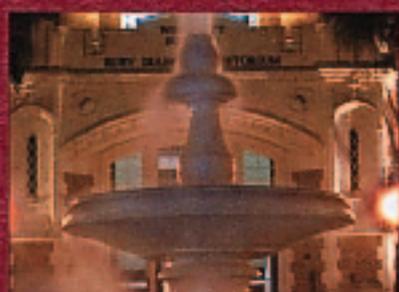


FLORIDA STATE UNIVERSITY



ANNUAL REPORT

2004-2005



FLORIDA STATE UNIVERSITY

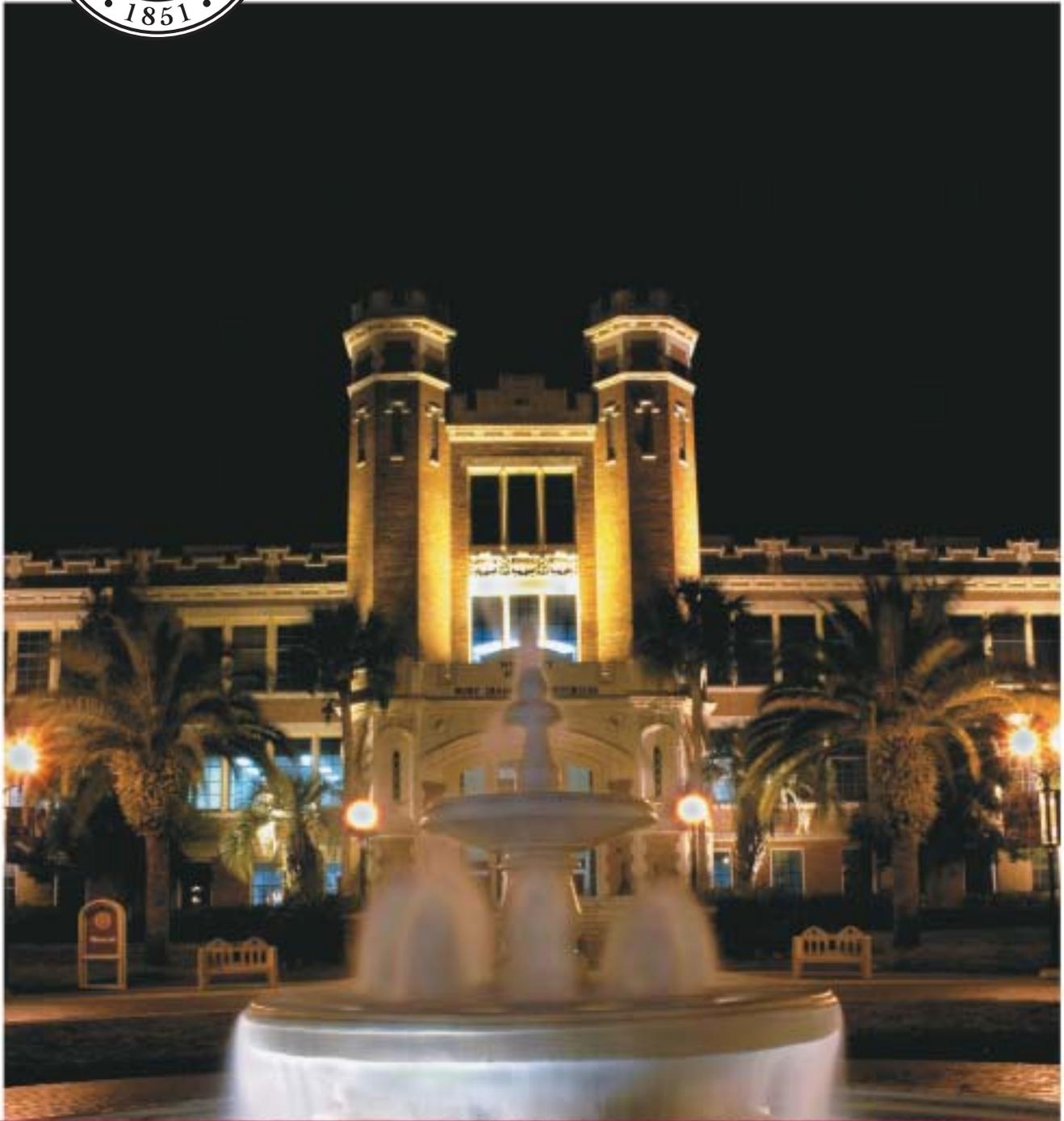


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This publication is available in alternative format upon request.

The 2004-2005 fiscal year witnessed Florida State University's continuing efforts at "aggressively pursuing excellence" that President T.K. Wetherell discussed in his fall 2004 "State of the University" address. As FSU's student enrollment grew from 37,328 to 38,886 (a 4.2-percent increase) over the past fiscal year, it was imperative that the university accelerate its efforts to enhance both undergraduate and graduate education, attract and retain the best faculty and staff, and ensure that all members of the university community are provided with the very best financial, material, facilities and technological support we can muster.

As the university faced this multitude of challenges, it did so with a view of establishing measurable accountability. Perhaps most importantly, the Southern Association of Colleges and Schools (SACS) officially awarded the university its 10-year accreditation during the 2004-2005 fiscal year. However, unlike past SACS accreditations, all university divisions and departments must continue to demonstrate their measurable achievements each and every year via the SACS Institutional Effectiveness program.

Let me cite just a few of the major, measurable accomplishments that we achieved during the past fiscal year. Our total legislative appropriation of almost \$424 million (an 11-percent increase over the 2003-04 appropriation) not only reflected a healthy economic year for the state of Florida but,

moreover, our legislators' belief in and support of FSU and its programs. Similarly, by the end of the 2004-2005 fiscal year, the many thousands of friends of our university had contributed \$590 million of the \$600-million "FSU Connect" capital campaign. They, too, believe in FSU, as do our legislators!

In January 2005, the final phase — Human Resources/Payroll — of our enterprise resource planning project, Online Management of Networked Information (OMNI), came online. This accomplishment reflects a revolution in the way FSU conducts its financial and human-resource operations. Efficiency, effectiveness, accuracy, access and timeliness are expected to improve to the point whereby previously discordant operations will be harmoniously performed in ways not thought possible just a few years ago.

In January 2005, the university submitted its updated Campus Master Plan to our Board of Trustees. Inclusive of all facilities needs through 2012, this plan focuses meticulous detail upon the following: the relationship between the university's academic mission and programs and the physical campus; urban design standards; transportation needs; maintenance requirements; environmental protection; energy conservation; and land acquisition. This plan is, in short, a measurable "road map" of how our physical campus will meet the university's current and future teaching, research and public-service goals. The ongoing and completed construction projects on the

campus — Phase II of the College of Medicine complex, the new psychology building, the third parking garage, and new dining halls — attest to the painstaking efforts put forth to ensure that our facilities parallel the excellence of our programs and ideals of our institutional mission.

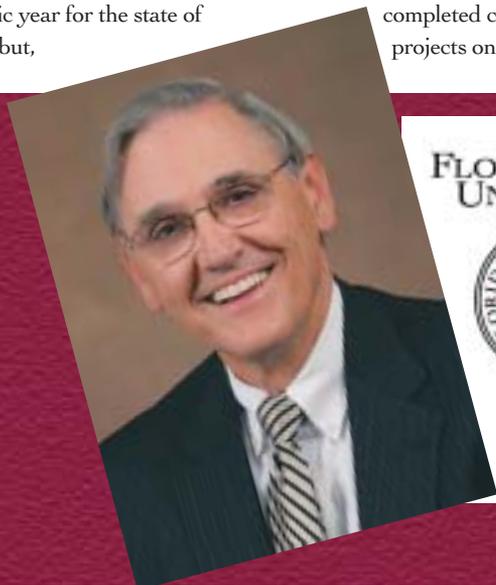
The serious energy crunch we are currently experiencing began during the 2004-05 fiscal year. However, as a result of previous long-term planning efforts, significant energy conservation projects were begun or enhanced during the period covered by this Annual Report. Some of the energy-saving projects currently under way include window replacement, lighting replacement, increased preventative maintenance, computerized irrigation systems, and the upgrade and/or replacement of major energy-producing systems within our Central Utilities Plant. This effort is possible because of a partnership with the private sector.

Other information and data contained within this Annual Report attest to the measurable progress the university has achieved in all its operations. It is a testament to the commitment, drive and positive attitude on the part of our employees who have made such observable progress in their performance, both qualitatively and quantitatively.

During his 2004 "State of the University" address, President Wetherell spoke of "moving Florida State University to the next level." Specifically, this means that all university divisions and departments are devoting themselves to creating the superior programs and recruiting

the exceptional people that will result in FSU being widely recognized as one of the nation's pre-eminent academic institutions. This pursuit of overall excellence, using clearly defined criteria such as those established by the American Association of Universities, can only enhance our institution. In this sense, the year's accomplishments are not *faits accomplis*. Rather, we must continue to refine and improve what we have begun. For example, our enterprise resource planning project, OMNI, now must expand the functionality of its programs to include new areas not yet under the OMNI umbrella. This requires the development of new applications and upgrades of existing systems and infrastructure. Notwithstanding the positive funding allocated by the Florida Legislature, we must continue to identify new revenue sources and cost-saving measures across all operations. Our Campus Master Plan would be no more than an impressive-looking document were we not to effect the myriad of projects elaborated upon within its covers. Academic pre-eminence would be only an idyllic vision were we not to develop the very best academic and research programs that are complemented by the very best faculty, students, staff, technology and facilities.

At Florida State University, the old adage "Plan your work and work your plan" is more than just a saying. It is what we continuously do to ensure that this university achieves its greatest potential and remains an invaluable asset to all we serve.



FLORIDA STATE
UNIVERSITY



FINANCE & ADMINISTRATION

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Dear Friends,

For the 2005-2006 academic year, Florida State University is focused on two issues: first, developing a specific plan of action to become one of the top research and graduate education institutions in the United States; and second, pursuing financial options at the state and local levels that will help us achieve that plan.

These goals are made possible by the great advances seen throughout the university during the 2004-2005 academic year.

Last year FSU received several important accreditations, including reaffirmation of our accreditation from the Southern Association of Colleges and Schools. Our College of Medicine received full accreditation, and our first class of FSU physicians graduated. We also opened two new regional medical campuses, in Sarasota and Orlando.

We were successful in recruiting highly qualified new faculty members, including our sixth Nobel Laureate, Harold W. Kroto. In the past year, our faculty also has seen a new

member of the National Academy of Sciences, two Guggenheim Fellowships, a National Endowment for the Arts Fellowship, a Leopold Leadership Fellowship, two Fulbrights, and an Alexander Von Humboldt award.

We also had new members elected into three other prestigious organizations: the American Academy of Arts and Sciences, the American Association for the Advancement of Science and the National Endowment for the Humanities.

In addition, the record-setting 900-megahertz NMR wide-bore magnet became operational at the National High Magnetic Field Laboratory.

A number of other departments have achieved national recognition, including the FSU Film School, creative writing in the English department and the risk management/insurance program in the College of Business, to name just a few.

We met and exceeded our \$600-

million goal for our "FSU CONNECT" capital campaign. To date, we've used FSU Foundation funding to create 22 new Eminent Scholar chairs and 61 new professorships. Student aid also has been important, and 511 new scholarships and fellowships have been created. Foundation funding is underwriting academic programs, facilities and equipment, art endowments, and many other projects and efforts of this university.

To support student learning and faculty research and teaching, we are engaged in many building projects on campus, including the new classroom building, the West Campus Dining Facility, the Psychology Building, the Medical School Complex, Wildwood Hall, Landis Hall remodeling, DeGraff Hall rebuilding, Johnston Hall

renovations, the band practice field and new parking garages. At the FSU Ringling Center for the Cultural Arts in Sarasota, Asolo Theatre renovations, expansion of the main galleries and construction of the new Tibbals Learning Center are under way.

But when we talk about improving the campus environment, we are not just speaking of bricks and mortar. We also have expanded the wireless area on campus. All incoming students will have computers.

FSU has provided a key role in initiating and establishing the National LambdaRail and Florida LambdaRail high-speed networking initiatives in concert with nine other public and private universities to

FSU's National High Magnetic Field Laboratory made international headlines in 2005 with the unveiling of its new 900-megahertz, superconducting NMR magnet, the most powerful of its kind in the world. The magnet, which stands 16 feet tall and weighs more than 15 tons, is expected to yield important discoveries in the fields of chemical, biomedical and materials research.



Just under five years after legislation creating the Florida State University College of Medicine was signed into law, the medical school held a commencement ceremony for its first class on May 21, 2005. Here, Dr. Michael Muszynski, who directs the College of Medicine's Orlando regional campus, hoods Dr. Sarah B. Fein as Myra Hurt, associate dean of the College of Medicine, looks on.



FLORIDA STATE UNIVERSITY



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enhance faculty and student research collaborations.

We also intend to continue to promote diversity. We have achieved national recognition for our diversity program. For example:

- *Black Issues in Higher Education* ranked FSU 11th nationally in the total number of Ph.D.s in the physical sciences (among traditionally white institutions). FSU ranked 29th in total minority Ph.D.s.
- *Hispanic Magazine* named FSU one of the "Top 25 Colleges for Latinos."
- *Hispanic Business Magazine* ranked the FSU College of Law among the top 10 law schools in the nation for Hispanic students.

We are pleased with this progress and will work to build on this success in all areas of the university.

Our students continue to come to us better and better prepared. This year's entering class arrived with excellent academic

credentials. On the average, our students have taken 23 academic courses in high school when the requirement is for just 19 courses. At 1204, their average SAT score exceeds state and national averages.

During their time with us at FSU, our students achieve a great deal. Let me offer just a few recent examples: Cara Castellana was named a 2005 Truman Scholar, one of the most prestigious honors an undergraduate can receive. Castellana, an economics major, won this recognition just weeks after the establishment of our new Office of National Fellowships. In addition, Film School student Matthew Pope won the 2005 Coca Cola Refreshing Filmmaker's Award, which was shown in movie theaters across the country.

We also are working to attract and retain the nation's top graduate students. This year we have set aside additional funds from the \$10-million Adelaide Wilson gift for

university fellowships for graduate fellowships and to pay for graduate health insurance subsidies. We hope to do more in the future.

We also want to recognize the excellence of our current faculty while we continue to attract and retain top-performing faculty members. We know that to do this, faculty and staff salaries must be competitive. We will continue our efforts to make this happen.

All of these accomplishments and so many more that could be listed are encouraging, but there still is a long way to go to reach our destination of being recognized as one of the top public research and graduate education institutions in the nation.

To accomplish this goal, the university commits to enhancing research and graduate education efforts consistent with the American Association of Universities' (AAU) Phase 1 and Phase 2

effectively we are moving forward.

Achieving nationwide recognition for academic excellence is an ambitious goal. The quest itself will challenge us to move all programs on FSU's campus to new levels.

As we move toward this goal, we stand to benefit by improving our performance in a variety of measurable ways, such as the numbers of grant awards received; the number of faculty recognitions, including professional academy memberships and other honors; the numbers of citations in scholarly publications; and the numbers of nationally ranked programs within our university. Whether we are in music, physics, law or medicine, striving for excellence in these ways will benefit us by bolstering and highlighting the

Pathway

membership indicators, as well as the criteria used by the National Research Council for evaluating the quality of doctoral programs. We will use these indicators as benchmarks for assessing how

overall strengths of FSU's academic programs.

Our action plan for academic preeminence will require three things. First, we need to identify some challenging but realistic goals. Second, we need to make some focused investments to pursue these goals. Third, we need to hold ourselves accountable for making progress toward these goals.

We have codified this effort under the phrase "Pathways to



▲ FSU students lent a hand for a number of worthy causes in 2005. Here, student-athletes volunteered to collect donations for tsunami relief at a men's basketball game in January.

▶ Florida Gov. Jeb Bush and wife Columba attended a Black History Month reception at FSU in February 2005. Guests included, from left, author and producer Antwone Fisher, educator Kim Long, artist Jonathan Green and children's author Delores Nevils.



Excellence.” To pursue the general goal of academic excellence based on established criteria, the university is committing itself to the following campuswide goals:

- Doubling our annual federal research expenditures in the next five years.
- Tripling our annual grant awards from the National Institutes of Health in the next five years.
- Increasing scholarly productivity, as measured by citations and program reputation. Our goal is that by the year 2010, no less than one-third of FSU’s doctoral-level programs will rank among the top 15 public universities nationally, based on such measures.

These goals will require us to invest both new and existing resources more wisely. We must

challenge to the nation. Our ability — and our pride — were challenged.

Similarly, we are making a public statement about our intention to gain national recognition as one of the nation’s top research and graduate universities. Florida State University always has accepted a challenge. That’s why we have one of the nation’s most outstanding arts and sciences programs, as well as a nationally ranked film school, law school and now medical school.

There are a number of roadblocks that we will have to overcome if we are to be successful. The most notable is funding. State money and tuition alone have never sufficed, and they won’t suffice with our greater goals. Our first step is efficiency in our own services.

of higher education brings to the community. Yet we are an institution of 39,000 students supported by about 6,200 faculty and staff. Our campus is like a city itself contained within the larger city of Tallahassee — and one with a total budget of about \$1.3 billion. That’s payroll, construction, utilities, purchasing — everything it takes to support our mission.

Here’s the bottom line: Jobs directly and indirectly related to FSU total nearly 21 percent of employment in the Tallahassee area. That’s up from less than 13 percent four years ago.

Based on student spending, the university budget and visitors’ spending at FSU, the economic impact of FSU on the state economy is estimated at \$3.3 billion. This spending generates more than 44,000 jobs statewide and 40,000 locally.

FSU is going to continue to grow. We can’t and we won’t stop. The state Board of Governors has said that just 20 years from now we’ll have 60,000 students — along with a whole lot more faculty and staff to serve them.

We want those 60,000 students to be attending a university that is widely acknowledged as one of the top research and graduate education institutions in the nation. Not only is such recognition important to FSU’s academic pedigree, but it will enable us to have an even greater economic impact on our local community.

In conclusion, our march to academic preeminence may be considered bold, and our expectation of the state and local communities may be equally bold. However, both are within our grasp. Nevertheless, the ultimate success rests with a cooperative strategy between the administration and faculty. Whether we succeed or fail doesn’t depend on how many athletic contests we win or what our symbol is, but rather how successful our faculty is in advancing the university as a top-notch institution, as well as the administration’s efforts to find the necessary funding.

ays to Excellence

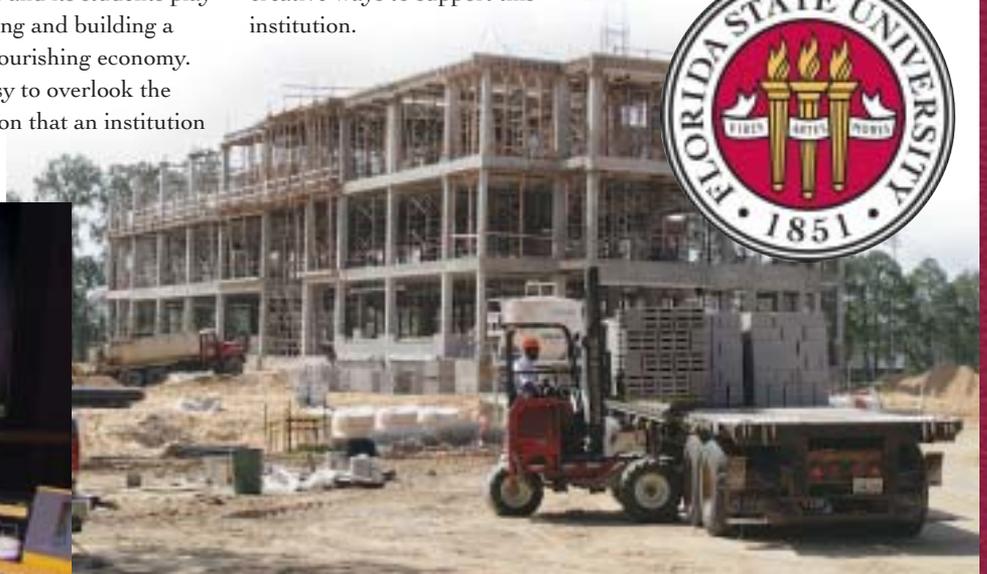
focus our investments and better diversify faculty productivity.

No great deeds can be accomplished without risks. One truly cannot achieve a significant goal unless one is willing to risk failing along the way. In the 1960s, when the possibility of going to the moon and returning safely seemed to be out of our reach, President John F. Kennedy issued a public

But there’s no question that we need to think about new ways to attract and assure funding. We also need a sense that our local community really understands and appreciates the role that this university, its employees and its students play in sustaining and building a healthy, flourishing economy.

It’s easy to overlook the contribution that an institution

If FSU were removed from Leon County today, about a quarter of Leon County’s economy would be lost. That economic impact needs to be recognized, and state and local governments must find new and creative ways to support this institution.



▲ Students in FSU’s Film School have been earning critical raves and winning major awards for years. In 2005, a short film written and directed by film student Matthew Pope won the prestigious Coca Cola Refreshing Filmmaker’s Award. As winner of the annual competition, Pope received \$10,000 and had his film, “The Line Starts Here,” played on more than 21,000 screens nationwide over the summer.

▲ Construction on FSU’s new psychology building began in summer 2004 on Call Street between Mike Long Track and the College of Medicine. Psychology offices, laboratories and classrooms currently are located in seven different buildings on campus. However, the new, 103,000-square-foot facility will bring the psychology department together for the first time since 1963, when it was housed solely in what is now called Eppes Hall and the adjacent Kellogg Research Building.

MISSION

Florida State University is a comprehensive, graduate research university with a liberal arts base. It offers undergraduate, graduate, advanced graduate and professional programs of study, conducts extensive research, and provides service to the public. The university's primary role is to serve as a center for advanced graduate and professional studies while emphasizing research and providing excellence in undergraduate programs.

In accordance with the university's mission, faculty members have been selected for their commitment to excellence in teaching, their ability in research and creative activity, and their interest in public service.

Given its history, location and accomplishments, FSU does not expect major changes in its mission during the next decade. Rather, it sees further refinement of that mission, with concentration on its strong liberal-arts base and on quality improvement.



HISTORY

Florida State University is one of the largest and oldest of the 11 public institutions of higher learning in Florida. It was established as the Seminary West of the Suwannee by act of the Florida Legislature in 1851 and first offered instruction at the post-secondary level in 1857. Its

Tallahassee campus has been the site of an institution of higher education longer than any other site in the state. In 1905, the Buckman Act reorganized higher education in

the state and designated the Tallahassee school as the Florida Female College. In 1909, it was renamed Florida State College for Women. In 1947, the school returned to coeducational status, and the name was changed to Florida State University. It has grown from an enrollment of 4,056 in 1947 to an enrollment of 38,886 in the fall semester of 2004.

CAMPUS/CENTERS/PROGRAMS

In each succeeding decade, the university has added to its academic organization and now comprises 16 colleges and schools. It has expanded to more than 510

buildings on nearly 1,445 acres, including the downtown Tallahassee main campus of 450 acres and the Panama City, Fla., branch campus of 26 acres. The university also offers degree programs in Sarasota, Fla., and the Republic of Panama; instructional programs in London, Florence, and Valencia, Spain; and research, development, and/or service programs in Costa Rica, Croatia and Italy.

Wireless Internet service became available through much of FSU's Tallahassee campus in 2005, making research and communication more convenient than ever for students, faculty and staff. ▼



The first of four sections of the "Legacy Walk" — a historic trail that highlights FSU's beautiful campus and rich heritage — was unveiled during Homecoming 2004. Brick-banded walkways lined with banners and featuring Legacy Walk insignia and raised brick podia highlight the university's history, distinguished faculty and alumni, architecture, sculpture and green spaces. When complete, the four phases of the 3.5-mile Legacy Walk, to extend from the Westcott Building to the University Center, will honor the academic and athletic accomplishments of the university, its faculty and alumni.



▲ At both the undergraduate and graduate levels, many FSU students are actively involved in research under the direction of distinguished professors or through jobs and internships in their specific fields of study.

Through the Center for Professional Development, the university conducts off-campus credit courses and degree programs as well as non-credit programs, workshops, seminars and conferences. The university also operates the John and Mable Ringling Museum of Art, located in Sarasota, which is the largest museum/university complex in the nation.

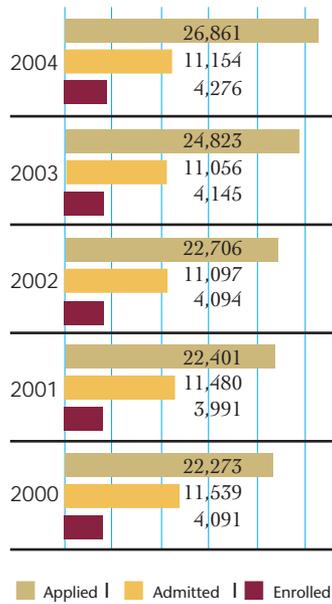
STUDENTS

As a major, comprehensive residential state university, FSU attracts students from every county in Florida, every state in the nation, and more than 130 foreign countries. The university is committed to high admission standards that ensure quality in its student body, which includes some 326 National Merit, National Achievement and Hispanic scholars, as well as students with superior creative talents. FSU also provides alternative admissions and highly successful retention programs for special student populations. Most students pursue a full-time course of study in normal progression from high school or undergraduate institutions.

Graduate students comprise more than 19 percent of the student body and are enrolled in 210

graduate degree programs, of which 73 are doctoral.

FRESHMEN APPLIED, ADMITTED & ENROLLED (Fall Term)



FACULTY

It is the official policy of Florida State University to recruit the most talented faculty from leading centers of learning throughout the world. The Florida State faculty has included six Nobel Laureates and 10 members of the National Academy of Sciences. Many of its faculty have received national and international recognition, and the university enjoys national ranking in a number of disciplines.

Head Count Enrollment by Colleges & Schools (Fall Term)

School/College	2004	2003	2002	2001	2000
Arts & Sciences	7,925	7,603	7,410	7,016	6,702
Business	6,302	6,150	6,065	5,667	5,738
Communication	1,858	1,850	1,780	1,932	2,145
Criminology & Criminal Justice	1,529	1,478	1,374	1,326	1,350
Education	2,998	2,870	3,005	3,048	3,084
Engineering	1,652	1,622	1,481	1,314	1,190
Human Sciences	2,887	2,460	2,167	1,799	1,559
Information Studies	1,150	1,153	1,275	1,285	1,103
Law	740	735	750	696	721
Medicine	177	115	69	30	-
Motion Picture, Television & Recording Arts	221	205	239	207	219
Music	1,152	1,108	1,059	1,022	1,042
Nursing	1,027	946	802	666	690
Social Sciences	3,612	3,420	3,225	2,865	2,343
Social Work	727	673	630	554	614
Theatre	502	468	460	450	480
Visual Arts & Dance	1,206	1,147	1,104	1,057	1,029
Undecided/Special	3,221	3,325	3,788	4,528	4,468
Total	38,886	37,328	36,683	35,462	34,477

Degrees Awarded

Degree	2004-05	2003-04	2002-03	2001-02	2000-01
Bachelor's	6,856	6,578	6,335	5,912	5,467
Master's	1,681	1,536	1,593	1,553	1,463
Specialist	44	57	51	94	47
Juris Doctorate	276	208	242	227	220
Doctorate	274	271	290	248	251
M.D.	27	-	-	-	-
Total	9,158	8,650	8,511	8,034	7,448



▲ The Westcott Fountain has long been a favorite spot for graduating students to capture one final memory of their college days.



▲ Florida State University professor and chair of anthropology Dean Falk led an international team of scientists on an incredible virtual journey through the tiny brain of an 18,000-year-old, "hobbit"-sized human in 2005. What they found has upended conventional evolutionary wisdom on the relationship of brain size to intelligence. Falk's research made headlines worldwide and was featured in a National Geographic Channel program.

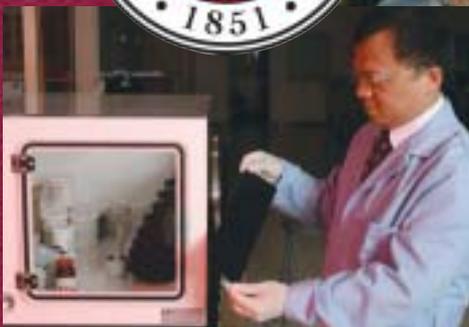
Financial Aid Administered for the Year Ended June 30, 2005

Description	Number of Awards	Aid Disbursed
Federal Programs		
Pell Grants	8,884	\$ 18,460,329
SEOG	1,224	1,282,266
Federal College Work Study	1,597	1,219,803
Community Service Learning Program	95	183,867
Perkins Student Loans	2,001	4,043,469
Scholarship for Disadvantaged Students	27	24,988
Stafford Loans		
Subsidized	34,400	64,356,676
Unsubsidized	26,973	54,194,045
Plus	2,578	10,466,825
NFSL/Private Loans	1,897	7,429,678
Total Federal Financial Aid Administered	79,676	\$ 161,661,946
State Programs		
Florida Student Assistance Grants(FSAG)	4,085	\$ 4,223,447
Bright Futures Scholarships	20,605	35,869,874
Other States' Scholarships	200	244,649
Total State Scholarships & Grants Administered	24,890	\$ 40,337,970
Institutional Programs		
FSU Delayed Delivery Loans & Emergency Loans	6,103	\$ 3,835,317
Merit Scholarships	7,976	9,518,364
Florida State University Grants	10,225	12,094,886
Other Institutional Grants	11	55,846
Total Institutional Loans, Scholarships & Grants Administered	24,315	\$ 25,504,413
Private Scholarships		
Foundation Scholarships	1,966	\$ 2,858,905
Private Scholarships	2,541	4,629,937
Total Private Scholarships	4,507	7,488,842
Tuition Waivers	10,681	31,943,752
Total Financial Aid Administered		\$286,936,923

Note: Individuals may receive multiple awards within a year.



FSU is recognized for the high quality of its scientific research programs in a number of fields. Now, with the "Pathways to Excellence" initiative announced by FSU President T.K. Wetherell, the university has established a specific plan of action to achieve recognition as one of the top research and graduate education institutions in the United States.



▲ The Legacy Fountain, unveiled on Landis Green in January 2005, is a favorite meeting spot for students. It commemorates the university's transition from Florida State College for Women to Florida State University. The six bronze sculptures in the fountain are the work of Tallahassee artist Edward Jonas.



▲ FSU student-athlete Summer Weissing has shown the work ethic to succeed as a student and as a member of the Seminole volleyball team. In addition to maintaining her regular place on the ACC Honor Roll, she has participated in tsunami relief efforts and has been a part of various campaigns to raise money for battered women.

Faculty Data

Academic Year	Full-Time Faculty	Part-Time Faculty	Tenured Faculty	Faculty with Terminal Degrees	Students/Faculty Ratio
2000-01	1,520	58	805	1,368	22:1
2001-02	1,596	68	815	1,436	22:1
2002-03	1,695	56	830	1,559	23:1
2003-04	1,736	60	768	1,616	22:1
2004-05	1,794	87	745	1,651	22:1

FSU RESEARCH

Since its designation as a university in 1947, Florida State University has built a reputation as a strong center for research in the sciences, the humanities and the arts. In Fiscal Year 2005, FSU faculty and administrators generated more than \$161 million in external funding to supplement state funds used for research. These external funds, derived through contracts and grants from various private foundations, industries and government agencies, are used to provide stipends for graduate students, to improve research facilities, and to support the research itself.

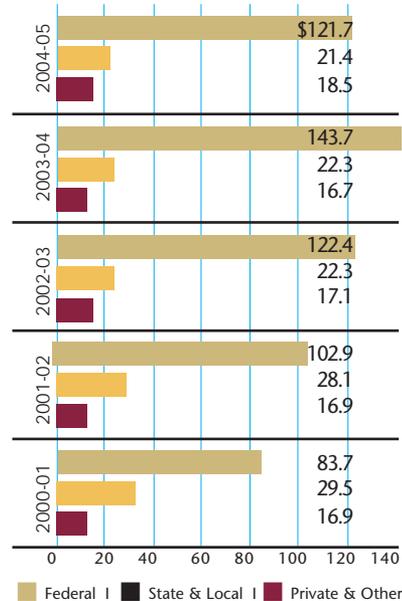
LIBRARIES

FSU's library system, which ranks among the nation's top research libraries, is made up of eight libraries and 15 subject-specific reading rooms. The libraries' total collection includes more than 2.7 million volumes of books and periodicals;

800,000 government documents; 9,000 films, videos and DVDs; and 800,000 microforms. In addition, access to more than 290 subscription databases, 274,000 e-books and 18,000 electronic journals allows students, faculty and staff to do research from their offices or homes.

CONTRACTS & GRANTS AWARDS RECEIVED

(in millions of dollars)





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

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Florida State University, a component unit of the State of Florida, and its aggregate discretely presented component units as of and for the fiscal year ended June 30, 2005, as shown on pages 14 through 29. These financial statements are the responsibility of the University's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units, as described in note 1 to the financial statements, which comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included for these entities, is based solely upon the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Florida State University and of its aggregate discretely presented component units as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 17 to the financial statements, the University discontinued reporting a share of the reverse repurchase and securities lending agreements entered into by the State Treasury, in connection with the State Treasury's Special Purpose Investment Account investment pool, for the 2004-05 fiscal year pursuant to the State Treasury's interpretation of GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*. This change affects the comparability of amounts reported as assets and liabilities on the statement of net assets for the 2004-05 fiscal year with amounts reported for the 2003-04 fiscal year. The University also changed its method of reporting certain Federal and State student financial aid moneys for the 2004-05 fiscal year in accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, and No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. These changes affect the comparability of amounts reported as operating and nonoperating revenues, and operating expenses, on the statement of revenues, expenses, and changes in net assets for the 2004-05 fiscal year with amounts reported for the 2003-04 fiscal year.

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

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 10 through 13 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

William O. Monroe, CPA
March 16, 2006

OVERVIEW

The following Management's Discussion and Analysis (MD&A) provides an overview of Florida State University's financial performance based on currently known facts, decisions and conditions and is designed to assist readers in understanding the accompanying financial statements. These financial statements are prepared in accordance with Government Accounting Standards Board principles and focus on the university as a whole. The MD&A, financial statements and notes are the responsibility of university management. The MD&A should be read in conjunction with the financial statements and notes thereto.

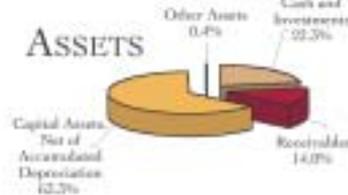
The financial statements encompass the university and its discretely presented component units; however, the MD&A focuses only on the university. Information relating to the component units can be found in their separately issued financial statements. The three basic financial statements are the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets, and the Statement of Cash Flows. While audited financial statements for the prior fiscal year are not presented with this report, condensed data will be presented in the MD&A in order to illustrate certain increases and decreases. In the MD&A, amounts reported on the condensed statements for the 2003-2004 fiscal year have been restated to reflect reporting changes that occurred

in the 2004-2005 fiscal year so that amounts reported for the 2004-2005 and 2003-2004 years are comparable. These reporting changes are explained in note 17 to the financial statements.

STATEMENT OF NET ASSETS

The Statement of Net Assets presents the financial position of the university at the end of the fiscal year. From the data presented, readers of the statement are able to determine the assets available to continue the operations of the university. They are also able to determine how much the university owes vendors, investors and lending institutions. Finally, The Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for expenditures by the university. The change in net assets is one indicator of whether the overall financial condition has

improved or worsened during the year when considered with non-financial facts such as enrollment levels and the condition of the facilities. Assets are what the university owns and are measured in current value, except for property and equipment, which are recorded at historical cost less accumulated depreciation. Assets are categorized as either current or noncurrent. Current assets are generally considered to be convertible to cash within one year.



Total assets of the university increased by \$118 million. Net capital assets improved during 2005 by \$69 million, due primarily to increases in buildings. Major projects completed during the year include:

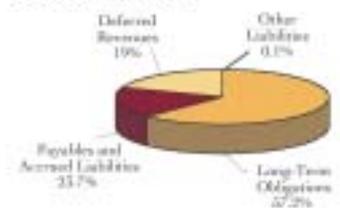
Major Projects Completed

(in millions)

Project	Amount
Renovations	
Conradi Building	\$ 4.0
University Center Building D	\$ 1.3
New Construction	
Medical School Building	\$ 35.5
Medical School Research Building	\$ 16.1
Ringling Tibbals Learning Center	\$ 8.2
Alumni Center Facility	\$ 5.4
West Dining Facility	\$ 3.8

Liabilities are what the university owes to others or what it has collected from others before it has provided the related services. Liabilities also are categorized as either current or noncurrent. Current liabilities are amounts becoming due and payable within the next year.

LIABILITIES



As of June 30, 2005, total liabilities were \$291.3 million, compared to \$287 million at the end of the prior fiscal year.

Net assets are divided into three categories.

- Invested in capital assets, net of related debt represents the historical cost of capital assets, reduced by the balance of related outstanding debt and depreciation expense charged over the years.

Condensed Statement of Net Assets

(in thousands)

	2005	2004
Assets		
Current Assets	\$ 522,213	\$ 424,559
Capital Assets, Net	1,013,225	944,248
Other Noncurrent Assets	64,502	110,122
Total Assets	1,599,940	1,478,929
Liabilities		
Current Liabilities	124,689	113,583
Noncurrent Liabilities	166,574	173,394
Total Liabilities	291,263	286,977
Net Assets		
Invested in Capital Assets, Net of Related Debt	887,752	831,753
Restricted	247,646	218,327
Unrestricted	173,279	141,872
Total Net Assets	\$ 1,308,677	\$ 1,191,952



▲ FSU's College of Music is widely recognized as a top-tier program with a long tradition of excellence at both the undergraduate and graduate levels.



▲ Coach Bobby Bowden has long been a monumental figure in college football. Now his likeness is cast in bronze for a permanent, larger-than-life-size sculpture. The 9-foot-tall artwork, by renowned sculptor W. Stanley "Sandy" Proctor, was unveiled in September 2004.

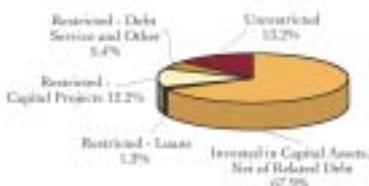


▲ FSU researchers brought in more than \$180 million in contracts and grants during the 2004-2005 fiscal year — a 13-percent increase over the previous year. The positive growth in research funding is counter to the national trend and makes FSU one of the most successful research universities in the nation.

- Restricted net assets include amounts that have been restricted for use by an external party and are broken down further into nonexpendable and expendable. Restricted nonexpendable net assets represent the historical gift value that donors required to be invested in perpetuity. Restricted expendable net assets include amounts committed for such things as debt service, student loans and capital projects.

- Unrestricted net assets include amounts institutionally designated or committed to support specific academic and research programs, capital construction projects, and unrestricted funds functioning as endowments. A significant portion of these funds have been designated for contractually committed goods and services that have not yet been received, capital projects in various stages of planning and completion, and for normal working capital balances maintained for departmental and auxiliary enterprise activities.

NET ASSETS



As of June 30, 2005, net assets were \$1.3 billion, up 9.8 percent from the previous year. The largest increase was invested in capital assets, net of related debt, which grew by \$56 million.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the year, regardless of when cash is received or paid. Activities are reported as either operating or non-operating.

Condensed Statement of Revenues, Expenses & Changes in Net Assets (in thousands)

	2004-05	2003-04
Operating Revenues	\$ 408,087	\$ 367,479
Operating Expenses	(731,272)	(679,404)
Operating Loss	(323,185)	(311,925)
Net Nonoperating Revenues	375,989	326,251
Income Before Other Revenues Expenses, Gains, or Losses	52,804	14,326
Net Other Revenues	63,921	82,227
Net Increase in Net Assets	116,725	96,553
Net Assets, Beginning of Year	1,191,952	1,095,399
Net Assets, End of Year	\$ 1,308,677	\$ 1,191,952

Generally, operating revenues are earned in exchange for providing goods and services. Operating expenses are incurred in the normal operation of the university, including a provision for estimated depreciation on capital assets. Certain revenue sources that the university relies on for operations, including state appropriations, gifts and investment income, are required by GASB to be classified as non-operating revenues. Non-operating expenses include capital financing costs and costs related to capital assets.

REVENUES USED TO FUND THE UNIVERSITY'S OPERATING ACTIVITIES (in thousands)

State Appropriations	\$315,006
Grants & Contracts	\$249,901
Net Tuition & Fees	\$116,206
Net Auxiliary Activities	\$92,369
Investment Income	\$11,179
Other Revenues	\$11,191

Operating revenues increased \$40.6 million for the fiscal year ending June 30, 2005. Net student tuition and fee revenues increased \$19.9 million, contributed by a board-approved increase to tuition. Also, operating grants and contracts revenue increased by \$24.1 million, which was mainly driven by a 20-percent increase in federal grants and contracts.

Operating expenses increased \$51.9 million for the year. Expenses for compensation and employee benefits were up \$36.8 million. In addition, scholarship expenses increased by \$13.6 million.

OPERATING EXPENSES by FUNCTION (in thousands)

Loan Operations	\$ 141
Student Services	\$ 25,644
Academic Support	\$ 37,131
Operations of Plant	\$ 41,023
Institutional Support	\$ 48,124
Public Service	\$ 50,868
Depreciation	\$ 55,038
Scholarships	\$ 59,648
Research	\$ 93,301
Auxiliary Services	\$ 117,301
Instruction	\$ 203,053



▲ FSU's University Honors Program connects the most highly talented and motivated students to the best educational opportunities available at a research university.

▶ Students, faculty members and administrators from FSU's College of Human Sciences celebrated the college's 100th anniversary in October 2005. Here, College of Human Sciences alumnae Paula Smith, Heather Shea and Andrea Alfano blow out the candles on a birthday cake for the occasion. The college, which was founded as the Department of Home Economics at Florida Female College in 1905, has grown to become the flagship program in human sciences in Florida, and has as its mission to enhance the well-being of individuals and families through education, research and service.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows provides additional information about the university's financial results by reporting the major sources and uses of cash. This statement assists in evaluating the university's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash used by the operating activities of the university. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash Flows from Investing Activities shows all uses of cash and cash equivalents to purchase investments, and all increases in cash and cash equivalents as a result of selling investments or earning income on cash and investments. Finally, cash flows from noncapital

financing activities include those activities not covered in the other sections.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of June 30, 2005, the university had \$1 billion invested in capital assets, net of accumulated depreciation of \$461.4 million. Depreciation expense totaled \$55 million for the current fiscal year. Major capital expenses for the year included a new medical school (\$18.6 million), a new parking garage (\$11 million), the Landis Hall renovation (\$9.4 million) and the implementation of a new enterprise resource planning system (\$9.8 million). The table at right summarizes the university's major construction commitments of \$5 million or more remaining as of June 30, 2005:

Major Construction Commitments Greater Than \$5 Million
(in thousands)

Project Name	Estimated Cost	Amount Expended	Amount Unspent
Psychology Center	\$ 53,314	\$ 7,194	\$ 46,120
Land Acquisition	14,500	-	14,500
DeGraff Hall	36,900	-	36,900
Basic Science Complex	60,246	5,653	54,593
Alumni Center	5,500	-	5,500
Building Envelope Improvements	8,164	-	8,164
Maint/Repairs/Renovations/Remodeling	5,615	-	5,615
Science Bldg Support Systems	6,750	-	6,750
Chemistry Building	50,370	3,105	47,265
Communications Lab	33,218	-	33,218
Johnston Dining Facility	7,501	2,633	4,868
Marine Science Research & Training	7,000	118	6,882
Landis Hall Remodeling	17,351	10,500	6,851
Parking Garage #3	15,306	13,434	1,872
New Residence Hall	27,996	7,692	20,304
Campuswide Projects - Sarasota	10,100	-	10,100
Life Sciences Teaching & Research	45,400	742	44,658
Wildwood Halls	36,000	583	35,417
West Campus Dining Facility	5,800	1,174	4,626
Asolo Theatre/Visitor Services Center	12,593	6,085	6,508
New Classroom Building	18,400	-	18,400
Main Galleries Expansion - Sarasota	11,500	4,387	7,113
Ringling Conservation/ Curatorial - Sarasota	13,100	2,029	11,071
Utilities/Infrastructure/ Capital Renewal/Roofs	18,116	1,169	16,947
Panama City Administrative Services Center	5,762	112	5,650
National High Magnetic Field Laboratory	7,500	358	7,142
Panama City Academic Building	22,488	-	22,488
Tibbals Learning Center	10,101	-	10,101
TOTAL	\$ 566,591	\$ 66,968	\$ 499,623

Condensed Statement of Cash Flows *(in thousands)*

	2004-05	2003-04
Cash Provided (Used) By:		
Operating Activities	\$ (278,393)	\$ (257,635)
Noncapital Financing Activities	379,409	325,947
Capital and Related Financing Activities	(121,716)	(51,588)
Investing Activities	(54,074)	(27,305)
Net Decrease in Cash and Cash Equivalents	(74,774)	(10,581)
Cash and Cash Equivalents, Beginning of Year	84,716	95,297
Cash and Cash Equivalents, End of Year	\$ 9,942	\$ 84,716



As FSU continues to grow, so does the need for additional parking facilities on campus. Helping to meet that need will be this new parking garage adjacent to the College of Medicine. Once complete, the garage, which was under construction in 2005, will provide parking for 1,500 vehicles.



As of June 30, 2005, the university had \$134.4 million of outstanding bonds, compared to \$139.8 million at June 30, 2004. During the fall of 2005, the university issued \$71.3 million in Housing Facility revenue bonds to build a new dorm consisting of approximately 690 beds, to demolish DeGraff Hall and construct two new dorms consisting of approximately 600 beds, and to refund the Series 1996 bonds. Also, the university issued \$11.3 million in Parking Facility revenue bonds to construct a five-level parking garage (Garage Four) containing approximately 1,000 parking spaces.

Economic Outlook

Florida State University has a strong reputation for operational efficiency as well as academic excellence. While the state continues to demonstrate strong financial support for higher education in Florida, it has not been enough to keep pace with the growth of the university. Therefore, the university must rely more

For decades, Florida State College for Women students received three meals a day in the Suwannee Dining Room. In 2005, work began to restore the Gothic Revival structure to its original role of dining facility. Built in 1913, the Dining Hall, as the building was known for more than 60 years, was the center of campus life for generations of students. ▼

heavily on other revenue streams to maintain its quality programs.

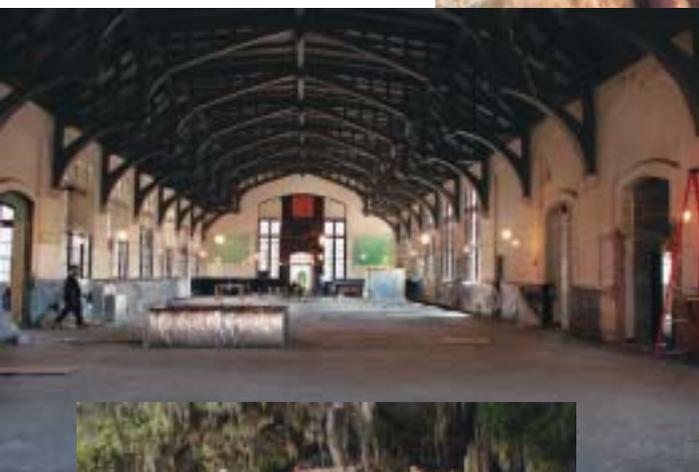
Tuition rates for the 2005-2006 fiscal year increased for in-state undergraduate and graduate students by 5 percent. However, the university's low tuition levels continue to attract top students. The FSU CONNECT fund-raising campaign achieved 90 percent of its \$600 million goal, or \$542.6 million, by the end of the 2004-2005 fiscal year.

Once again, the university finished the fiscal year better

off than the previous year and is well-positioned to continue providing excellence in educational programs. The university's solid support from the state, relatively low tuition levels, ability to attract new research funding and outstanding fund-raising capabilities are among the factors indicating a bright future.

A statue of Francis Eppes VII, grandson of President Thomas Jefferson, looks out from its bench on the Westcott Plaza. Eppes played a pivotal role in establishing the Seminary West of the Suwannee, the earliest predecessor of Florida State University. ▼

Built in 1921, Jennie Murphree Hall is one of the oldest surviving buildings on the FSU campus. Today, the beauty of the Jacobean Revival architecture remains intact while the interior boasts modern, state-of-the-art systems. Replacements of the residence hall's exterior windows during the 2004-2005 fiscal year helped keep the building looking its best. ▼



◀ The palms and moss-covered oaks of FSU's Westcott Plaza have witnessed a great deal of change over the years. In summer 2005, they saw even more as improvements were made to the university's beautiful "front door." The asphalt roadway that had encircled Westcott Plaza from the Diffenbaugh Building to Francis Eppes Hall was removed. In its place, new landscaping, including trees, flowering plants and sod, were installed. Additional benches, constructed by students in the university's Master Craftsman Program, also were placed in the area.

STATEMENT OF NET ASSETS
AS OF JUNE 30, 2005 *(in thousands)*

	University	Component Units
ASSETS		
Current Assets:		
Cash and cash equivalents (Note 1)	\$ 6,492	\$ 29,427
Investments (Note 2)	298,023	47,015
Receivable, net (Note 3)	48,162	31,948
Due from other state universities	104	-
Due from state (Note 4)	152,604	-
Due from component units (Note 5)	6,417	129,282
Inventories (Note 6)	2,367	168
Loans and notes receivable, net (Note 3)	5,498	-
Other assets	2,546	563
Total current assets	522,213	238,403
Noncurrent Assets:		
Restricted cash and cash equivalents (Note 1)	3,450	-
Restricted investments (Note 2)	48,755	491,424
Loans and notes receivable, net (Note 3)	10,838	171
Non-depreciable capital assets (Note 7)	186,672	16,166
Depreciable capital assets, net (Note 7)	826,553	153,032
Other assets	1,459	91,340
Total noncurrent assets	1,077,727	752,133
Total assets	\$ 1,599,940	\$ 990,536
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 20,916	\$ 35,975
Accrued salaries and wages payable	15,301	797
Due to other state universities	272	-
Due to state	617	-
Due to component units (Note 5)	2,624	133,874
Deposits payable	15,935	-
Deferred revenues (Note 8)	55,407	12,767
Long-term liabilities, current (Note 9)	13,357	4,162
Other liabilities	260	2,906
Total current liabilities	124,689	190,481
Noncurrent Liabilities (Note 9):		
Bonds payable	129,037	93,423
Loans and notes payable	-	18,534
Installment purchase notes payable	440	-
Capital leases payable	-	23,594
Accrued compensated absences	37,091	688
Other liabilities	6	18,701
Total noncurrent liabilities	166,574	154,940
Total liabilities	\$ 291,263	\$ 345,421
NET ASSETS		
Invested in capital assets, net of related debt	\$ 887,752	\$ 30,220
Restricted:		
Non-expendable:		
Endowment	-	348,909
Expendable:		
Debt service	350	1,033
Loans	17,460	-
Capital projects	159,968	-
Other restricted net assets	69,868	141,170
Unrestricted	173,279	123,783
Total net assets	\$ 1,308,677	\$ 645,115

The accompanying notes to the financial statements, which begin on page 17 of this Annual Report, are an integral part of this statement.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR FISCAL YEAR ENDED JUNE 30, 2005 *(in thousands)*

	University	Component Units
OPERATING REVENUES		
Student tuition & fees — not pledged	\$ 191,109	\$ -
Student tuition & fees — pledged on revenue bonds	4,698	-
Tuition scholarship allowances	(79,601)	-
Net student tuition & fees	116,206	-
Federal grants & contracts	138,051	-
State and local grants & contracts	24,577	-
Nongovernmental grants & contracts	25,964	-
Sales & services of educational department	1,800	-
Sales & service of auxiliary enterprise — not pledged	73,194	-
Sales & services of auxiliary enterprise — pledged on revenue bonds	19,175	-
Sales & services of component units	-	19,920
Royalties & licensing fees	-	11,339
Gifts & donations	-	39,332
Interest on loans receivable	248	-
Other operating revenue	8,872	8,665
Total operating revenues	408,087	79,256
OPERATING EXPENSES		
Compensation & employee benefits	443,670	23,202
Services & supplies	131,957	62,722
Utilities	40,959	407
Scholarships & fellowships	59,648	-
Depreciation	55,038	5,689
Total operating expenses	731,272	92,020
Total operating loss	(323,185)	(12,764)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	315,006	-
Non-capital grants	61,309	-
Investment income	10,496	39,268
Unrealized gain (loss)	683	(153)
Investment expenses	-	(766)
Net investment income	11,179	38,350
Other non-operating revenues	271	605
Loss on disposal of capital assets	(6,712)	(3,234)
Interest on capital asset related debt	(4,865)	(5,493)
Other non-operating expenses	(199)	(901)
Net non-operating revenues	375,989	38,349
Income before other revenues	52,804	16,562
Additions to permanent endowments	-	40,899
Capital appropriations	56,934	-
Capital grants, contracts & donations	6,987	2,937
Increase in net assets	116,725	60,398
Net assets, beginning of year	1,191,952	584,717
Net assets, end of year	\$ 1,308,677	\$ 645,115

The accompanying notes to the financial statements, which begin on page 17 of this Annual Report, are an integral part of this statement.

STATEMENT OF CASH FLOWS
FOR FISCAL YEAR ENDED JUNE 30, 2005 *(in thousands)*

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition & fees	\$ 116,260
Grants & contracts	167,265
Sale & services of educational departments	1,800
Sales & services of auxiliary enterprises	92,791
Interest on loans receivable	249
Other operating receipts	15,248
Payments to employees	(441,710)
Payments to suppliers for goods & services	(171,593)
Payments to students for scholarships & fellowships	(59,648)
Loans issued to students	945
Net cash used by operating activities	(278,393)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State appropriations	315,006
Grants & contracts	40,340
Operating subsidies & transfers	(2,557)
Funds held for others	5,491
Other receipts	21,234
Other expenses	(105)
Net cash provided by non-capital financing activities	379,409
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	50,723
Capital grants & contracts	3,954
Capital subsidies & transfers	(37,122)
Other receipts for capital projects	5
Purchase of capital assets	(127,397)
Principal paid on capital debt	(5,475)
Interest paid on capital debt	(6,404)
Net cash used by capital & related financing activities	(121,716)
CASH FLOWS FROM INVESTING ACTIVITIES	
Net change in investments	(63,993)
Investment income	9,919
Net cash used by investing activities	(54,074)
Net change in cash & cash equivalents	(74,774)
Cash & cash equivalents, beginning of year	84,716
Cash & cash equivalents, end of year	\$ 9,942
RECONCILIATION OF OPERATING CASH FLOWS TO OPERATING INCOME	
Operating expense over revenue	\$ (323,185)
Depreciation expense	55,038
Change in assets & liabilities:	
Accounts receivable	1,640
Contracts & grants receivable	(21,326)
Inventories	(135)
Loans & notes receivable	945
Deferred charges & other assets	(317)
Accounts payable	1,775
Accrued salaries & wages	770
Deposits payable	(46)
Compensated absences liability	1,189
Deferred revenues	5,259
Net cash used in operations	\$ (278,393)

The accompanying notes to the financial statements, which begin on page 17 of this Annual Report, are an integral part of this statement.

1.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Florida State University is a separate public instrumentality that is part of the State University System of public universities, and is directly governed by a Board of Trustees consisting of 13 members. The governor of the state of Florida appoints six citizen members and the state's Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the Faculty Senate and the president of the student body of the university also are members.

The state's Board of Education is responsible for overseeing kindergarten through graduate-school education in the state.

The state's Board of Governors establishes the powers and duties of the trustees.

The university's trustees are responsible for setting policies for the university; these policies provide governance in accordance with Florida law, state Board of Education rules, and Board of Governors rules. The trustees select the university president and the state Board of Education ratifies the candidate selected. The university president serves as the executive officer and the corporate secretary of

the trustees, and is responsible for administering the policies prescribed by the trustees for the university.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. Application of these criteria determines potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government's financial statements to be misleading or incomplete. Based on the application of these criteria, the university is a component unit of the state of Florida, and its financial activity is reported in the state's Comprehensive Annual Financial Report by discrete presentation.

Discretely Presented Component Units

Based on the application of the criteria for determining component units, the following organizations are included within the university reporting entity as discretely presented component units. Additional condensed financial statements for the university's component units are shown in a subsequent note.

The university's direct-support organizations, as provided for in Section 1004.28, Florida Statutes, and Board of Governors Rule 6C-9.011, are considered component units of the university and, therefore, the latest audited financial statements of these organizations are included in the financial statements of the university by discrete presentation. These are separate, not-for-profit corporations 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. The statute authorizes these organizations to receive, hold, invest and administer property and to make expenditures to or for the benefit of the university. These organizations and their purposes are explained as follows:

FSU Foundation, Inc.

The university's fund-raising and private support programs are accounted for and reported separately by the FSU Foundation. Foundation revenues include unrestricted and restricted gifts and grants, rental income and investment income. Foundation expenditures include scholarship distributions to students, departmental faculty and staff development support, various memorials and class

projects, departmental research, and administrative costs of the FSU Foundation's development program.

FSU Seminole Boosters Inc.

The primary purpose of the Seminole Boosters is to stimulate and promote the education, health and physical welfare of university students by providing financial support from the private sector for the Intercollegiate Athletic Program. Funds raised by the Boosters are utilized for scholarships, recruiting expenses, and authorized travel and entertainment in accordance with the rules and regulations of the National Collegiate Athletic Association.

FSU International Programs Association, Inc.

The purpose of the International Programs Association is to promote intercultural activities among students, educators and others. It provides teaching, studying, research and conference opportunities to U.S. students, scholars, and other professionals and community groups through Florida State University Study-Abroad Programs in London, Florence, Costa Rica and other sites.

FSU Alumni Association, Inc.

The Alumni Association serves as a connecting link between alumni and the university. The nature and purpose of the association is to



▲ The Landis Green Legacy Fountain, unveiled in January 2005, depicts the history of FSU's student body reaching back to the early days of the school in the 1900s, through the transition to coeducational status in 1947 and beyond. The six lifelike bronze sculptures within the fountain embody the richness of FSU's students and will be a treasured addition to the beauty and history of the campus.

"Sportsmanship," a giant bronze sculpture outside Doak Campbell Stadium, represents the values of fair play and sportsmanship that all FSU student-athletes aspire to.



▲ The Alumni Center, located on the site of the former President's Mansion across from the FSU campus, serves as the headquarters for an international network of graduates, students and friends of the university who work together to strengthen FSU through programs, services and events. The newly opened Alumni Grand Ballroom, seen here, seats up to 260 people for formal events.

aid, strengthen and expand Florida State University and its alumni. The association utilizes private gifts, devices, other contributions and advertising income to publish and exchange information with university alumni, to assist the university's development programs, and to provide public and community service.

FSU Financial Assistance, Inc.

Financial Assistance was created for the purpose of securing bond financing in accordance with Section 1004.28, Florida Statutes. Seminole Boosters maintains direct control of Financial Assistance and each year makes significant transfers to it to help service the bond debt.

FSU Research Foundation, Inc.

The Research Foundation was established on Sept. 14, 1993. The purpose of the Research Foundation is to promote and assist the research and training activities of the university through income from contracts, grants and other sources, including income derived from the development and commercialization of the university's work products.

FSU John and Mable Ringling Museum of Art Foundation, Inc.

The John and Mable Ringling Museum of Art Foundation was established in 1978. Its purpose is to provide charitable and educational aid to the university's John and Mable Ringling Museum of Art. An annual agreement is executed between the museum and the foundation

to allow the foundation to act as the direct support organization for the museum.

FSU School, Inc.

The Developmental Research School became a charter school in 2000 in compliance with Section 1002.33, Florida Statutes. The school provides a setting where university faculty, school faculty and graduate students can design, demonstrate and analyze the effectiveness of new instructional materials, technological advances and strategies under controlled conditions. It also offers an environment for the systematic research, evaluation and development of commercial or prototype materials and techniques adaptable to other Florida public schools and supported by school and university researchers and/or private sector partners.

An annual audit of each organization's financial statements is conducted by independent Certified Public Accountants. The annual report is submitted to the Auditor General and the university's Board of Trustees. Additional information on the university's component units, including copies of audit reports, is available by contacting the university Controller's Office.

Basis of Presentation

The university's accounting policies conform with accounting principles generally accepted in the United States applicable to colleges and universities as

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

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

Basis of Accounting

Basis of accounting refers to when revenues, expenses and related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the timing of the measurements made, regardless of the measurement focus applied. The university's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like

transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange activities generally are recognized when all applicable eligibility requirements, including time requirements, are met.

Interdepartmental transactions of auxiliary service departments have been accounted for as reductions of expenses and not revenues of those departments.

The university's principal operating activities consist of instruction, research and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities, as well as administration, operation and maintenance of plant assets and depreciation on capital assets. Non-operating revenues include state appropriations, noncapital grants, investment income and capital asset funding. Interest on capital asset-related debt is a non-operating expense.

The university follows FASB statements and interpretations issued after Nov. 30, 1989, unless those pronouncements conflict with GASB pronouncements.

The Statement of Net Assets is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the university's policy to first apply the restricted resources to such programs followed by the use of the unrestricted resources.

The Statement of Revenues, Expenses, and Changes in Net



▲ Students danced until the wee hours during the 2005 FSU Dance Marathon, the university's largest student-run philanthropic event. Every spring, hundreds of FSU students pledge to remain standing for 32 consecutive hours to raise money for the Children's Miracle Network at Shands Children's Hospital and the FSU College of Medicine's Pediatric Outreach program.



▲ Lecture halls located throughout the FSU campus accommodate large student and public audiences. State-of-the-art technology allows for laptop use and distance learning in many such facilities.

Assets is presented by major sources and is reported net of tuition scholarship discounts and allowances. Tuition scholarship discounts and allowances are the differences between the stated charge for goods and services provided by the university and the amount that actually is paid by the student or the third party making payment on behalf of the student. The university applied "The Alternate Method" as prescribed in NACUBO Advisory Report 2000-05 to determine the reported net tuition scholarship discounts and allowances. Under this method, the university computes these amounts by allocating the cash payments to students, excluding payments for services, on a ratio of total aid to the aid not considered to be third-party aid.

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

Cash and Cash Equivalents

The amount reported as cash and cash equivalents consists of cash on hand, cash in demand accounts, and cash with escrow agent. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other restricted assets are classified as restricted.

Capital Assets

University capital assets consist of land, buildings, infrastructure and other improvements, furniture and equipment, library resources, works of art and historical treasures, construction in progress, and other capital assets. These assets are capitalized and recorded at cost at the date of acquisition or at estimated fair value at the date received in the case of gifts and purchases of state surplus property. Additions, improvements and other outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. The university has a capitalization threshold of \$1,000 for all tangible personal property and \$100,000 for buildings and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings — 10 to 50 years
- Infrastructure and Other Improvements — 12 to 50 years
- Furniture and Equipment:
 - Equipment (Non-Office) — 10 to 20 years
 - Computer Equipment — 3 to 7 years
 - Moveable Equipment — 3 to 20 years
- Software — 5 years
- Library Resources — 10 years

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of bonds payable, loans and notes payable, installment purchases payable, and compensated absences payable that are not scheduled to be paid within the next fiscal year. Bonds payable are reported net of unamortized premium or discount and deferred losses on refundings. The university amortizes bond premiums and discounts over the life of the bonds using the straight-line method. The deferred losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method. Issuance cost paid from the debt proceeds are reported as deferred charges, and are amortized over the life of the bonds using the straight-line method.

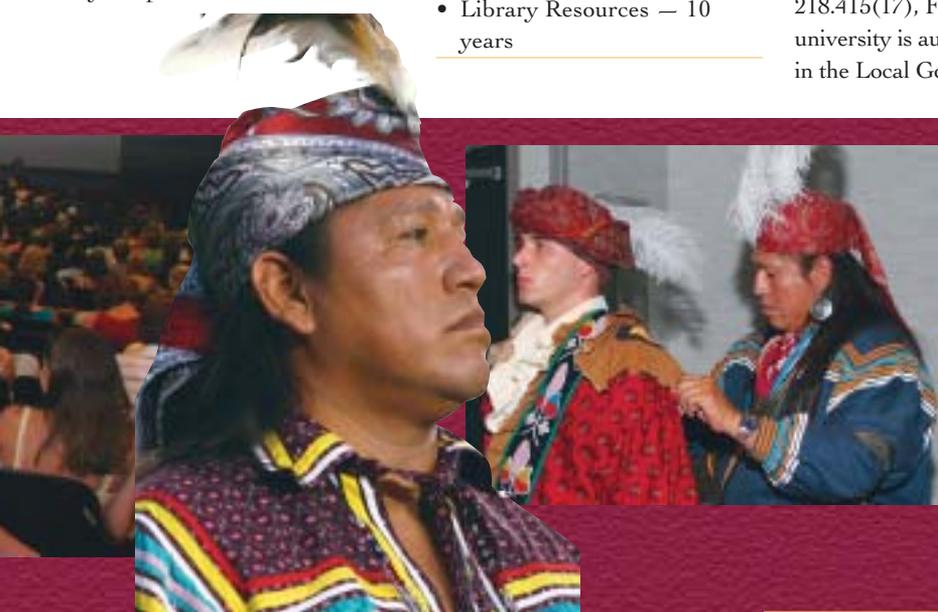
2. INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds awaiting clearing with the State Treasury and State Board of Administration, and requires that universities comply with the statutory requirements governing investment of public funds by local governments. Accordingly, universities are subject to the requirements of Chapter 218, Part IV, Florida Statutes. The university's Board of Trustees has not adopted a written investment policy. As such, pursuant to Section 218.415(17), Florida Statutes, the university is authorized to invest in the Local Government Surplus

Funds Trust Fund investment pool administered by the State Board of Administration; in interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; in direct obligations of the United States Treasury; and Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency.

External Investment Pools

The university had investments totaling \$346,585,675 at June 30, 2005, in the State Treasury Special Purpose Investment Account (SPIA) investment pool representing ownership of a share of the pool, not the underlying securities. The university's investments in the pool are reported at fair value. The State Treasury has taken the position that participants in the pool should disclose information related to interest rate risk and credit risk. The SPIA carried a credit rating of AA-f by Standard and Poor's and had an effective duration of 2.22 years at June 30, 2005. The university relies on policies developed by the State Treasury for managing interest rate risk or credit risk for this investment pool. Disclosures for the State Treasury investment pool are included in the notes to the financial statements of the state's Comprehensive Annual Financial Report.



◀ The Seminole Tribe of Florida was honored by FSU with the Moore-Stone Award in 2005 in recognition of its outstanding contributions to FSU and to university athletics. During the event, members of the tribe presented newly crafted tribal regalia for use in FSU's traditional home-game opening ceremonies. Using heritage textiles — some nearly 160 years old — from the Seminole Tribe's Ah-Tah-Thi-Ki Museum, Seminole Tribe members handcrafted the regalia. Leggings and moccasins were custom-tailored on the FSU campus to fit Josh Halley, 2005's Osceola, and Kyle Doney, an FSU senior civil engineering major who is a member of the Seminole Tribe of Florida. Halley donned his new garb for the Moore-Stone Award ceremony.

State Board of Administration Debt Service Accounts

The university reported investments in the State Board of Administration Debt Service Accounts totaling \$192,560 at June 30, 2005. These investments are administered by the state Board of Education to provide for debt service payments on bond debt issued by the State Board of Education for the benefit of the university. The university's investments consist of U.S. Treasury securities, with maturity dates of six months or less, and are reported at fair value. The university relies on policies developed by the State Board of Administration for managing interest rate risk or credit risk for this account. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the state's Comprehensive Annual Financial Report.

For the component units, the majority of investments are those reported by the Florida State University Foundation, Inc. Because the foundation reports under the FASB reporting model, disclosure of the various investment risks is not required for the foundation's investments. The following are required risk disclosures applicable to investments of the remaining

component units, which report under the GASB reporting model:
Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value on an investment. The Seminole Boosters Inc. does not have a written investment policy on interest rate risk. The John and Mable Ringling Museum of Art Foundation, Inc., investment policy limits endowment investments to U. S.

Government securities with maturities not to exceed one year and operating fund investments to commercial paper, repurchase agreements, certificates of deposit, money market funds, and U.S. Treasury Bills that have maturities of no longer than one year. Investments of the component units in debt securities, and money market and mutual funds, and their future maturities as of June 30, 2005, are as follows:

Investment Type	Investments Maturities (In Years)				
	Fair Value	Less Than 1	1 - 5	6 - 10	More Than 10
Seminole Boosters, Inc.					
U.S. Government Obligations	\$ 141,994	\$ -	\$ -	\$ -	\$ 141,994
Bonds and Notes	1,394,454	252,857	1,141,597	-	-
Federal Agency Obligations	2,032,090	971,913	1,060,177	-	-
Total	\$ 3,568,538	\$ 1,224,770	\$ 2,201,774	\$ -	\$ 141,994
John and Mable Ringling Museum of Art Foundation, Inc.					
U.S. Government Obligations	\$ 1,289,818	\$ 1,289,818	\$ -	\$ -	\$ -
Bonds and Notes	124,796	-	124,796	-	-
Money Market and Mutual Funds	264,774	264,774	-	-	-
Federal Agency Obligations	124,242	-	124,242	-	-
Total	\$ 1,803,630	\$ 1,554,592	\$ 249,038	\$ -	\$ -

Component Units Investments

Investments held by the university's component units as of June 30, 2005, are reported at fair value as follows:

Investment Type	Florida State University Foundation	Seminole Boosters	Florida State University Research Foundation	John and Mable Ringling Foundation	Florida State University School	Total
Stocks and Other Equity Securities	\$ 251,201,824	\$ 25,913,202	\$ 7,500,600	\$ -	\$ -	\$ 284,615,626
U.S. Government Obligations	106,190,396	141,994	-	1,289,818	-	107,622,208
Bonds and Notes	87,806,097	1,394,454	-	124,796	-	89,325,347
Real Estate Contracts	28,313,409	367,025	-	-	-	28,680,434
Money Market and Mutual Funds	21,700,920	-	-	264,774	-	21,965,694
Investment Agreements	-	-	-	-	4,073,217	4,073,217
Federal Agency Obligations	-	2,032,090	-	124,242	-	2,156,332
Total Component Units Investments	\$ 495,212,646	\$ 29,848,765	\$ 7,500,600	\$ 1,803,630	\$ 4,073,217	\$ 538,438,858

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government are not considered to have credit risk and do not require disclosure of credit quality.

The Seminole Boosters Inc. does not have a written investment policy on credit risk. The John and Mable Ringling Museum of Art Foundation Inc. investment policy provides that investments in commercial paper

In addition to maintaining a 4.0 cumulative grade point average in his major of philosophy, FSU student Joseph O'Shea is a member of the university's Honors Program, the Phi Eta Sigma National Freshman Honors Society and the National Society of Collegiate Scholars. In 2005, he also found time to serve as chairman of a coalition that worked to pass a half-cent sales tax increase to fund a comprehensive health care plan for the working poor in Leon County.



Kwabena Osei, a student in FSU's computer engineering program and a native of Botswana, helps people achieve their goals, whether it's through software engineered to meet a client's needs or at the Leach Center, where he worked in 2005 as a senior instructor of fitness, training clients and evaluating and educating fitness instructors.

be rated A-1 or P-1 by Standard and Poor's or Moody's rating classification and that other investments should not have speculative characteristics. As of June 30, 2005, component units bonds and notes, and money market and mutual funds, credit quality ratings by nationally recognized rating agencies are as follows:

provides that the maximum amount that may be invested in the securities of any individual issuer shall not exceed 5 percent of the market value of the investment portfolio. The John and Mable Ringling Museum of Art Foundation Inc. policy provides that the maximum amount that may be invested in the securities of an individual

the Federal Perkins Loan Program and other loan programs.

Allowance for Uncollectible Receivables

Allowances for uncollectible accounts receivable and loans and notes receivable are reported based upon management's best estimate as of fiscal year-end considering type, age, collection history, and

statements are reported for the fiscal year ended June 30, 2005. The university's component units' financial statements are reported for their most recent fiscal year where an audit report is available. Accordingly, amounts reported by the university as due from/to component units on the statement of net assets do not have corresponding amounts reported by the component units as due from/to the university.

Investment Type	Credit Quality Rating				
	Fair Value	AAA/Aaa	AA/Aa	A/Ba	Less Than A/Ba or Not rated

Seminole Boosters, Inc.

Bonds and Notes	\$ 1,394,454	\$ 62,084	\$ 609,235	\$ 723,135	\$ -
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John and Mable Ringling Museum of Art Foundation, Inc.

Bonds and Notes	\$ 124,796	\$ 124,796	\$ -	\$ -	\$ -
Money Market and Mutual Funds	264,774	-	-	-	264,774
Total	\$ 389,570	\$ 124,796	\$ -	\$ -	\$ 264,774

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the component units will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Exposure to custodial credit risk relates to investment securities that are held by someone other than the component unit and are not registered in the component unit's name. Neither the Seminole Boosters Inc. nor the John and Mable Ringling Museum of Art Foundation Inc. has written investment policies on custodial credit risk.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the component unit's investment in a single issuer. The Seminole Boosters Inc. written investment policy

issuer other than the U. S. Government and its agencies shall not exceed 5 percent of the market value of the portfolio.

3. RECEIVABLE

Accounts Receivable

Accounts receivable represent amounts for student fee deferments, various student services provided by the university, various auxiliary services provided to students and third parties, grant reimbursements due from third parties, and interest from investments.

Loans and Notes Receivable

Loans and notes receivable represent all amounts owed on promissory notes from debtors including student loans made under

any other factors considered appropriate. Accounts receivable, loans and notes receivable are reported net of allowances of \$2,898,805 and \$1,920,786, respectively, at June 30, 2005.

4. DUE FROM STATE

This is the amount of Public Education Capital Outlay and Alec P. Courtelis Capital Facility Matching Trust Fund allocations and Auxiliary revenue bond proceeds due to the university for construction of university facilities.

5. DUE FROM/TO COMPONENT UNITS/ UNIVERSITY

The university's financial

6. INVENTORIES

Inventories have been categorized into two types:

- **Departmental Inventories** — Those inventories maintained by departments and not available for resale. Departmental inventories comprise such items as classroom and laboratory supplies, teaching materials and office supply items that are consumed in the teaching and work process. These inventories normally are expensed when purchased and therefore are not reported on the statement of net assets.
- **Merchandise Inventory** — Those inventories maintained that are available for resale to individuals and other university departments, and are not expensed at the time of purchase. These inventories are reported on the statement of net assets, and are valued at cost using either the moving average method or the first-in first-out method.



7. CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 41,495,984	\$ 1,757,406	\$ -	\$ 43,253,390
Construction in Progress	71,060,778	93,082,423	93,366,771	70,776,430
Works of Art and Historical Treasures	71,539,289	1,121,427	18,325	72,642,391
Total Nondepreciable Capital Assets	\$ 184,096,051	\$ 95,961,256	\$ 93,385,096	\$ 186,672,211
Depreciable Capital Assets:				
Buildings	\$ 735,202,294	\$ 80,213,246	\$ 3,041,132	\$ 812,374,408
Infrastructure and Other Improvements	88,312,603	9,612,473	40,313	97,884,763
Furniture and Equipment	262,092,847	20,264,466	14,534,906	267,822,407
Library Resources	76,651,844	6,055,127	603,645	82,103,326
Software and Other Capital Assets	17,952,144	10,024,854	180,048	27,796,950
Total Depreciable Capital Assets	1,180,211,732	126,170,166	18,400,044	1,287,981,854
Less Accumulated Depreciation:				
Buildings	183,682,540	16,177,294	1,872,516	197,987,318
Infrastructure and Other Improvements	20,836,030	3,365,107	15,263	24,185,874
Furniture and Equipment	165,349,795	26,591,105	12,380,782	179,560,118
Library Resources	46,442,534	6,999,387	603,645	52,838,276
Software and Other Capital Assets	3,748,914	3,267,862	159,781	6,856,995
Total Accumulated Depreciation	420,059,813	56,400,755	15,031,987	461,428,581
Total Depreciable Capital Assets, Net	\$ 760,151,919	\$ 69,769,411	\$ 3,368,057	\$ 826,553,273

8. DEFERRED REVENUES

Deferred revenues include amounts received prior to the end of the fiscal year but related to subsequent accounting periods. As of June 30, 2005, the university reported the following amounts as deferred revenues:

Description	Amount
Capital Appropriations	\$ 38,250,000
Sponsored Research	3,037,505
Housing Fees	4,339,058
Athletic Revenues	9,780,885
Total Deferred Revenues	\$ 55,407,448

9. LONG-TERM LIABILITIES

Long-term liabilities of the university at June 30, 2005, include bonds payable, loans and notes payable, installment purchases payable and compensated absences payable. Long-term liabilities activity for the fiscal year ended June 30, 2005, is shown below:

Description	Beginning Balance	Adjustments	Additions	Reductions	Ending Balance	Current Portion
Bonds Payable	\$ 139,834,751	\$ -	\$ -	\$ 5,418,364	\$ 134,416,387	\$ 5,379,824
Installment Purchases	5,066,074	(889,230)	2,200,680	3,388,663	\$2,988,861	2,548,897
Loans and Notes Payable	-	-	1,509,962	-	\$1,509,962	1,509,962
Compensated Absences	39,820,324	-	1,189,270	-	41,009,594	3,918,132
Other	297,577	-	260,058	291,175	\$266,460	260,058
Total Long-Term Liabilities	\$ 185,018,726	\$ (889,230)	\$ 5,159,970	\$ 9,098,202	\$ 180,191,264	\$ 13,616,873

Bonds Payable

The university issued bonds to construct university facilities, including parking garages, student housing, and academic and student service facilities. Outstanding bonds, which include both term and serial bonds, are secured by a pledge of housing rental revenues, traffic and parking fees, and an assessed transportation fee based on credit hours. The state Board of Education issued both term and serial revenue bonds on behalf of the state's universities, the proceeds of which were used to acquire and

construct various academic and student service facilities. Building and capital improvement fees, collected as part of tuition and remitted to the state Board of Education, are used to retire the bonds of the academic and student service facilities. The State Board of Administration administers the principal and interest payments, investment of sinking fund resources, and compliance with reserve requirements.

The university has extinguished long-term debt



▲ The Center for Advanced Power Systems (CAPS) at Florida State University was officially dedicated in September 2004. The center is focused on power and energy systems research, development, demonstration and education for defense, electric utility and transportation applications. Cutting the ribbon at the dedication ceremony were CAPS Director Steinar Dale and Sharon Beermann-Curtin, of the U.S. Navy's Office of Naval Research.

obligations by the issuance of new long-term debt instruments as follows:

- On April 13, 2004, the university defeased \$6,410,000 of outstanding Housing Facility Revenue Bonds, Series 1994. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the university's statement of net assets. On June 30, 2005, the outstanding balance of the defeased bonds was \$6,210,000.
- On May 6, 2003, the university defeased \$5,450,000 of outstanding Parking Facility Revenue Bonds, Series 1992. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the university's statement of net assets. On June 30, 2005, the outstanding balance of the defeased bonds was \$4,700,000.
- On April 10, 2003, the Florida Board of Education defeased \$11,084,192 of outstanding University System Improvement Revenue Bonds, Series 1993. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the university's statement of net assets. On June 30, 2005, the outstanding balance of the defeased bonds was \$8,817,231.

The university had the following bonds payable outstanding as of June 30, 2005:

Bond Type and Series	Amount of Original Issue	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date
Auxiliary Revenue Bonds:				
1993 Housing	\$ 3,500,000	\$ 2,435,000	3.0	2022
1996 Housing	13,120,000	11,533,007	4.8 - 6.8	2026
2001 Housing	9,000,00	8,361,398	4.0 - 5.0	2030
2001 Parking	10,310,000	9,155,795	3.5 - 5.125	2022
2001A Housing	25,500,000	24,197,262	4.0 - 5.0	2031
2003A Parking	5,585,00	4,558,519	2.0 - 3.75	2014
2003B Parking	15,645,000	14,565,600	2.0 - 4.5	2023
2004A Housing	23,145,000	22,012,161	2.0 - 4.5	2034
Total Auxiliary Revenue Bonds	\$ 105,805,000	\$ 96,818,742		

State University System (SUS) Revenue Bonds:

1997 SUS	\$ 5,135,842	\$ 3,975,142	5.0 - 7.0	2022
1997A SUS	13,060,541	11,707,593	4.2 - 5.0	2016
1998 SUS	7,501,901	6,061,369	4.0 - 5.0	2023
2001 SUS	8,130,986	7,329,875	4.0 - 5.0	2026
2003A SUS	10,512,253	8,523,666	4.0 - 5.0	2013
Total State University System Revenue Bonds	\$ 44,341,523	\$ 37,597,645		
Total	\$ 150,146,523	\$134,416,387		

Note: Amount outstanding includes unamortized bond discounts and premiums and deferred losses on refunding issues.

Annual requirements to amortize all bonded debt outstanding as of June 30, 2005, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	\$ 5,379,824	\$ 6,066,971	\$ 11,446,795
2007	5,597,947	5,864,310	11,462,257
2008	5,924,728	5,655,044	11,579,772
2009	6,115,348	5,430,920	11,546,268
2010	6,397,561	5,186,095	11,583,656
2011-2015	33,452,172	21,662,961	55,115,133
2016-2020	28,397,992	14,606,417	43,004,409
2021-2025	24,956,905	7,938,897	32,895,802
2026-2030	14,526,694	3,235,987	17,762,681
2031-2035	5,120,000	484,575	5,604,575
Subtotal	\$ 135,869,171	\$ 76,132,177	\$ 212,001,348
Unamortized Discount	(1,486,015)		(1,486,015)
Loss on Refunding	(708,612)		(708,612)
Unamortized Premium	741,843		741,843
Total	\$ 134,416,387	\$76,132,177	\$210,548,564

Loans and Notes Payable

The university has a line of credit with Sallie Mae not to exceed \$50 million, which it used to provide loans to graduate

students. The student loans are sold 61-90 days after full disbursement and the proceeds are used to reduce the amount payable to Sallie Mae for line of

credit advances received. Interest is paid to Sallie Mae quarterly and is tied to the bond equivalent rates of the quotes of the three month commercial paper rates reported by the Federal Reserve. The \$1,509,962 amount reported as loans and notes payable represents the total amount of line of credit advances received from, and payable, to Sallie Mae as of June 30, 2005.

Installment Purchases Payable

The university has entered into several installment purchase agreements for the purchase of equipment reported at \$8,796,257. The interest rates ranged from 1.27 percent to 6.44 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2005, are as follows:

Fiscal Year Ending June 30	Amount
2006	\$ 2,573,630
2007	412,113
2008	33,135
Total Minimum Payments	3,018,878
Less Amount Representing Interest	(30,017)
Present Value of Minimum Payments	\$ 2,988,861

Compensated Absences Payable

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to State Board of Governors Rule 6C-5.920 and Bargaining Agreements. Leave earned is accrued to the credit of the employee and records are kept



Patrick Dobslaw, president of Project FSU, paints a house as part of a community service project.



FSU student Clark Evans has served as president and secretary of the North Florida Chapter of the American Meteorological Society, which fosters meteorological learning in local grade and high schools. Through the society, he received a 2004-05 fellowship from the Office of Naval Research. A research assistant in meteorology, he is also a member of Phi Beta Kappa and the National Society of Collegiate Scholars.



on each employee's unpaid (unused) leave balance. The university reports a liability for the accrued leave; however, state appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the university expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations.

At of June 30, 2005, the estimated liability for compensated absences, which includes the university's share of the Florida Retirement System and FICA contributions totaled \$41,009,594. The current portion of the compensated absences liability is based on actual payouts over the last three years, calculated as a percentage of those years' total compensated absences liability.

10 STATE RETIREMENT PROGRAMS

Florida Retirement System

Most employees working in regularly established positions of the university are covered by the Florida Retirement System, a state-administered, cost-sharing, multiple-employer, defined benefit retirement plan. Plan provisions are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules,

Chapter 60S, Florida Administrative Code, wherein plan eligibility, contributions and benefits are defined and described in detail.

Participating employers include all state departments, counties, district school boards, community colleges and universities. Many municipalities and special districts have elected to be participating employers. Essentially, all regular employees of participating employers are eligible to enroll as members of the Florida Retirement System.

The Florida Legislature has reduced the vesting period from 10 to six years of service. Any member employed in a regularly established position as of July 1, 2001, with a total of six or more years of creditable service will be considered vested. Former members who were not employed with a participating plan employer on July 1, 2001, must return to covered employment for one year to become eligible for the six-year vesting provision. An exception to this one-year requirement applies to former members who are within one year of vesting under the pre-2001 vesting requirements. These members will be required to work only the lesser of one year or the amount of time it would have taken to vest in their class of membership prior to July 1, 2001.

All members are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, which may include up to four years of credit for military service. The Florida Retirement System also includes an early retirement provision, but imposes

a penalty for each year a member retires before the specified retirement age. The Florida Retirement System provides retirement, disability and death benefits, and annual cost-of-living adjustments, as well as supplements for certain employees to cover social security benefits lost by virtue of retirement system membership.

A Deferred Retirement Option Program (DROP), subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Florida Retirement System to defer receipt of monthly benefit payments while continuing employment with a Florida Retirement System employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During DROP participation, deferred monthly benefits are held in the Florida Retirement System Trust Fund

and accrue interest. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

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

The State of Florida establishes contribution rates for Florida Retirement System members. Contribution rates during the 2004-05 fiscal year are presented below:

Florida Retirement System Contribution Rates

Class or Plan	Percent of Gross Salary Employer	
	(A)	(B)
Florida Retirement System, Regular	0.00	7.39
Florida Retirement System, Special Risk	0.00	18.53
Florida Retirement System, Senior Management Services	0.00	9.37
Teacher's Retirement System, Plan E	6.25	11.35
State and County Officers and Employees' Retirement System, Plan B	4.00	9.10
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plans	0.00	9.11
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.11 percent for the post-employment health insurance supplement. Also, employer rates, other than for DROP participants, include .08 percent for administrative costs of the Public Employee Optional Retirement Program.

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



▲ National Public Radio's acclaimed weekly science program, "Talk of the Nation Science Friday," broadcast its show live from FSU on April 8, 2005. The popular program, hosted by Ira Flatow, seen at far left in the photo, featured a panel of experts drawn from the FSU faculty. For the first half of the show, Flatow and his guests discussed the Terri Schiavo case and what it may portend for end-of-life care across the country. For the final hour, panelists discussed the sociological aspects of aging and how technology can be used to assist an aging population.



▲ For his long list of accomplishments both within and outside of the classroom, MBA candidate Sean Hunt was recognized as an FSU "StudentStar" in 2005.

Eleven sons of World War II veterans, wearing replicas of their fathers' military uniforms and manning a simulated World War II encampment, banded together as a squad in October 2004 for "Service & Sacrifice," a series of events to pay tribute to the World War II generation and to promote awareness of FSU's Institute on World War II and the Human Experience. ▼



The university's liability for participation in the Florida Retirement System is limited to the payment of the required contribution at the rates and frequencies established by law on future payrolls of the university. The university's contributions to the Florida Retirement System (including employee contributions) for the fiscal years ended June 30, 2003, June 30, 2004, and June 30, 2005, totaled \$9,463,976, \$11,065,073 and \$11,659,426, respectively, which were equal to the required contributions for each fiscal year. State University System Optional Retirement Program

Pursuant to Section 121.35, Florida Statutes, the Florida Legislature created an Optional Retirement Program (ORP) for eligible university instructors and administrators. The ORP is designed to aid universities in recruiting employees by offering more portability to employees not expecting to remain in the Florida Retirement System for six or more years.

The ORP is a defined-contribution plan that provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the ORP, rather than the Florida Retirement System, and can purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant an amount equal to 10.43 percent of

the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for 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 deduction, an amount not to exceed the percentage contributed by the university to the participant's annuity account.

There were 2,145 university participants during the 2004-2005 fiscal year. Required contributions made to the ORP totaled \$22,806,716, including \$7,385,634 from employee contributions.

Public Employee Optional Retirement Program

Pursuant to Section 121.4501, Florida Statutes, the Florida Legislature created a Public Employee Optional Retirement Program (PEORP), also known as the Florida Retirement System (FRS) Investment Program. The PEORP is a defined contribution plan, sponsored by the State of Florida, available as an option to the Florida Retirement System defined benefit plan, and is self-directed by the employee.

University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. A retirement account is established for each employee who selects this option and an employer contribution is directed to the individual account. The employees have the responsibility of selecting how their funds are

invested within the approved set of investment choices and may take their funds when they leave the Florida Retirement System. With each pay period, the university contributes a percentage (same as the Florida Retirement System rate) of the participating employees' earnings to an annuity plan. Pension benefits are determined by the dollars in the account at the time of retirement.

There were 310 university participants during the 2004-2005 fiscal year. Required contributions made to the PEORP totaled \$758,562.

11. POST-EMPLOYMENT BENEFITS

Pursuant to Section 112.363, Florida Statutes, the Florida Legislature established the Retiree Health Insurance Subsidy to assist retirees of all state-administered retirement systems in paying health insurance costs. During the 2004-2005 fiscal year, the Retiree Health Insurance Subsidy program was funded by required contributions consisting of 1.11 percent assessed against the payroll for all active employees covered in state-administered retirement systems. This assessment is included in the Florida Retirement System contribution rates.

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 2004-2005 fiscal year, participants received an extra \$5 per month

for each year of creditable service completed at the time of retirement; however, no eligible retiree or beneficiary may receive a subsidy payment of more than \$150 or less than \$30. If contributions fail to provide full subsidy benefits to all participants, the subsidy payments may be reduced or canceled.

12. CONSTRUCTION COMMITMENTS

The university's construction commitments as of June 30, 2005, are as follows:

	Amount
Total Estimated Cost	\$ 579,896,832
Amount Expended	70,776,429
Estimated Amount Committed	\$ 509,120,403

13. RISK MANAGEMENT PROGRAMS

Pursuant to Section 1001.72(3), Florida Statutes, the university participates in state self-insurance programs providing insurance for property and casualty, workers' compensation, general liability and fleet automotive liability. During the 2004-2005 fiscal year, the state retained the first \$2 million of losses for each occurrence with an annual aggregate retention of \$40 million for wind and flood and \$5 million for perils other than wind and flood. Losses in excess of \$2 million per occurrence were commercially insured up to \$85 million for wind, \$50 million for flood, and \$200 million for perils other than wind and flood; and



Pianist Alessandra Feris was one of many accomplished students from the FSU College of Music to perform public concerts or recitals in 2005.



losses exceeding those amounts were retained by the state. Payments on tort claims are limited to \$100,000 per person and \$200,000 per occurrence as set by Section 768.28, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each participant. There have been no significant reductions in insurance coverage from the prior year coverage.

Settlements have not exceeded insurance coverage during the past three years.

Pursuant to Section 110.123, Florida Statutes, university employees may obtain health care services through participation in the state group health insurance plan or through membership in a health maintenance organization plan under contract with the state. The state's risk-financing activities associated with state group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the state not to purchase commercial coverage for the risk of loss covered by this fund.

Additional information on the state's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

14. LITIGATION

The university is involved in several pending and threatened legal actions. The range of potential loss from all such claims and actions, as estimated by the university's legal counsel and management, should not materially affect the university's financial position.

15. FUNCTIONAL DISTRIBUTION OF OPERATING EXPENSES

The functional classification of an operating expense (instruction, research, etc.) is assigned to a department based on the nature of the activity, which represents the material portion of the activity attributable to the department. For example, activities of academic departments for which the primary departmental function is instruction may include some activities other than direct instruction such as research and public service. However, when the primary mission of the department consists of instructional program elements, all expenses of the department are reported under the instruction classification. The operating expenses on the statement of revenues, expenses and changes in net assets are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

Functional Classification	Amount
Instruction	\$ 203,053,179
Research	93,301,363
Public Service	50,868,207
Academic Support	37,131,058
Student Services	25,643,478
Institutional Support	48,123,688
Operations of Plant	41,023,098
Scholarships & Fellowships	59,647,918
Auxiliary Enterprises	117,301,013
Depreciation	55,037,913
Loan Operations	141,012
Total Operating Expenses	\$ 731,271,927

16. SEGMENT INFORMATION

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instrument outstanding with a revenue stream pledged in support of that

debt. In addition, the activity's related revenues, expenses, gains, losses, assets and liabilities are required to be accounted for separately. The following financial information for the university's Housing and Parking Facilities represents identifiable activities for which one or more bonds are outstanding:

	Parking Facility Revenue Bonds	Housing Facility Revenue Bonds
Assets		
Current Assets	\$ 6,600,976	\$ 18,018,839
Capital Assets, Net	32,846,973	92,247,506
Other Noncurrent Assets	4,940,089	20,511,171
Total Assets	44,388,038	130,777,516
Liabilities		
Current Liabilities	2,589,150	8,196,269
Noncurrent Liabilities	27,024,019	67,100,144
Total Liabilities	29,613,169	75,296,413
Net Assets		
Invested in Capital Assets, Net of Related Debt	7,753,900	32,217,820
Restricted - Expendable	2,032,952	10,383,643
Unrestricted	4,988,017	12,879,641
Total Net Assets	\$ 14,774,869	\$ 55,481,104

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

	Parking Facility Revenue Bonds	Housing Facility Revenue Bonds
Operating Revenue	\$ 6,850,270	\$ 17,022,434
Operating Expense	4,059,464	11,902,534
Operating Income	2,790,806	5,119,900
Net Nonoperating Expenses	(334,359)	(1,592,403)
Income Before Other Revenues, Expenses, Gains, or Losses	2,456,447	3,527,497
Other Revenues, Expenses, Gains, or Losses	(801,086)	(952,720)
Increase in Net Assets	1,655,361	2,574,777
Net Assets, Beginning of Year (restated)	13,119,508	52,906,327
Net Assets, End of Year	\$ 14,774,869	\$ 55,481,104

FSU Film School student Michael Pycher recently contributed to a documentary for PBS about the Seminole Indians and their history. In addition, his documentary about a blind triathlete's miraculous recovery — back into a competitive and normal lifestyle after having lost his sight as an adult — earned Pycher a nomination for the FSU 2005 Humanitarian of the Year award.



With the return of its Fall Convocation ceremony on Aug. 21, 2005, FSU helped new students kick off the academic year with a memorable introduction to the university's history and traditions. The event marked their official entrance into the university's community of scholars and included a welcome and opening remarks from President T.K. Wetherell; the historic Torch Ceremony, during which upper-class students pass the torch to members of the first-year class; announcement of the Vires, Artes and Mores essay scholarship winners; and Provost Lawrence Abele's charge to the Class of 2009. Pictured are, from left, Shannon Burton of Niceville, Fla.; Nikolas Bauchat of Fayetteville, Ga.; and Jessica Enright of Daytona, Fla.

Condensed Statement of Cash Flows

	Parking Facility Revenue Bonds	Housing Facility Revenue Bonds
Net Cash Provided (Used) by:		
Operating Activities	\$ 3,987,538	\$ 8,557,787
Noncapital Financing Activities	(1,880,901)	(952,720)
Capital and Related Financing Activities	(14,863,078)	(14,665,937)
Investing Activities	12,889,899	5,602,156
Net Increase in Cash and Cash Equivalents	133,458	(1,458,714)
Cash and Cash Equivalents, Beginning of Year (restated)	5,639,186	15,211,279
Cash and Cash Equivalents, End of Year	\$ 5,772,644	\$ 13,752,565

17. REPORTING CHANGES

In prior fiscal years, moneys received for federal student financial aid relating to the Pell Grant program were reported as operating revenues on the Statement of Revenues, Expenses, and Changes in Net Assets. However, pursuant to GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," moneys received under these programs represent non-exchange transactions that should be reported as non-operating revenues. Accordingly, for the 2004-2005 fiscal year, the university began reporting moneys received under these programs as non-operating revenues in the Statement of Revenues, Expenses, and Changes in Net Assets.

In prior fiscal years, moneys received and disbursed from the Florida Department of Education for the Bright

Futures Scholarship program were accounted for in the Agency Fund and, as such, revenues and expenses of these programs were not reported on the Statement of Revenues, Expenses, and Changes in Net Assets. However, pursuant to GASB Statement No. 24, "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance," moneys received and disbursed under these programs should be reported as revenues and expenses because the university has "administrative involvement" in these programs. Accordingly, for the 2004-2005 fiscal year, the university began reporting revenues and expenses for these programs. Pursuant to GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," moneys received under these programs represent nonexchange transactions and, as such, are reported as non-operating revenues on the Statement of Revenues, Expenses, and Changes in Net Assets.

When it comes to protecting America's combat troops in battle, research under way at the Florida A&M University-Florida State University College of Engineering could be a lifesaver. Under a partnership with Armor Holdings Inc. of Jacksonville, FSU researchers developed and tested first-of-its-kind body armor for soldiers' arms and legs that could reduce fatalities and loss of limbs when they are wounded. "Most of the folks who die in military conflicts don't die from getting shot," said James Thagard, right, a visiting assistant professor with the engineering school's Florida Advanced Center for Composite Technologies (FAC²T). "Seventy-five to 80 percent die from getting hit by shrapnel and excessive bleeding."



18. SUBSEQUENT EVENTS

During the fall of 2005, the University issued \$71.3 million Housing Facility revenue bonds to build a new dorm consisting of approximately 690

beds, to demolish DeGraff Hall and construct two new dorms consisting of approximately 600 beds, and to refund the Series 1996 bonds. Also, the University issued \$11.3 million Parking Facility revenue bonds to construct a five-level parking garage (garage four) containing approximately 1,000 parking spaces.

FSU is a Research I-Extensive university, indicating that it has facilities for research, teaching and learning that are world-class. From computer labs to chemistry labs, from library to language labs, students and faculty have access to a wide array of cutting-edge resources. ▼



19 COMPONENT UNITS

The university has eight component units, as discussed in Note 1. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component unit column of the financial statements. The following financial information is from the most recently available audited financial statements of the component units:

Condensed Statement of Net Assets

Assets:

Current Assets

Capital Assets, Net

Other Noncurrent Assets

Total Assets

Liabilities:

Current Liabilities

Noncurrent Liabilities

Total Liabilities

Net Assets:

Invested in Capital Assets, Net of Related Debt

Restricted

Unrestricted

Total Net Assets

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

Operating Revenues

Operating Expenses

Operating Income (Loss)

Net Nonoperating Revenues (Expenses)

Other Revenues, Expenses, Gains, and Losses

Increase (Decrease) in Net Assets

Net Assets, Beginning of Year

Net Assets, End of Year

	Alumni Association 6/30/05	International Programs 9/30/04	FSU Foundation 6/30/05
Current Assets	\$ 1,611,197	\$ 4,683,615	\$ 25,995,236
Capital Assets, Net	175,263	16,214,785	431,980
Other Noncurrent Assets	110,830	13,824	509,489,267
Total Assets	\$ 1,897,290	\$ 20,912,224	\$ 535,916,483
Current Liabilities	\$ 196,593	\$ 1,450,668	\$ 128,212,134
Noncurrent Liabilities	4,025,000	13,896,457	6,947,522
Total Liabilities	\$ 4,221,593	\$ 15,347,125	\$ 135,159,656
Invested in Capital Assets, Net of Related Debt	\$ 175,263	\$ 1,090,903	\$ 431,980
Restricted	1,083,128	-	397,136,726
Unrestricted	(3,582,694)	4,474,196	3,188,121
Total Net Assets	\$ (2,324,303)	\$ 5,565,099	\$ 400,756,827
Operating Revenues	\$ 1,629,034	\$ 10,546,290	\$ 18,261,986
Operating Expenses	816,339	10,052,521	33,538,628
Operating Income (Loss)	\$ 812,695	\$ 493,769	\$ (15,276,642)
Net Nonoperating Revenues (Expenses)	(133,805)	(340,255)	27,589,630
Other Revenues, Expenses, Gains, and Losses	123,430	-	18,138,465
Increase (Decrease) in Net Assets	\$ 802,320	\$ 153,514	\$ 30,451,453
Net Assets, Beginning of Year	(3,126,623)	5,411,585	370,305,374
Net Assets, End of Year	\$ (2,324,303)	\$ 5,565,099	\$ 400,756,827

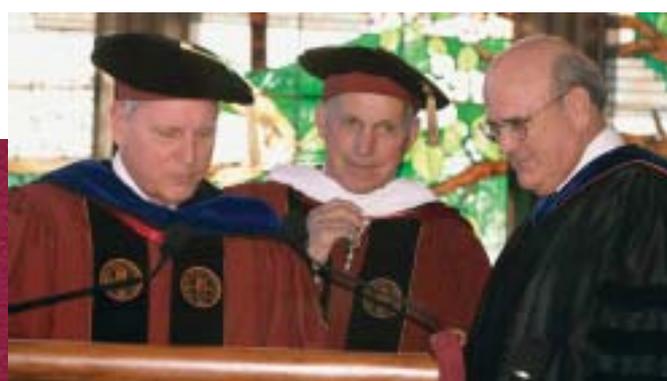


▲ As speaker of the Florida House of Representatives, FSU alumnus John Thrasher was instrumental in winning support, both political and financial, for the creation of the FSU College of Medicine. FSU acknowledged Thrasher's years of dedication to the university in 2005 when it named the medical school's new education and administration building in his honor.

Direct-Support Organizations				Other	
Seminole Boosters 1/31/05	Financial Assistance 1/31/05	Research Foundation 6/30/05	Ringling Foundation 6/30/05	FSU School Inc 6/30/04	Total
\$ 60,204,365	\$ 2,471,321	\$ 133,968,649	\$ 3,175,188	\$ 6,294,186	\$ 238,403,757
12,184,850	88,596,957	26,086,309	220,461	25,286,904	169,197,509
67,785,026	4,781,868	744,972	9,000	-	582,934,787
\$ 140,174,241	\$ 95,850,146	\$ 160,799,930	\$ 3,404,649	\$ 31,581,090	\$ 990,536,053
\$ 13,244,684	\$ 4,995,300	\$ 40,565,000	\$ 31,774	\$ 1,784,931	\$ 190,481,084
9,106,751	74,815,146	24,019,579	-	22,129,182	154,939,637
\$ 22,351,435	\$ 79,810,446	\$ 64,584,579	\$ 31,774	\$ 23,914,113	\$ 345,420,721
\$ 7,398,458	\$ 16,862,575	\$ 1,788,493	\$ 220,460	\$ 2,251,904	\$ 30,220,036
90,380,660	-	-	2,426,487	84,818	491,111,819
20,043,688	(822,875)	94,426,858	725,928	5,330,255	123,783,477
\$ 117,822,806	\$ 16,039,700	\$ 96,215,351	\$ 3,372,875	\$ 7,666,977	\$ 645,115,332
\$ 23,380,567	\$ 4,381,770	\$ 10,239,972	\$ 1,279,289	\$ 9,537,616	\$ 79,256,524
21,485,563	2,036,270	13,611,729	1,207,087	9,271,946	92,020,083
\$ 1,895,004	\$ 2,345,500	\$ (3,371,757)	\$ 72,202	\$ 265,670	\$ (12,763,559)
(149,239)	(3,481,063)	6,950,913	61,053	(1,170,848)	29,326,386
21,642,973	2,299,447	-	100	1,631,540	43,835,955
\$ 23,388,738	\$ 1,163,884	\$ 3,579,156	\$ 133,355	\$ 726,362	\$ 60,398,782
94,434,068	14,875,816	92,636,195	3,239,520	6,940,615	584,716,550
\$ 117,822,806	\$ 16,039,700	\$ 96,215,351	\$ 3,372,875	\$ 7,666,977	\$ 645,115,332



▲ The Korea Basic Science Institute, located in Daejeon, South Korea, and the magnet lab opened the doors to the KBSI-NHMFL Research Collaboration Center during a ceremony in Tallahassee. Pictured at a ribbon-cutting ceremony are, from left, Gregory S. Boebinger, director of the magnet lab; Sang Dai Park, chairman of the Korea Research Council of Fundamental Science and Technology; Kirby Kemper, vice president for Research at FSU; and Jung Soon Lee, president of the Korea Basic Science Institute.



▲ Recognizing his many contributions to FSU, FSU bestowed an Honorary Doctorate of Humane Letters on Tallahassee businessman DeVoe L. Moore in February 2005. Presenting the honorary degree were FSU President T.K. Wetherell, left, and Provost Larry Abele, right. Moore's frustration with the adverse consequences of government rules and regulations, especially their tendency to undermine economic opportunity for ambitious young people, led his family in 1999 to create the DeVoe L. Moore Center at FSU. The center's mission is to study the impact of state and local regulations and to educate young people, citizens and policy makers about their consequences in a free-enterprise economy.

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