I-AA.

Quality and

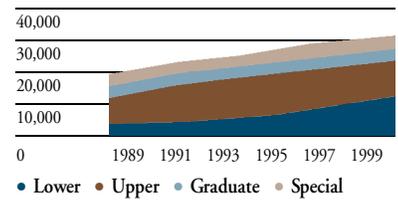
ENROLLMENT

Enrollment continues to grow at a rapid pace. In the past decade, enrollment increased 36 percent from 19,529 students in the Fall of 1989 to 31,274 in the Fall of 1999.

The student body of the University reflects the diversity of the Miami community, with students from almost all 50 states and more than 130 foreign countries.

Approximately 51 percent of the student body is of Hispanic origin, 15 percent black, and 3.5 percent Asian. The population of international students represents almost 8 percent of the student body.

Student Headcount (Fall)

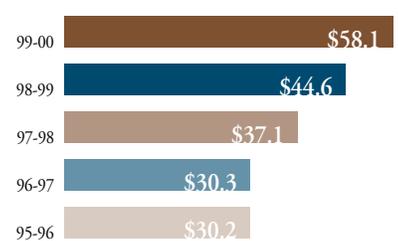


RESEARCH

During fiscal year 1999-2000, the University received the Research I designation from the Carnegie Foundation. Grants awarded to the University from external sources totaled \$58 million in 1999-2000, reflecting an increase of 93% in the past five years.

FIU has achieved distinguished research excellence in five academic areas: 1) environmental research and training; 2) international understanding; 3) information technology; 4) health and disease prevention; and 5) urban matters. Notable centers and programs in these areas include: 1) The Hemispheric Center for Environmental Technology (HCET), 2) Latin American and Caribbean Center (LACC), 3) High Performance Database Research Center (HPDRC), 4) Biomedical Engineering Institute (BEI) and 5) The Metropolitan Center.

Grants Awarded (total awarded in millions)



LAW SCHOOL



Another milestone achieved by the University during the fiscal year 1999-2000 was the approval by the Florida Legislature of a law school, scheduled to open its doors to students in the Fall 2002 with an initial enrollment of 60 full-time and 60 part-time students. Enrollment is expected to grow to over 520 students within five years. The part-time program is intended to provide working students the opportunity of obtaining a law degree. The College of Law will be temporarily housed in the Dorothea and Steven Green Library, while plans are made for the construction of a permanent building. Shortly after the end of the fiscal year, a Dean was named and planning has started to hire faculty and key personnel. The law school plans to offer international courses, as well as integrate the relevant aspects of international law into domestic law courses. The law school focus will be unique when compared to other law schools throughout the nation.



In the Fall of 2002 FIU will open the doors of its law school to students.

Growth



FOOTBALL

The approval for a football program was granted this fiscal year with the first game scheduled for Fall 2002. Former Miami Dolphins quarterback Don Strock has been named as the first FIU Head Coach for the Golden Panthers Football Team. An aggressive campaign to promote football has raised over \$2 million dollars, sold 600 season tickets, and is seeking commitments to televise the games. The new Athletic Director intends to use football as the catalyst to bring exposure to the other sports at FIU. It is predicted that the football program will enhance our partnerships with alumni, students, faculty/staff and the community at large.



Assistant Principal John Lux, Principal Lourdes Gimenez and Lead Teacher Silvia Tarafa outside Dr. Carlos J. Finlay Elementary School.

ELEMENTARY SCHOOL

The College of Education, the Dade County School System and the United Teachers of Dade have developed for the first time in Miami-Dade County the affiliation of a public university with a “State School D-1” elementary school. The school is planned to have an enrollment of 750 students and a bilingual curriculum. Construction for the school began in May 2000. The two story, 84,000 square foot elementary school will be located close to the College of Education at the University Park Campus and is expected to be completed in January 2001. The College of Education students will benefit from actual field experience by working with and observing the children in real classroom settings.



Scheduled to open in September 2002, FIU's School of Architecture building was designed to be flexible, allowing for changes and adaptations as future needs evolve.

CONSTRUCTION PROJECTS

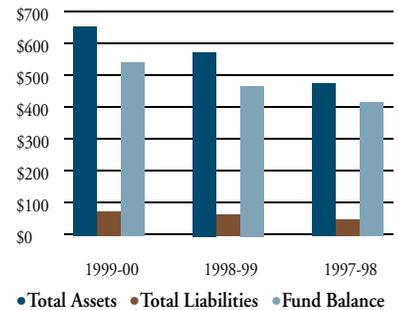
The University's focus on growth is reflected in the number of construction projects planned for the next five years. The new projects are essential to accommodate the growth in enrollment and programs experienced by the University. The following chart summarizes, some of the construction projects planned for the next five years.

Construction Projects	Total Cost (in millions)	Estimated Completion Date
Health & Life Science	\$36.7	Phase 1 June 2002
Housing III	23.7	Phase 1 June 2000, II June 2002
Graduate School of Business	17.7	2006
Marine Biology (Biscayne Bay Campus)	16.3	2004
School of Architecture	15.4	September 2002
The Executive Center (Research Bldg.)	12.0	April 2002
Law School	11.9	2005
Parking Garage II	8.3	April 2002

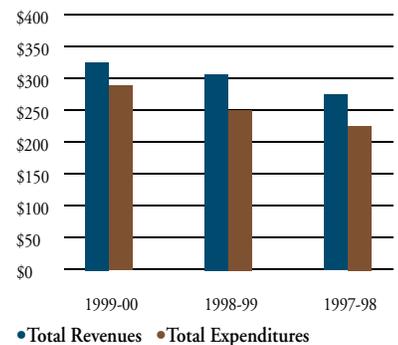
Financial Summary

- Total assets of \$678 million increased by \$43 million, or 7 percent over the previous year. This was due primarily to the completion of several construction projects on campus.
- The net increase in liabilities over the past three years is attributed to the issuance of bonds for the construction of student housing and parking facilities. Debt service payment for these bonds is secured from revenues generated by these operations.
- Idle cash was invested through the State Treasury. Income generated from the investment of funds totaled \$3.4 million during the year.
- The University's total fund balance of \$560 million at the end of the year included \$448 million from Investment in Plant and \$73 million from Current Funds.
- Tuition and other registration fees collected from the students totaled \$77 million. Of this amount \$14 million went to support student activities through the Student Government Association, intercollegiate athletics and the student health program.
- Funds awarded for sponsored programs increased by 93 percent during the past five years from \$30 million to \$58. During the fiscal year 1999-2000, 62 percent was received from Federal agencies, while 15 percent and 23 percent came from state agencies and private entities, respectively.
- Auxiliary operations account for a major source of current funds with total revenues of \$41 million during the year. The major auxiliary operations at the University consist of student housing, parking, duplicating and outreach.
- The 1999-2000 University's budget totaled \$336 million. Educational and General Funding consisted of 62 percent of the total budget. Budget allocations are presented below:

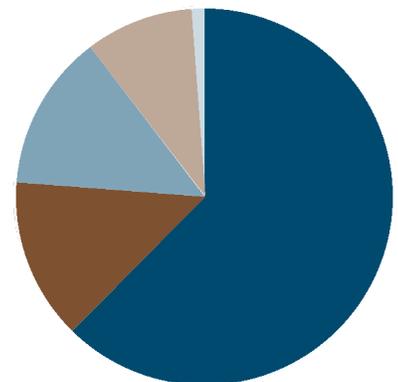
Balance Sheet (in millions)



Total Revenues & Expenditures (in millions)



Budget – Current Funds



Budget – Current Funds (in millions)

E & G	\$207
Sponsored Research	53
Auxiliary	41
Student Financial Aid	30
Other	5
Total	\$336

E&G	62%
Sponsored Research	16%
Auxiliary	12%
Student Financial Aid	9%
Other	1%

BALANCE SHEET

As Of June 30, 2000 with Comparative Balances

	Current Funds		Loan Fund	Unexpen
	Unrestricted	Restricted		
ASSETS				
Cash	\$ 12,229,272	\$ 4,797,575	\$ 263,021	
Investments	39,588,550	8,343,513	830,328	14,413,
Net Receivables	3,949,698	6,051,374	2,983,068	75,
Inventories	653,773			
Due From Other Funds	23,575,308	50,000		40,904,
Due From Other State Agencies	1,096,275			14,223,
Deferred Charges				587,
Land				
Buildings				
Equipment				
Library Books				
Construction-in-Progress				
Other Fixed Assets	231,424			
TOTAL ASSETS	\$ 81,324,300	\$19,242,462	\$4,076,417	\$70,204,
LIABILITIES				
Accounts Payable	\$ 2,753,117	\$ 448,616		\$ 2,355,
Accrued Liabilities	2,978,453	81,901		
Due to Other Funds	50,000	3,994,213		
Due to Other State Agencies				39,
Compensated Absence Liability	17,799,007			
Other Liabilities				
Long Term Debt				41,638,
Total Liabilities	\$ 23,580,577	\$ 4,524,730	\$ -	\$44,032,
FUND BALANCE				
Future Amount to be Financed	\$(17,799,007)			
Reserve for Encumbrances	10,074,485	4,937,497		17,949,
Unallocated Fund Balance	27,894,029			
Allocated Fund Balance	37,574,216	9,780,235	752,172	8,222,
Refundable Government Grants			3,324,245	
Investment in Plant				
Component Unit Fund Balance				
Total Fund Balance	\$ 57,743,723	\$14,717,732	\$4,076,417	\$26,172,
Total Liabilities and Fund Balance	\$ 81,324,300	\$19,242,462	\$4,076,417	\$70,204,

See accompanying summary of significant accounting policies and notes to the financial statements

Plant Funds			Agency Fund	University Totals		Direct Support Organization
Renewal & Maintenance	Retirement of Indebtedness	Investment in Plant		2000	1999	
14,498	\$ 805		\$ 291,014	\$ 17,596,185	\$ 2,841,227	\$ 4,775,057
	9,635,097		2,208,978	75,019,917	83,645,015	49,279,208
			202,310	13,262,306	11,278,221	12,443,234
				653,773	799,495	
				64,529,462	45,832,960	
				15,320,192	20,068,619	
		32,171		619,438	2,746,382	
		34,816,551		34,816,551	33,785,324	2,472,056
		294,215,355		294,215,355	282,304,792	2,812,829
		102,877,310		102,877,310	98,344,344	
		53,280,239		53,280,239	49,115,273	
		4,433,976		4,433,976	2,633,633	
		1,207,583		1,439,007	1,090,160	125,571
14,498	\$9,635,902	\$490,863,185	\$2,702,302	\$678,063,711	\$634,485,445	\$71,907,955
			\$2,142,517	\$ 7,699,710	4,812,162	\$ 190,607
				3,060,354	2,232,371	
			421,730	4,465,943	4,366,440	
			138,055	177,094	710,086	
				17,799,007	15,488,111	
				-	-	1,198,992
		42,593,711		84,231,840	78,669,562	
-	\$ -	\$ 42,593,711	\$2,702,302	\$117,433,948	\$106,278,732	\$ 1,389,599
				\$(17,799,007)	(15,488,111)	
				32,961,528	48,104,675	
				27,894,029	21,024,515	
14,498	9,635,902			65,979,494	48,409,100	
				3,324,245	3,125,974	
		448,269,474		448,269,474	423,030,560	
				-		70,518,356
14,498	\$9,635,902	\$448,269,474	\$ -	\$560,629,763	\$528,206,713	\$70,518,356
14,498	\$9,635,902	\$490,863,185	\$2,702,302	\$678,063,711	\$634,485,445	\$71,907,955

STATEMENT OF CHANGES IN FUND BALANCE

For Year Ended June 30, 2000 with Comparative Totals

	Current Funds		Loan Fund	Unexpen
	Unrestricted	Restricted		
REVENUES AND OTHER ADDITIONS				
Unrestricted Current Fund Revenues	\$223,824,766			
Auxiliary Enterprises Revenues	40,943,908			
State Appropriations - Restricted				22,163,000
Governmental Grants & Contracts - Restricted		7,035,200	61,012	
Private Gifts, Grants & Contracts - Restricted		14,801,351		100,000
Federal Grants & Contracts - Restricted		43,428,424		
Investment Income - Restricted		383,740	63,936	994,000
Federal Government Advances			119,458	
Interest on Loans Receivable			137,695	
Resources Received from BOR				325,000
Expended for Plant Facilities				
Retirement of Indebtedness				176,000
Other Revenues and Additions				
TOTAL	\$264,768,674	\$65,648,715	\$ 382,101	\$23,759,000
EXPENDITURES AND OTHER DEDUCTIONS				
Educational and General Expenditures	\$220,707,108	\$63,181,985		
Auxiliary Enterprises	27,425,058			
Indirect Costs Recovered		17,092		
Loan Cancellations & Rec. Write-Offs				
Administrative and Collection Costs			97,989	
Expended for Plant Facilities				33,282,000
Retirement of Indebtedness				
Interest on Indebtedness				
Disposal of Plant Facilities				
Other Expenditures & Deductions			129,063	2,187,000
TOTAL	\$248,132,166	\$63,199,077	\$ 227,052	\$35,470,000
TRANSFERS - FUND BALANCES				
Interfund Transfers	\$ (4,319,460)	\$ (66,844)	–	\$ 2,200,000
Net Increase (Decrease)	\$ 12,317,048	\$ 2,382,794	\$ 155,049	\$(9,510,300)
Fund Balance at Beginning of Year	45,426,675	12,334,938	3,921,368	35,682,000
Fund Balance Adjustments			–	
FUND BALANCE AT THE END OF YEAR	\$ 57,743,723	\$14,717,732	\$4,076,417	\$26,172,000

See accompanying summary of significant accounting policies and notes to the financial statements

Plant Funds			University Totals		Direct Support Organization
Renewal & Replacement	Retirement of Indebtedness	Investment in Plant	2000	1999	
			\$223,824,766	\$212,817,573	
			40,943,908	34,626,202	
			22,163,564	19,706,424	
			7,096,212	8,863,079	
			14,901,351	14,884,130	
			43,428,424	35,675,804	
	342,691		1,785,118	1,403,283	
			119,458	29,264	
			137,695	176,551	
			325,000	4,830,000	
		33,908,596	33,908,596	34,147,265	
		1,684,269	1,860,797	1,798,103	
			–	–	20,638,637
\$ –	\$ 342,691	\$ 35,592,865	\$390,494,889	\$368,957,678	\$20,638,637

			\$283,889,093	\$262,221,890	
			27,425,058	27,852,103	
			17,092	31,681	
			–	213,797	
			97,989	110,351	
			33,282,777	20,134,471	
	1,606,107		1,606,107	1,573,611	
	1,246,248		1,246,248	1,282,300	
		10,353,951	10,353,951	1,100,143	
		–	2,316,485	2,236,121	5,664,769
\$ –	\$2,852,355	\$ 10,353,951	\$360,234,800	\$316,756,468	\$ 5,664,769

	\$2,186,304		–		
	\$ (323,360)	\$ 25,238,914	\$ 30,260,089	\$ 52,201,210	\$14,973,868
14,498	9,959,262	423,030,560	530,369,674	477,729,620	55,544,488
			–	(1,724,117)	–
\$14,498	\$9,635,902	\$448,269,474	\$560,629,763	\$528,206,713	\$70,518,356

STATEMENT OF CURRENT FUNDS, REVENUES, EXPENDITURES AND OTHER CHANGES

For Year Ended June 30, 2000 with Comparative Totals

	Current Funds		Total 2000	Total 1999
	Unrestricted	Restricted		
REVENUES				
EDUCATIONAL & GENERAL				
Student Tuition and Fees	\$ 70,375,129		\$ 70,375,129	\$ 64,269,053
Governmental Appropriations – State	152,136,010		152,136,010	147,136,718
Grants, Contracts & Gifts – Government	110,066	6,810,665	6,920,731	20,285,207
Federal Contracts & Grants		42,042,367	42,042,367	23,480,825
Grants, Contracts & Gifts – Private		12,806,226	12,806,226	14,000,104
Investment Income	166,509	–	166,509	128,004
Other	1,037,052	1,522,727	2,559,779	1,909,551
TOTAL EDUCATIONAL & GENERAL REVENUES	\$223,824,766	\$63,181,985	\$287,006,751	\$271,209,462
AUXILIARY ENTERPRISES				
Sales & Services – Operations	\$ 31,879,492		\$ 31,879,492	\$ 26,961,585
Student Fees	7,557,247		7,557,247	6,195,912
Investment Income	1,507,169		1,507,169	1,468,705
TOTAL AUXILIARY INCOME	\$40,943,908	\$ –	\$ 40,943,908	\$ 34,626,202
TOTAL CURRENT REVENUES	\$264,768,674	\$63,181,985	\$327,950,659	\$305,835,664
EXPENDITURES				
EDUCATIONAL & GENERAL				
Instruction	\$ 88,826,927	\$ 5,034,580	\$ 93,861,507	\$ 87,896,493
Research	16,796,111	32,651,518	49,447,629	39,366,187
Public Service	199,602	6,295,464	6,495,066	4,917,332
Academic Support	41,001,573	1,577,781	42,579,354	38,767,735
Student Services	12,574,330	1,420,935	13,995,265	13,644,358
Institutional Support	32,827,927	318,135	33,146,062	29,480,129
Operations & Maintenance of Plant	21,409,960	181,988	21,591,948	20,551,614
Scholarship & Fellowship	7,070,678	15,701,584	22,772,262	27,598,043
TOTAL EDUCATIONAL AND GENERAL	\$220,707,108	\$63,181,985	\$283,889,093	\$262,221,891
Auxiliary Enterprises Expenditures	\$ 27,425,058	–	\$ 27,425,058	\$ 27,852,103
TOTAL EXPENDITURES	\$248,132,166	\$63,181,985	\$311,314,151	\$290,073,994
OTHER TRANSFERS & ADDITIONS/DEDUCTIONS				
Excess of Restricted Receipts Over Transfers to Revenue		\$ 2,449,638	\$ 2,449,638	\$ 1,132,140
Interfund Transfers	(4,319,460)	(66,844)	(4,386,304)	(9,210,223)
Resources Received from BOR/UNIV	–		–	4,830,000
TOTAL OTHER TRANSFERS & ADDITIONS	\$ (4,319,460)	\$ 2,382,794	\$ (1,936,666)	\$ (3,248,083)
NET INCREASE (DECREASE) IN FUND BALANCE	\$ 12,317,048	\$ 2,382,794	\$ 14,699,842	\$ 12,513,587

See accompanying summary of significant accounting policies and notes to the financial statements

NOTES TO THE FINANCIAL STATEMENTS

The significant accounting policies followed by Florida International University are described below to enhance the usefulness of the financial statements.

A. REPORTING ENTITY

Although the University is considered a separate entity for financial reporting purposes, it is a part of the State University System of Florida and accordingly is governed, regulated, and coordinated by the State Department of Education, Board of Regents, and subject to the general supervision of the State Board of Education. The President is responsible for the management of the University, under the general direction and control of the Chancellor of the State University Systems of Florida, who has ultimate responsibility for administering the policies prescribed by the Board of Regents.

The University's "direct support organization," as provided for Section 240.299 Florida Statutes, and Board of Regents rule 6C-9.011, is considered a component unit of the University and therefore the latest audited statements of this organization are included in the financial statements of the University by discrete presentation. This is a separate, not-for-profit corporation organized and operated exclusively to assist the University to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services. This organization is authorized to receive, hold, invest and administer property and to make expenditures to or for the benefit of the University. An annual post audit of the organization's financial statements is conducted by an independent certified public accountant. The annual report is submitted to the Auditor General and the Board of Regents for review. This not-for-profit corporation and its purpose are explained below:

Florida International University Foundation, Inc. is a not-for-profit corporation and its purpose is to encourage, solicit, receive and administer gifts and requests of property and funds for the advancement of Florida International University.

In November 1997, Florida International University Foundation, Inc. was established to operate exclusively for the benefit of Florida International University (FIU). The

purpose of this corporation includes the promotion of research and training activities of faculty, staff, and students of FIU. This research foundation is in the organizational stages and no financial activities have taken place.

B. BASIS OF ACCOUNTING

The University's fiscal and accounting operations are essentially structured around the recommendations of the National Association of College and University Business Officers, constituting generally accepted accounting principles, as published under the title of "College and University Business Administration." Financial Statements have been prepared in accordance with instructions provided by the Board of Regents.

Financial statements have been prepared on the accrual basis of accounting. However, depreciation of fixed assets is not recognized. The Reserve for Encumbrances portion of the fund Balance is a representation of purchase commitments for which the merchandise or services have not been received. Notes receivables from students are reported in the Loan Fund at net value.

The Statement of Current Funds Revenues, Expenditures and Other Changes is a statement of financial activities of current funds related to the current reporting period. It does not purport to present the results of operations or the net income or loss for the period as would a statement of income or a statement of revenues and expenses.

To the extent that current funds are used to finance plant assets, the amounts provided are accounted for as: (1) expenditures, in the case of normal replacement of movable equipment and library books; (2) mandatory transfers, in the case of required provisions for debt amortization, interest, and equipment renewal and replacement; and (3) as transfers of a non-mandatory nature for all other cases.

Physical plant and equipment are recorded at cost as of the date of acquisition or at appraised value as of the date received in the case of gifts or purchases from the State Division of Surplus Property. Some items of equipment purchased from the Division of Surplus Property have title restrictions.

C. FUND ACCOUNTING

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the University, the financial records and accounts are maintained in accordance with the principles of “fund accounting.” This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified. Separate accounts are maintained for each fund. However, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported in one of the following fund groups.

1. **Current Funds** – This fund group includes those economic resources of the University, which are expendable for operational purposes in performing the primary objectives of the University. Resources restricted by donors or other outside agencies for specific current operating purposes are reported as Restricted Current funds.
2. **Loan Funds** – This fund group consists of loans to students and resources available for such purposes. The terms of the loan agreements usually specify that the money operates on a revolving basis, i.e., repayment of principal and interest are loaned to eligible students.
3. **Endowment Funds** – These are funds which the donors or outside agencies have stipulated, as a condition of the gift, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Quasi-endowment funds (funds functioning as endowment) are funds, which the governing board of an institution has determined, are to be retained and invested. These quasi-endowment funds are usually set aside to fulfill the same purpose as endowment funds and, therefore, are accounted for in the same manner as endowment funds. FIU had no funds classified in this fund group as of June 30, 2000.

4. **Plant Funds** – This fund group represents four separate self-balancing fund subgroups for which separate accountability and reporting is required. These fund subgroups are as follows:

- A. **Unexpended Plant Funds** account for the unexpended resources received directly by the University from various sources to finance the acquisition of long-lived plant assets and the associated liabilities.
- B. **Renewal and Replacement Plant Funds** provide for the renewal and replacement of plant fund assets, as distinguished from additions and improvements to plant.
- C. **Retirement of Indebtedness Funds** account for the accumulation of resources received directly by the University for interest and principal payments and other debt service charges including contributions for sinking funds relating to plant fund indebtedness.
- D. **Investment in Plant** includes all long-lasting assets in the service of the University, as well as all associated liabilities. This account includes all construction in progress.

5. **Agency Funds** – This fund group consists of funds held by the University as custodian or fiscal agent for others.

6. **Component Units** – This fund group consists of organizations for which the University is accountable, or for which the nature and significance of their relationship with the University are such that exclusion would cause the financial statements to be misleading or incomplete.

D. OTHER SIGNIFICANT ACCOUNTING POLICIES

Other significant accounting policies are set forth in the financial statements and notes thereto.

E. NOTES TO THE FINANCIAL STATEMENTS

1. INVESTMENTS

Investments were made through the State Treasury and the State Board of administration in accordance with the provisions of Section 215.515 and 215.49, Florida Statutes. Investments consisted of the instruments listed in Section 18.10, Florida Statutes. The investments are recorded at cost; however, the difference between market value and the cost of investments is negligible.

2. ALLOWANCE FOR DOUBTFUL RECEIVABLES

The amount of allowance for doubtful accounts and notes receivable as of June 30, 2000 is estimated to be \$4,602,755. This amount was determined from aging schedules based on type, age, collection experience of the University, as well as other pertinent data. Delinquent notes receivable where the federal “due diligence” requirements have been fulfilled and all “in house” efforts have been exhausted, are considered doubtful. The reserves are listed in Table 1.

TABLE 1

Fund Group	
Current Funds	\$3,002,516
Loan Funds	1,424,413
Agency Funds	175,826
TOTAL	\$4,602,755

3. INVENTORIES

Inventories are recorded by the method(s) shown in Table 2.

TABLE 2

Inventory	Method
Central Stores	Average Cost
Duplicating Center	Last Invoice Price
Computer Store	Last Invoice Price

4. LONG-TERM DEBT

The University’s long-term indebtedness is reported in the Investment in Plant Fund and Unexpended Plant Fund and is classified according to the following type of indebtedness:

A. Revenue Certificates and Bonds Payable

Bonds and revenue certificates were issued to construct University facilities in the State University System, including parking garages, student housing, academic and student service facilities. Bonds and revenue certificates outstanding, which include both term and serial bonds, are secured by a pledge of housing rental revenues, traffic and parking fees and various student fee assessments. The building fee and capital improvement fee collected as a part of tuition and remitted to the Board of Regents is used to retire the revenue certificates for the academic and student service facilities.

Refer to Table 3 for a summary of pertinent information related to the University’s indebtedness resulting from the issuance of certificates and bonds.

Principal and interest payment for these revenue certificates and bonds are illustrated in Table 4.

TABLE 3

Bond Issue	Amount of Issue	Total Retired/Refunded	Principal	Discount	Interest	Interest Rate	Date of Maturity
1991	\$ 5,250,100	\$(5,169,439)	\$ 64,905	\$ (15,755)	\$ 10,927	6.0%	2003
1993	9,211,193	(2,316,034)	6,809,502	(85,657)	2,547,976	4.5%	2013
1997	2,936,719	(250,146)	2,641,869	(44,704)	1,970,062	7.0%	2022
1997-A	4,360,924	(96,411)	4,213,482	(51,030)	2,346,851	3.95%	2016
1998	5,643,366	(262,392)	5,310,486	(70,488)	3,470,500	5.0%	2023
Subtotal	\$27,402,302	\$(8,094,422)	\$19,040,244	\$(267,634)	\$10,346,316		
1995	7,780,000	(995,000)	6,722,760	(62,240)	3,423,539	4.7%	2016
1998	26,525,000		26,248,288	(276,712)	22,001,250	6.3%	2028
1999	7,530,000		7,437,487	(92,514)	4,577,286	4.0%	2019
TOTAL	\$69,237,302	\$(9,089,422)	\$59,448,779	\$(699,100)	\$40,348,391		

TABLE 4

INVESTMENT IN PLANT FUND

Year Ending	Principal	Interest	Total
2001	836,975	\$ 908,347	1,745,322
2002	874,357	869,122	1,743,479
2003	915,408	827,831	1,743,239
2004	964,810	783,764	1,748,574
2005	1,009,535	737,952	1,747,487
Later Years	13,424,247	4,202,276	17,626,523
SUBTOTAL	\$18,025,332	\$ 8,329,292	\$ 26,354,624
Bond Disc	(214,682)		(214,682)
TOTAL	\$17,810,650	\$ 8,329,292	\$ 26,139,942

UNEXPENDED PLANT FUND

Year Ending	Principal	Interest	Total
2001	890,884	\$ 2,082,512	2,973,396
2002	936,998	2,034,563	2,971,561
2003	988,511	1,983,691	2,972,202
2004	1,040,423	1,929,664	2,970,087
2005	1,103,288	1,872,289	2,975,577
Later Years	37,162,444	22,116,380	59,278,824
Subtotal	\$42,122,548	\$ 32,019,099	\$74,141,647
Bond Disc	(484,419)		(484,419)
TOTAL	\$41,638,129	\$ 32,019,099	\$73,657,228
TOTAL	\$59,448,779	\$ 40,348,391	\$ 99,797,170

B. Certificates of Participation

In 1986, the State Comptroller entered into a consolidated equipment financing program whereby tax-exempt certificates of participation were issued. The purpose of the program is to acquire equipment and refinance equipment previously purchased by the state at lower financing costs, than would otherwise be obtained. As of June 30, 2000, the University did not have any outstanding commitments under the Consolidated Equipment Financing Program.

C. Installment Purchase Contracts and Capital Leases

As of the end of the fiscal year 1999-00, the University did not have any outstanding capital leases.

D. Other Long-Term Debt

During the fiscal year 1993-94 the Dade County Educational Facilities Authority issued its \$29,345,000

Dade County Educational Facilities Authority Revenue and Revenue Refunding Bonds, Series 1993 (Florida International University Project). Proceeds from the sale of the bonds were loaned to the University under a Loan Agreement, dated October 15, 1993, and used with other moneys available to: 1)current refund, defease and redeem the outstanding Dade County Educational Facilities Authority Dormitory Bonds, Series 1984; 2)advance refund and defease the outstanding Dade County Educational Facilities Authority Revenue Bonds, Series 1991; 3)reimburse to the Florida International University Foundation, Inc. an advance made in connection with the acquisition of the dormitories at University Park; 4)acquire, construct and equip additional dormitories; and 5)pay certain expenses incurred in connection with the issuance of the Series 1993 Bonds. The University will make loan payments to a Trustee in amounts sufficient to pay, when due, the principal and interest on the Series 1993 Bonds. Principal and interest payments are listed in Table 5.

TABLE 5

Year Ending	Principal	Interest	Total
2001	\$ 970,000	\$ 1,207,641	\$ 2,177,641
2002	1,010,000	1,166,173	2,176,173
2003	1,050,000	1,121,741	2,171,741
2004	1,095,000	1,074,135	2,169,135
2005	1,195,000	1,022,610	2,217,610
Later Years	19,860,000	6,597,570	26,457,570
Subtotal	\$25,180,000	\$12,189,870	\$37,369,870
Bond Disc	(396,939)		(396,939)
TOTAL	\$24,783,061	\$12,189,870	\$36,972,931

5. COMPENSATED ABSENCES LIABILITY

Employees earn the right to be compensated during absences for annual (vacation) leave and sick leave pursuant to Section 6C-5.920, Florida Administrative Code; and pursuant to bargaining agreements between the Board of Regents and the United Faculty of Florida. Leave earned is accrued to the credit of the employee, and records are kept on each employee's unpaid (unused) leave balance. GASB Statement No. 16 requires that the University accrue a liability in the Current Funds for employees' right to receive compensation for future absences, when certain

conditions are met. Whereas, State appropriations fund only the portion of accrued leave that is used, or paid, in the current fiscal year. Although the liability is expected 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 the liability of compensated absences, without the corresponding recognition of such future resources, results in the appearance of a reduced ability to meet current obligations. At June 30, 2000, the estimated liability for annual and sick leave is \$9,713,095 and \$8,085,912, respectively. The University's Unrestricted Current Fund Balance of \$57,743,723 as of June 30, 2000, would have been \$75,542,730 had such liability for compensated absences not been applied against it.

A current compensated absences liability has been established for the amount of leave for the new participants in the Deferred Retirement Optional Program (DROP) as of July 1, 2000, for which they are eligible to receive payment.

6. INSURANCE – RISK EXPOSURE

In accordance with a program for central insurance purchases, adopted by the Florida State Cabinet in 1969, the Department of Management Services has been granted authority to purchase insurance on behalf of all State agencies. This authority was granted with the enactment of Section 287.022, Florida Statutes. Other

actions by the legislature have resulted in the development of State self-insurance funds, providing hazard insurance for property and casualty insurance for State employees workers' compensation, general liability and fleet automotive liability. The University participates in these programs. Property losses in excess of \$4 million are commercially insured up to \$300 million per loss event. Payments on tort claims are limited to \$100,000 per person and \$200,000 per occurrence as set by Section 768.28, Florida Statutes. Premiums are calculated on the cash needs of the program and are based on the amount of risk exposure for each State agency. 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.

7. OPERATING LEASES

The University did not have any outstanding operating leases as of June 30, 2000.

8. CONSTRUCTION COMMITMENTS

The major construction commitments of the University for those projects for which the estimated cost is \$1 million or more at fiscal year end are listed in Table 6.

9. STATE RETIREMENT PLANS

A. Florida Retirement System

Pursuant to Section 121.35, Florida Statutes, the Florida legislature established the Florida Retirement

TABLE 6

Project Number	Project Name	Est. Cost at Year End	Expended at Year End	Unspent at Year End
802	NC Student Apartment Repairs & Renovations	\$ 4,257,881	2,780,248	\$ 1,477,633
806	President's Residence and Event Center	2,400,000	253,494	2,146,506
818	University Housing III, Phase II	5,000,000	163,636	4,836,364
821	Health & Life Sciences Expansion & Renovation	17,889,770	532,305	17,357,465
850	School of Architecture	15,462,030	231,122	15,230,908
858	University Housing III	23,468,643	19,719,285	3,749,358
859	University Apartments Repairs	1,960,302	368,011	1,592,291
860	Graham Center Renovations & Addition	2,800,000		2,800,000
861	WUC Renovations & Addition	1,700,000		1,700,000
874	FIU/FMC Cooperative Use Center	5,000,000		5,000,000
879	Parking Garage II	8,308,847	148,855	8,159,992
TOTAL		\$88,247,473	\$24,196,956	\$64,050,517

System to provide a retirement and survivor benefit program for participating public employees. Most employees working in regularly established positions of the University are covered by the Florida Retirement System, a state-administered, cost-sharing, multiple-employer public employee defined benefit retirement plan. Participating employers include all state departments, counties, district school boards, and community colleges. Many municipalities and special districts have elected to be participating employers.

Generally, regular employee's retirement pension benefits vest after 10 years of service, and members are eligible for normal retirement benefits at age 62 with 10 years of service, or at any age after 30 years of service which may include up to 4 years of credit for military service.

The Deferred Retirement Optional Program (DROP) is a program which an eligible member of the Florida Retirement System may elect to participate in, deferring receipt of retirement benefits while continuing employment with a Florida Retirement System employer. The deferred monthly benefit accrues on behalf of the participant, plus interest compounded monthly, for the specified period of the DROP participation. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

Employers pay all contributions for regular class employees. For the 1999-00 fiscal year, the rate assessed against regular class employee payrolls amounted to 10.15 percent from July 1, 1999 through June 30, 2000. The University's liability for any unfunded pension benefit obligation is limited to the payment of the required contribution at the rates established by law on future payrolls of the University.

The University's 1999-00 fiscal year payroll (including matching) for all employees totaled \$189,846,425 including \$64,553,102 paid to employees who were members of the Florida Retirement System. Required contributions made to the Florida Retirement System in the 1999-00 fiscal year totaled \$6,552,140 including \$8,439 from employee contributions, which represents 10.15 and .013 percent, respectively, of covered payroll.

Additional information on the Florida Retirement System, including the ten-year historical trend information and the total unfunded pension benefit obligation, is presented in the annual financial report to the Florida Retirement System.

During the 1999-00 fiscal year, and as of June 30, 2000, the Florida Retirement system held no securities issued by the University.

B. Optional Retirement Program

Pursuant to Section 121.35, Florida Statutes, the Florida legislature created an Optional Retirement Program for eligible State University System faculty and administrators. The program, which became effective July 1, 1984, was expanded in 1988 to include the State University System Executive Service. The program is designed to aid the University system in recruiting employees by offering more portability to those employees who are not expected to remain in the Florida Retirement System for 10 or more years.

The Optional Retirement 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 are allowed to make an irrevocable election to participate in the Optional Retirement Program rather than the Florida Retirement System, and purchase retirement and death benefit through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant the same percentage of the participant's salary as would have been contributed to the Florida Retirement System. A portion of the total contribution is transferred to the Florida Retirement System Trust Fund to help amortize the unfunded actuarial accrued liability of the Florida Retirement System, and an additional small amount remains in the Optional Retirement Program Trust Fund for program administrative costs. 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 salary reduction an amount not to exceed the percentage contributed by the University to his annuity account.

There were 1078 University participants during the 1999-00 fiscal year.

Required contributions made to the Optional Retirement Program in the 1999-00 fiscal year totaled \$6,155,254 including \$2,392,337 from employee contributions, which represents 10.15 and 3.94 percent, respectively, of covered payroll which totaled \$60,642,892.

During the 1999-00 fiscal year and as of June 30, 2000, the Optional Retirement Program held no securities issued by the University.

10. OTHER POSTEMPLOYMENT BENEFIT

To assist retirees of all State-administered retirement systems in paying health insurance costs, the Florida Legislature established the Retiree Health Insurance Subsidy (HIS). The HIS program was funded by required contributions consisting of 48 percent assessed against the payroll for all active employees covered in state-administered retirement systems.

Eligible retirees, spouses, or financial state-administered retirement system must provide proof of health insurance coverage, which can include Medicare dependents under any. Participants received an extra \$5 per month for each year of creditable service completed at the time of retirement. If contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

11. STUDENT FEES & OTHER COLLECTIONS

A. Student and Other Fees Trust Fund

Student and Other Fees Trust Fund collections are remitted directly to the State Treasurer. Subsequently, these collections are returned to the University by state appropriation. Pursuant to generally accepted accounting principles, the total of budgeted revenues has been offset against total State appropriations reported for the Unrestricted Current Funds. The revenue categories of the actual collections and the budgeted requirement are listed in Table 7.

TABLE 7

	Actual Collections	Budgeted Requirements	Excess (Deficit)
Student Tuition & Fees:			
Matriculation	\$39,812,713	\$39,513,755	\$ 298,958
Out of State	17,100,458	15,853,015	1,247,443
Application	454,346	374,401	79,945
Late Applic.	339,324	181,571	157,753
Total	\$57,706,841	\$55,922,742	\$1,784,099
Research Overhead:	37,964	\$ 37,964	\$ -
Other Revenues:			
Library Fines	\$ 55,756	\$ 88,996	\$(33,240)
Miscellaneous	105,511	53,184	\$ 52,327
TOTAL	\$ 161,267	\$ 142,180	\$ 19,087
TOTALS	\$57,906,072	\$56,102,886	\$1,803,186

B. Fee Waivers

In accordance with generally accepted accounting principles, student tuition and fee revenues, and scholarship and fellowship expenditures reported in the Unrestricted Current Fund on the Statement of Current Funds Revenues, Expenditures, and Other Changes have been adjusted to include the value of tuition and fee waivers. Fees waived are listed in Table 8.

TABLE 8

Fees Waived	Amount
Matriculation Fees	\$ 531,485
Out-of-State Fees	3,411,522
TOTAL	\$ 3,943,007

C. Retained Fees

Student fees that were assessed and retained by the University and reported as revenue appear in Table 9.

TABLE 9

Retained Fees	Amount
Athletics Fee	\$ 4,885,308
Activity & Service Fee	5,550,175
Student Financial Aid Fee	2,787,400
Health Fee	3,378,857
TOTAL	\$16,601,740

D. Capital Improvement and Building Fees

In addition to the above, the student fees listed in Table 10 were assessed and collected and remitted directly to the State Treasurer on behalf of the Board of Regents. Accordingly these fees were recognized as revenue by the Board of Regents and not the University.

12. INTERDEPARTMENTAL AUXILIARY SALES

Interdepartmental transactions of Auxiliary Service Departments, and other Institutional Departments,

have been accounted for as reductions of expenditures and not revenues of the Auxiliary Service Departments.

13. FUNCTIONAL DISTRIBUTION OF EXPENDITURES

The Educational and General expenditures on the Statement of Current Funds Revenues, Expenditures and Other Changes are determined by applying the primary PCS or activity code set forth by the Board of Regents to the total expenditures for each department.

TABLE 10

Fee	Beginning Balance	Collected	Remitted	A/R Adj	Balance Due
Capital Improvement	\$ 61,649	\$1,566,033	\$1,568,564	\$ 8,169	\$ 67,287
Building Fee	58,617	1,628,772	1,631,434	14,812	70,767
Total	\$120,266	\$3,194,805	\$3,199,998	\$ 22,981	\$138,054

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CONTROLLER'S OFFICE

Andy Fornaguera	Controller	fornague@fiu.edu
Vivian I. Delgado	Associate Controller	delgadov@fiu.edu
Eric T. Davidson	Assistant Controller	davidsoe@fiu.edu
Aime Martinez	Assistant Controller	amartin@fiu.edu
Sean F. St. Louis	Assistant Controller	stlouiss@fiu.edu



FIU

FLORIDA INTERNATIONAL UNIVERSITY
Miami's public research university
Controller's Office, CSC 310
Miami, FL 33199
305-348-2131

