

1997

# Annual financial report for the fiscal year 1995-1996

Florida International University

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*Quality*

FLORIDA INTERNATIONAL UNIVERSITY



*Annual Financial Report*

F I S C A L   Y E A R   1 9 9 5 - 1 9 9 6



Dr. Modesto A. Maidique, President  
Florida International University  
University Park  
Miami, Florida 33199

Dear President Maidique:

We are pleased to submit the Annual Financial Report of Florida International University for the fiscal year ending June 30, 1996. The financial statements presented in this report have been prepared in accordance with generally accepted accounting principles, as delineated in the National Association of College and University Business Officers' publication College and University Business Administration.

The records used to prepare these financial statements have been audited by the State Auditor General prior to being provided to the Board of Regents for consolidation with the other universities in the State University System. The consolidated 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 Florida Auditor General.

Sincerely,



James C. Ketzle  
Controller



Cynthia W. Curry  
Vice President for Business and Finance



## UNIVERSITY HISTORY

Florida International University is an urban, multicampus, doctoral-granting institution with two major campuses in Dade County and two academic centers in Broward County. Chartered by the Legislature in 1965, FIU opened its doors in 1972 to 6,000 students, one of the largest entering classes in United States collegiate history. Today the University has an enrollment of approximately 30,000 students. With strong undergraduate programs centered around a rigorous liberal arts core curriculum, the University offers more than 200 baccalaureate, master's and doctoral degree programs through its many Colleges and Schools.

## Quality OF EDUCATION

As a young, dynamic institution, FIU has distinguished itself for the quality of its education. For the past two years, FIU was ranked among the top 150 national universities in the country in the "U.S. News & World Report annual guide to "America's Best Colleges". FIU was the youngest university in the group. From 1988 through 1994, FIU was also recognized as one of the nation's finest comprehensive universities in the U.S. News & World Report survey. The quality of education can also be recognized by the following accomplishments:

- The School of Hospitality Management ranks among the top three in the country. Its graduates have a choice of multiple employers upon completion of their studies at FIU.
- Graduates from the School of Accounting are consistently ranked among the top group passing the CPA exam for the first time.

- The College of Engineering & Design has become a major research center. A new building was purchased approximately one mile from the University Park Campus to expand research capabilities.
- Graduates from the College of Health have gone on to become state and national leaders in their respective professions. The College and a number of its faculty have received national and international recognition for the quality of their programs and work.
- A four year Honors College is offered to exceptional students. By participating in the Program, students receive a degree in their major and a broad-based liberal arts education that will lay the solid foundation for a specialized training.

## Quality OF STUDENT LIFE

The quality of student life at FIU continues to improve at a rapid pace. During the fiscal year 1995-96 renovations to the Graham Center were completed at a cost exceeding \$7,000,000. The additions to the building include a 20,000-square-foot bookstore, a food court, retail stores, a travel agency, a credit union and several ATM machines. This building has become a major center for students to gather, make friends and participate in social activities.

The Panther Hall, a new residence hall at University Park with 410 beds, was opened during the fiscal year 1995-96. A swimming pool was also built near the residence hall.

The Wertheim Performing Arts Center, which includes a 600-seat concert hall and two theaters, was completed shortly after the close of the fiscal year and inaugurated with a festival of music and theater.

## Quality OF SERVICES

FIU strives to provide quality services to its students, employees and the community it serves. The Office of Continuous Improvements has been created within the Division of Business and Finance. This Office will evaluate systems and introduce technology to increase efficiency and provide better services to the University community. FIU is also participating in NACUBO's 1996 "Benchmarking for Process Improvement in Higher Education." This project will provide the University with external indicators and standards to evaluate processes and improve services in general.

## THE VALUE OF MONEY

### Student Fees

FIU students can receive a quality education at an affordable cost. A Florida resident undergraduate student carrying a load of 15 credit hours pays \$895.45 in student fees. During the academic year 1995-96 the per credit hour fee was as follows:

	RESIDENT	NON-RES.
Undergraduate	\$ 56.63	\$220.04
Graduate	\$108.55	\$361.57

In addition, athletic and health fees of \$10 and \$36, respectively, are assessed on a per student basis.

### Student Housing

Students at FIU can live on campus at an affordable cost. Housing units range in price from \$1,075 to \$2,700 per semester, depending on the size and location of the unit. Semester rates include electricity, telephone, cable TV and water. The price per unit is generally lower than the cost of similar accommodations in the greater Miami area.

## FINANCIAL HIGHLIGHTS

### Auxiliary Enterprises

A number of auxiliary enterprises are operated at FIU to better serve its community and to provide services at a reasonable cost. These services are essential to the operations of the University and include activities such as central stores and duplicating. During fiscal year 1995-96 revenues from auxiliary operations totaled \$26,407,000.

### General Revenue:

FIU is funded primarily with general revenue funds allocated by the Legislature through the Board of Regents. These funds are allocated based on the number of full-time equivalents (FTE) to support the educational mission of the University. During fiscal year 1995-96 general revenue appropriated to the University totaled \$156,000,000 representing 47% of total revenues. This amount includes \$10,894,000 from lottery revenues.

### Sponsored Research

FIU is striving to become one of the major research universities in the country. To that end, the sponsored research program has become an integral part of the university. During fiscal year 1995-96, revenues received from federal, state and private sources to support sponsored programs totaled \$25,002,000 representing an increase of 26% over the prior year. Major sponsors granting funds to the University include the Agency for International Development (AID), the National Science Foundation and the National Institute of Health.

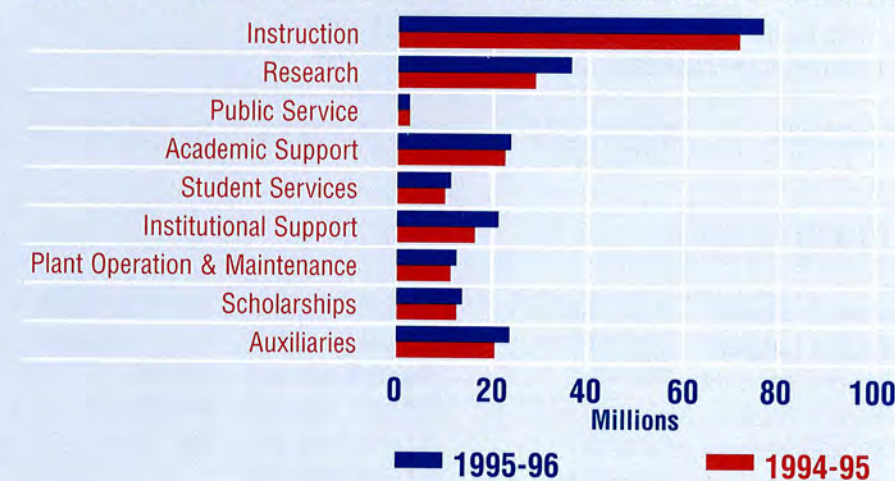
### Other Activities

Other sources of revenues totaling \$12,680,000 were generated through student fees to support the Student Government Association, intercollegiate athletics, institutional financial aid and the health program. Funds in the amount of \$10,299,000 were also generated through concession activities and scholarship programs.

## STUDENT FEE COLLECTION ANALYSIS

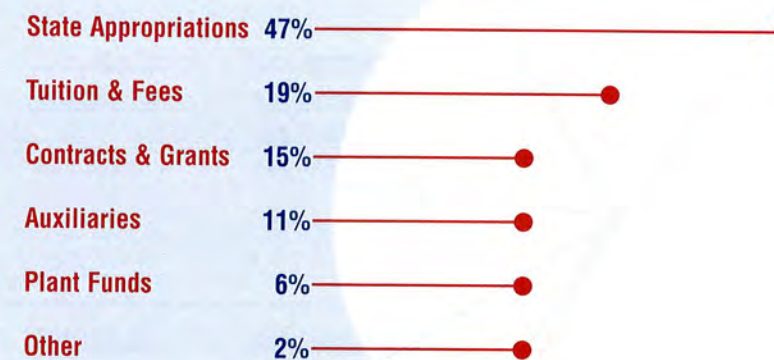
TYPE OF FEE	in Millions	
	1995-96	1994-95
Matriculation	\$37,780	\$35,570
Health	2,845	1,733
Financial Aid	1,801	1,677
Activity & Service	4,076	3,726
Athletic	3,959	3,696
Capital & Building	2,926	2,739
Other	556	453
<b>Total</b>	<b>\$53,943</b>	<b>\$49,594</b>

## CURRENT FUNDS EXPENDITURES



## SOURCES OF REVENUE

Fiscal Year 1995-96



**Total Revenue \$235,559,775**



# Balance Sheets

*"As of June 30, 1996 with Comparative Totals"*

	CURRENT FUNDS					PLANT FUNDS				UNIVERSITY TOTALS		Direct Support Organization
	Unrestricted	Restricted	Loan Fund	Endowment Fund	Unexpended	Renewal and Replacement	Retirement of Indebtedness	Investment in Plant	Agency Fund	1996	1995	
<b>ASSETS</b>												
Cash	\$10,964,464	\$874,929	-\$640,382	\$	\$114,791	\$14,498	\$	\$	\$409,083	\$11,737,383	\$17,686,900	\$4,323,737
Deposits										7,801,227	8,273,326	
Investments	19,933,819	3,707,383	1,963,602	50,192	10,213,003				924,527	36,792,526	29,697,481	16,650,567
Net Receivables	1,750,538	3,854,023	2,819,299	198	39,758				248,554	8,712,370	45,464,703	3,533,649
Inventories	490,408									490,408	496,073	
Due From Other Funds	1,387,479	144,429	476,242						195,299	2,203,449	1,735,499	
Due From Other State Agencies	7,037,983				41,441,033					48,479,016	24,052,171	
Deferred Charges	135,399									172,199	190,618	
Land & Land Improvements										23,970,443	23,535,423	
Buildings										175,957,480	148,362,902	544,074
Equipment										55,654,912	47,788,770	35,040
Library Books										37,786,543	34,722,634	
Construction-in-Progress										45,153,254	39,501,237	
<b>Total Assets</b>	<b>\$41,700,090</b>	<b>\$8,580,764</b>	<b>\$4,618,761</b>	<b>\$50,390</b>	<b>\$51,808,585</b>	<b>\$14,498</b>	<b>\$7,801,227</b>	<b>\$338,559,432</b>	<b>\$1,777,463</b>	<b>\$454,911,210</b>	<b>\$421,507,737</b>	<b>\$25,087,067</b>
<b>LIABILITIES</b>												
Accounts Payable	\$1,299,547	\$721,635	\$	\$	\$5,217,488	\$	\$	\$	\$73,481	\$7,312,151	\$4,207,354	\$
Accrued Liabilities	3,974,900	952,271								4,927,171	3,742,290	
Due to Other Funds	1,594,449		141,899	390					466,709	2,203,447	1,735,498	
Due to Other State Agencies	100,000				752,681				79,709	932,390	205,123	
Due to Depositors	239,615								1,157,564	1,397,179	1,816,859	
Compensated Absences Liability	12,605,130									12,605,130	11,588,850	
Long Term Debt					7,702,200			40,996,951		48,699,151	50,097,834	542,560
<b>Total Liabilities</b>	<b>\$19,813,641</b>	<b>\$1,673,906</b>	<b>\$141,899</b>	<b>\$390</b>	<b>\$13,672,369</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$40,996,951</b>	<b>\$1,777,463</b>	<b>\$78,076,619</b>	<b>\$73,393,808</b>	<b>\$542,560</b>
<b>FUND BALANCE</b>												
Future Amount to be Financed	-\$12,605,130	\$	\$	\$	\$	\$	\$	\$	\$	-\$12,605,130	-\$11,588,850	\$
Reserve for Encumbrances	4,714,267	\$2,442,636			\$15,554,311					22,711,214	46,324,612	
Unallocated Fund Balance	10,338,066									10,338,066	10,297,275	
Allocated Fund Balance	19,439,246	4,464,222	1,663,799	50,000	22,581,905	14,498	7,801,227			56,014,897	48,304,551	\$24,544,507
Refundable Government Grants			2,813,063							2,813,063	3,220,090	
Investment in Plant								297,562,481		297,562,481	251,556,251	
Componet Unit Fund Balance												
<b>Total Fund Balance</b>	<b>\$21,886,449</b>	<b>\$6,906,858</b>	<b>\$4,476,862</b>	<b>\$50,000</b>	<b>\$38,136,216</b>	<b>\$14,498</b>	<b>\$7,801,227</b>	<b>\$297,562,481</b>	<b>\$ 0</b>	<b>\$376,834,591</b>	<b>\$348,113,929</b>	<b>\$24,544,507</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$41,700,090</b>	<b>\$8,580,764</b>	<b>\$4,618,761</b>	<b>\$50,390</b>	<b>\$51,808,585</b>	<b>\$14,498</b>	<b>\$7,801,227</b>	<b>\$338,559,432</b>	<b>\$1,777,463</b>	<b>\$454,911,210</b>	<b>\$421,507,737</b>	<b>\$25,087,067</b>

SEE ACCOMPANYING SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE FINANCIAL STATEMENTS



# Statement of Changes in Fund Balances

For Year Ended June 30, 1996 with Comparative Totals for 1995

	CURRENT FUNDS		Loan Fund	Endowment Fund	PLANT FUNDS				UNIVERSITY TOTALS		Direct Support Organization
	Unrestricted	Restricted			Unexpended	Renewal & Replacement	Retirement of Indebtedness	Investment in Plant	1996	1995	
<b>REVENUES &amp; OTHER ADDITIONS</b>											
Unrestricted Current Fund Revenues	\$157,077,733	\$	\$	\$	\$	\$	\$	\$	\$157,077,733	\$146,872,358	\$
Auxiliary Enterprises Revenue	26,406,758								26,406,758	22,951,877	
State Appropriations - Restricted					13,260,240				13,260,240	10,924,914	
Governmental Grants and Contracts - Restricted		6,840,665	40,171						6,880,836	5,071,482	
"Priv Gifts, Grants & Contracts - Restricted		4,482,521							4,482,521	2,996,824	9,759,392
Federal Grants and Contracts - Restricted		24,314,439							24,314,439	19,574,016	
Investment Income - Restricted		252,460	103,929	1,098	648,815		131,920		1,138,222	934,963	2,969,596
Federal Government Advances			30,004						30,004		
Interest on Loans Receivable			451,797						451,797	129,363	
Resources Received From Univ/BOR										205,181	
Expended for Plant Facilities								41,791,090	41,791,090	39,969,924	
Retirement of Indebtedness								5,027,569	5,027,569		
Other Revenue and Additions			8,866		43,150		1,465,208		1,517,224	813,665	309,598
<b>TOTAL</b>	<b>\$183,484,491</b>	<b>\$35,890,085</b>	<b>\$634,767</b>	<b>\$1,098</b>	<b>\$13,952,205</b>	<b>\$ 0</b>	<b>\$1,597,128</b>	<b>\$46,818,659</b>	<b>\$282,378,433</b>	<b>\$250,444,567</b>	<b>\$13,038,586</b>
<b>EXPENDITURES &amp; OTHER DEDUCTIONS</b>											
Educational and General Expenditures	\$156,436,517	\$35,168,428							\$191,604,945	\$170,603,600	
Auxiliary Enterprises	23,075,023								23,075,023	20,267,140	
Indirect Costs Recovered		9,899							9,899		
Refunded to Grantors		44,337							44,337	32,178	
Loan Cancellations & Rec Write-Offs										2,909	
Administrative and Collections Cost			51,088						51,088	11,691	
Resources Remitted to BOR/Univ	2,645								2,645	47,804	
Expended for Plant Facilities					35,664,213				35,664,213	33,179,415	
Retirement of Indebtedness										170,672	
Interest on Indebtedness							1,371,254		1,371,254	795,697	
Disposal of Plant Facilities								808,310	808,310	960,142	
Other Expenditures & Deductions			323,966				697,973	4,119	1,026,058	158,462	2,169,220
<b>TOTAL</b>	<b>\$179,514,185</b>	<b>\$35,222,664</b>	<b>\$375,054</b>	<b>\$ 0</b>	<b>\$35,664,213</b>	<b>\$ 0</b>	<b>\$2,069,227</b>	<b>\$812,429</b>	<b>\$253,657,772</b>	<b>\$226,229,710</b>	<b>\$2,169,220</b>
<b>TRANSFERS-ADDITIONS (DEDUCTIONS)</b>											
Interfund Transfers	-\$344,421	-\$109,752	\$94,372	-\$3,465	\$363,266				\$ 0	\$ 0	\$
Net Increase (Decrease)	3,625,885	557,669	354,085	-2,367	-21,348,742	0	-472,099	46,006,230	28,720,661	24,214,857	10,869,366
Fund Balance at Beginning of Year	18,260,564	6,349,189	4,122,777	52,367	59,484,958	14,498	8,273,326	251,556,251	348,113,930	323,899,072	13,207,654
Fund Balance Adjustments											467,487
<b>Fund Balance at End of Year</b>	<b>\$21,886,449</b>	<b>\$6,906,858</b>	<b>\$4,476,862</b>	<b>\$50,000</b>	<b>\$38,136,216</b>	<b>\$14,498</b>	<b>\$7,801,227</b>	<b>\$297,562,481</b>	<b>\$376,834,591</b>	<b>\$348,113,929</b>	<b>\$24,544,507</b>

SEE ACCOMPANYING SUMMARY OF SIGNIFICANT ACCOUNTING

POLICIES AND NOTES TO THE FINANCIAL STATEMENTS



Statement of Current Funds Revenues,  
Expenditures, and Other Changes

For Year Ended June 30, 1996 with Comparative Totals for 1995

	CURRENT FUNDS		Total 1996	Total 1995
	Unrestricted	Restricted		
<b>REVENUES:</b>				
<b>Educational and General:</b>				
Student Tuition and Fees	\$44,787,958	\$	\$44,787,958	\$42,791,343
Governmental Appropriations - State	111,264,368		111,264,368	102,452,465
Grants, Contracts, and Gifts - Government		11,031,865	11,031,865	8,197,398
Federal Contracts and Grants		19,713,057	19,713,057	16,669,854
Grants, Contracts and Gifts - Private		4,423,505	4,423,505	3,008,741
<b>Other Resources:</b>				
Investment Income	81,063		81,063	79,643
Other	944,345		944,345	1,563,970
<b>Total Educational &amp; General Revenues</b>	<b>\$157,077,734</b>	<b>\$35,168,427</b>	<b>\$192,246,161</b>	<b>\$174,763,414</b>
<b>Auxiliary Enterprises:</b>				
Sales & Services - Operations	\$20,973,458	\$	\$20,973,458	\$16,187,788
Student Fees	4,471,234		4,471,234	5,969,678
Investment Income	962,066		962,066	794,411
<b>Total Auxiliary Income</b>	<b>\$26,406,758</b>	<b>\$ 0</b>	<b>\$26,406,758</b>	<b>\$22,951,877</b>
<b>Total Current Revenues</b>	<b>\$183,484,492</b>	<b>\$35,168,427</b>	<b>\$218,652,919</b>	<b>\$197,715,291</b>
<b>EXPENDITURES:</b>				
<b>Educational &amp; General:</b>				
Instruction	\$69,397,619	\$5,275,342	\$74,672,961	\$69,557,359
Research	14,751,430	18,239,568	32,990,998	26,942,658
Public Service	298,606	1,168,918	1,467,524	1,318,374
Academic Support	23,644,963	89,671	23,734,634	22,419,068
Student Services	11,270,199	41,848	11,312,047	10,092,117
Institutional Support	20,792,203	255,473	21,047,676	16,719,971
Operations & Maintenance of Plant	12,945,270		12,945,270	11,497,275
Scholarships & Fellowships	3,336,226	10,097,607	13,433,833	12,056,778
<b>Total Educational and General</b>	<b>\$156,436,516</b>	<b>\$35,168,427</b>	<b>\$191,604,943</b>	<b>\$170,603,600</b>
<b>Auxiliary Enterprises:</b>				
Expenditures	\$23,075,023		\$23,075,023	\$20,267,140
<b>Total Auxiliary Enterprises</b>	<b>\$23,075,023</b>	<b>\$ 0</b>	<b>\$23,075,023</b>	<b>\$20,267,140</b>
<b>Total Expenditures</b>	<b>\$179,511,539</b>	<b>\$35,168,427</b>	<b>\$214,679,966</b>	<b>\$190,870,740</b>
<b>Other Transfers &amp; Additions/ (Deductions)</b>				
Excess of Restricted Receipts Over				
Transfers to Revenue	\$	711,758	711,758	-\$31,705
Refunded to Grantors		-44,337	-44,337	-30,178
Interfund Transfers	-344,422	-109,752	-454,174	-3,526,208
Resources Received From Univ/BOR				205,181
Resources Remitted to BOR/Univ	-2,645		-2,645	-47,804
<b>Total Other Transfers &amp; Additions</b>	<b>-\$347,067</b>	<b>\$557,669</b>	<b>\$210,602</b>	<b>-\$3,430,714</b>
<b>Net Increase/ (Decrease) in Fund Balance</b>	<b>\$3,625,886</b>	<b>\$557,669</b>	<b>\$4,183,555</b>	<b>\$3,413,837</b>

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 and accordingly is governed, regulated, and coordinated by the Department of Education, Board of Regents, subject to the general supervision of the State Board of Education. The President is responsible for the management of the university, but is under the general direction and control of the Chancellor of the State University System, who has ultimate responsibility for administering the policies prescribed by the Board of Regents.

The financial operations and financial position of the University's "direct support organization," as provided for in Section 240.299 Florida Statutes, and Board of Regents Rule 6C-9.011, are considered component units of the University and 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 sub-

mitted to the Auditor General and the Board of Regents for review. This not-for-profit corporation and its purpose is explained below:

*Florida International University Foundation, Inc. is a nonprofit 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.*

## B. BASIS OF ACCOUNTING

The University's fiscal and accounting operations were 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 were 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 receivable 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 at the date of acquisition or at appraised value at 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 by 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 of resources available for such purposes. The terms of the loan agreements usually specify that the money operate on a revolving basis, i.e., repayment of principal and interest are loaned to eligible students.

**3. Endowment Funds**

These are funds with respect to 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.

**4. Plant Funds**

This fund 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 except for the long-lasting assets held as investments in Endowment Funds, 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 at June 30, 1996 is estimated to be \$2,584,125. This amount was determined from aging schedules based on type, age, collection experience of the University as well as other pertinent data. Delinquent notes receivables where the Federal "due diligence" requirements have been fulfilled and all "in house" efforts have been exhausted, are considered doubtful. The reserves consist of the following:

FUND GROUP	
Current Funds	\$1,498,524.
Loan Fund	954,946.
Agency Fund	130,655.
<b>TOTAL</b>	<b>\$2,584,125.</b>

**3. Inventories**

Inventories are recorded by the following method(s):

INVENTORY	METHOD
Central Stores	Average Cost
Duplicating Center	Last Invoice Price
Computer Stores	Last Invoice Price

**4. Long-Term Debt**

The university's long-term indebtedness is reported in the Investment in Plant Fund, Unexpended Plant Fund and Retirement of Indebtedness 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.

A summary of pertinent information related to the university's indebtedness resulting from the issuance of certificates and bonds follows:

BOND ISSUE	AMOUNT OF ISSUE	TOTAL RETIRED/REFUNDED	AMOUNT OUTSTANDING			INTEREST RATE	DATE OF MAT.
			PRINCIPAL	DISCOUNT	INTEREST		
1986	\$ 5,861,010.00	\$5,861,010.00	\$ 0.00	\$ 0.00	\$ 0.00	7.1%	1996
1991	5,250,099.58	941,676.95	4,203,386.31	105,036.32	4,241,089.62	5.8	2016
1993	9,211,192.73	517,449.07	8,581,731.04	112,012.62	4,159,064.41	4.5	2016
	<b>\$20,322,302.31</b>	<b>\$7,320,136.02</b>	<b>\$12,785,117.35</b>	<b>\$217,048.94</b>	<b>\$ 8,400,154.03</b>		
1995	\$ 7,780,000.00	0.00	\$ 7,702,200.00	\$ 77,800.00	\$ 4,931,843.75	4.7	2016
<b>TOTAL</b>	<b>\$28,102,302.31</b>	<b>\$7,320,136.02</b>	<b>\$20,487,317.35</b>	<b>\$294,848.94</b>	<b>\$13,331,997.78</b>		

Principal and interest payment for these revenue certificates and bonds are as follows:

YEAR ENDING	INVESTMENT IN PLANT FUND:		
	PRINCIPAL	INTEREST	TOTAL
1997	657,470.12	719,304.13	1,376,774.25
1998	451,322.32	687,813.61	1,139,135.93
1999	479,711.89	665,940.54	1,145,652.43
2000	501,699.86	644,102.93	1,145,802.79
2001	524,997.38	621,091.15	1,146,088.53
Later Years	10,386,964.72	5,061,901.67	\$15,448,866.39
<b>Subtotal</b>	<b>\$13,002,166.29</b>	<b>\$8,400,154.03</b>	<b>\$21,402,320.32</b>
Bond Disc	\$ (217,048.94)	\$	\$ (217,048.94)
<b>TOTAL</b>	<b>\$12,785,117.35</b>	<b>\$8,400,154.03</b>	<b>\$21,185,271.38</b>

YEAR ENDING	UNEXPENDED PLANT FUND:		
	PRINCIPAL	INTEREST	TOTAL
1997	230,000.00	393,937.50	623,937.50
1998	245,000.00	383,127.50	628,127.50
1999	255,000.00	371,612.50	626,612.50
2000	265,000.00	359,627.50	624,627.50
2001	280,000.00	347,172.50	627,172.50
Later Years	6,505,000.00	\$ 3,076,366.25	\$ 9,581,366.25
<b>Subtotal</b>	<b>\$ 7,780,000.00</b>	<b>\$ 4,931,843.75</b>	<b>\$12,711,843.75</b>
Bond Disc	\$ ( 77,800.00)	\$	\$ ( 77,800.00)
<b>Total</b>	<b>\$ 7,702,200.00</b>	<b>\$ 4,931,843.75</b>	<b>\$12,634,043.75</b>
<b>TOTAL</b>	<b>\$20,487,317.35</b>	<b>\$13,331,997.78</b>	<b>\$33,819,315.13</b>

**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, 1996 the University did not have any outstanding commit-

ments under the Consolidated Equipment Financing Program.

**c.) Installment Purchase Contracts and Capital Leases**

As of the end of the fiscal year 1995-96 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 as of 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 as follows:

YEAR ENDING	PRINCIPAL	INTEREST	TOTAL
1997	\$ 835,000.00	\$ 1,346,802.50	\$ 2,181,802.50
1998	865,000.00	1,315,971.25	2,180,971.25
	895,000.00	1,282,300.00	2,177,300.00
2000	930,000.00	1,246,247.50	2,176,247.50
2001	970,000.00	1,207,641.25	2,177,641.25
Later Years	\$24,210,000.00	\$10,982,228.75	\$35,192,228.75
<b>Total</b>	<b>\$28,705,000.00</b>	<b>\$17,381,191.25</b>	<b>\$46,086,191.25</b>
Less:			
Bond Discount	(493,166.85)		\$ (493,166.85)
	<u>\$28,211,833.15</u>	<u>\$17,381,191.25</u>	<u>\$45,593,024.40</u>

a receivable in anticipation of future appropriations. Consequently, the recording of the liability for 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, 1996, the estimated liability for annual and sick leave is \$6,806,770.32 and \$5,798,359.90. The university's Unrestricted

## 5. Compensated Absences Liability

Employees earn the right to be compensated during absences for annual leave (vacation) 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

Current Fund Balance of \$21,886,449.09 at June 30, 1996 would have been \$34,491,579.31 had such liability for compensated absences not been applied against it.

## 6. Insurance - Risk Exposure

In accordance with a program for central insurance purchases adopted by the Florida Cabinet in 1969, the Department of General 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, 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, 1996.

## 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 as follows:

Project Number	Project Name	TOTAL Est. Cost At Yr End	AMOUNT Expended At Yr End	AMOUNT Unspent At Yr End
BR800	Hospitality Management	\$ 2,684,107	\$ 283,021	\$ 2,401,086
BR804	Campus Support	9,930,500	436,143	9,494,357
BR805	O.E. Renovation	5,690,095	976,013	4,714,082
BR820	Parking Garage	7,000,000	119,200	6,880,800
BR881	Library Addition	35,142,000	15,162,436	19,979,564
BR887	Art Complex	12,656,000	11,027,628	1,628,372
BR894	Stadium Complex	2,175,450	1,853,579	321,871
BR896	Student Center Add NM	5,800,613	4,247,570	1,553,043
BR898	Office & IFS Ed	7,233,934	5,830,179	1,403,755
<b>TOTAL</b>		<b>\$ 88,312,699</b>	<b>\$39,935,769</b>	<b>\$48,376,930</b>

## 9. State Retirement Plans

### a.) Florida Retirement System

Pursuant to Section 121.35, Florida Statutes, the Florida Legislature established the Florida Retirement 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 employees' 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.

Employers pay all contributions for regular class employees. For the 1995-96 fiscal year, the rate assessed against regular class employee payrolls amounted to 17.57% from July 1, 1995 through December 31, 1995 and

17.66% from January 1, 1996 through June 30, 1996. 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 1995-96 fiscal year payroll (including matching) for all employees totaled \$140,419,676 including \$52,849,986 paid to employees who were members of the Florida Retirement System. Required contributions made to the Florida Retirement System in the 1995-96 fiscal year totaled \$9,309,902 including \$17,701 from employee contributions, which represents 17.58 and .03 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 of the Florida Retirement System.

During the 1995-96 fiscal year and as of June 30, 1996, 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 benefits 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 781 University participants during the 1995-96 fiscal year.

Required contributions made to the Optional Retirement Program in the 1995-96 fiscal year totaled \$8,347,219 including \$1,487,140 from employee contributions, which represents 14.48 and 3.14 percent, respectively, of covered payroll, which totaled \$47,384,582.

During the fiscal year and as of June 30, 1996, the Optional Retirement Program held no securities issued by the University.

#### 10. Other Postemployment Benefits

To assist retirees of all State-administered retirement systems in paying health insurance costs, the Florida Legislature established the Retiree Health Insurance Subsidy (HIS). During fiscal year 1995-96, the HIS program was funded by required contributions consisting of .48% assessed against the payroll for all active employees covered in State-administered retirement systems.

Eligible retirees, spouses, or financial dependents under any State-administered retirement system must provide proof of health insurance coverage which can include Medicare. During the fiscal year 1995-96, participants received an extra \$3 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 and Other Collections

**a.) Incidental Fees** Incidental Trust Fund collections are remitted directly to the State Treasurer on behalf of the Board of Regents. Subsequently, these incidental collections are returned to the university by State appropriation. Pursuant to generally accepted accounting principles, the total of budgeted incidental 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 as follows:

	ACTUAL COLLECTIONS	BUDGETED REQUIREMENT	EXCESS (DEFICIT)
Student Tuition & Fees:			
Matriculation	\$26,655,929.28	\$27,079,922.00	\$(423,992.72)
Out of State	8,872,275.81	8,603,100.00	269,175.81
Application	374,401.00	301,196.00	73,205.00
Late Registration	181,571.21	127,163.00	54,408.21
<b>Total</b>	<b>\$36,084,177.30</b>	<b>\$36,111,381.00</b>	<b>\$ (27,203.70)</b>
Research Overhead	\$ 32,182.00	\$ 32,182.00	\$ 0.00
Other Revenues:			
Library Fines	\$ 88,995.95	\$ 59,751.00	\$ 29,244.95
Miscellaneous	52,639.25	5,046.00	\$ 47,593.25
<b>Total Other Revenues</b>	<b>\$ 141,635.20</b>	<b>\$ 64,797.00</b>	<b>\$ 76,838.20</b>
Refunds	\$ (46,989.27)	\$ 0.00	\$ (46,989.27)
<b>TOTALS</b>	<b>\$36,211,005.23</b>	<b>\$36,208,360.00</b>	<b>\$ 2,645.23</b>

**b.) Fee Waivers** In accordance with generally accepted accounting principles, student tuition and fee revenues, and scholarships and fellowships expenditures reported in the Unrestricted Current Fund on the Statement of Current Funds Revenues, Expenditure and Other Changes have been adjusted to include the value of tuition and fee waivers. Fees waived are as follows:

Matriculation Fees	\$533,363.53
Out-of-State Fees	1,718,718.53
<b>TOTAL FEES WAIVED</b>	<b>\$2,252,082.06</b>

**c.) Retained Fees** The following student fees were assessed and retained by the university and reported as revenue in the appropriate fund:

Athletic Fee	\$ 3,958,745.46
Activity & Service Fee	4,075,601.03
Student Financial Aid Fee	1,801,095.89
Health Fee	2,844,832.93
<b>TOTAL</b>	<b>\$12,680,275.31</b>

**d.) Capital Improvement and Building Fees** In addition to the above, the following student fees 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.

Fee	Beginning Balance	Collected	Remitted	A/R Adj	Balance Due
Capital Improvement	\$ 53,886.77	\$1,499,689.20	\$1,499,571.92	(13,144.89)	\$40,859.16
Building Fee	51,236.58	1,425,935.03	1,425,823.51	(12,498.32)	38,849.78
<b>TOTAL</b>	<b>\$105,123.35</b>	<b>\$2,925,624.23</b>	<b>\$2,925,395.43</b>	<b>(25,643.21)</b>	<b>\$79,708.94</b>

#### 12. Prior Period Adjustments

Fund balance adjustments were made only when amounts were considered material, or if there was a change in accounting practices. Reference APB #9 and #20 and FASB-16. All other non-material adjustments were reported through current year operations. During the fiscal year 1995-96 there were no material adjustments to fund balance.

#### 13. 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.

#### 14. Functional Distribution of Expenditures

The Educational and General expenditures on Exhibit C are determined by applying the primary PCS or activity code set forth by the Board of Regents to the total expenditures for each department.

#### 15. Other Footnotes

**a.) Cash Balance - Local Bank Account** The University maintains in local bank accounts monies received for financial aid, student activities, concessions, and other activities. In the accounting records, these monies are accounted for separately and reported in the various fund groups. At June 30, 1996 the Current Restricted Fund showed a deficit cash balance of \$346,766.40. The deficit cash balance reflected in the books was created as a result of amounts due from financial aid in transit at the end of the fiscal year. Additionally, the Loan Fund showed a cash deficit of \$640,382.17 at June 30, 1996. This was caused by a delay in calling in investments. At the end of the fiscal year investments in the Loan Fund totaled \$1,963,601.95. Net cash and cash equivalents at June 30, 1996 in the Loan Fund was \$1,323,219.78. There was sufficient cash in the bank account from other sources at the end of the fiscal year to cover the cash deficit in the Loan Fund.



# Board of Regents and University Officials

## Florida Board of Regents and Chancellor

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Elizabeth G. Lindsay	Chairperson, <i>Sarasota</i>
Steven J. Uhlfelder	Vice Chairman, <i>Tallahassee</i>
Audrea I. Anderson	<i>Fort Myers</i>
Julian Bennett, Jr	<i>Panama City</i>
Frank Brogan	Commissioner of Education, <i>Tallahassee</i>
Paul L. Cejas	<i>Miami</i>
Charlton B. Daniel, Jr	<i>Gainesville</i>
James F. Heekin, Jr.	<i>Orlando</i>
Philip D. Lewis	<i>Riviera Beach</i>
Gwendolyn F. McLin	<i>Okahumpka</i>
Jon C. Moyle	<i>West Palm Beach</i>
Dennis M. Ross	<i>Tampa</i>
Welcom H. Watson	<i>Fort Lauderdale</i>
James R. Harding	Student Regent (FSU)
Charles B. Reed	Chancellor, State University System

## University Officials

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Modesto A. Maidique	President
James A. Mau	Provost and Vice President, Academic Affairs
Richard J. Correnti	Vice President, Student Affairs
Cynthia W. Curry	Vice President, Business and Finance
Paul D. Gallagher	Vice President, University Advancement and Budget
Mary L. Pankowski	Vice President, North Miami and University Outreach

## Business and Finance

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James C. Ketzle	Controller
Andy Fornaguera	Associate Controller
Diana Beltran-Marin	Assistant Controller
Eric Davidson	Assistant Controller
Rosie Montequin	Assistant Controller



