



FLORIDA STATE

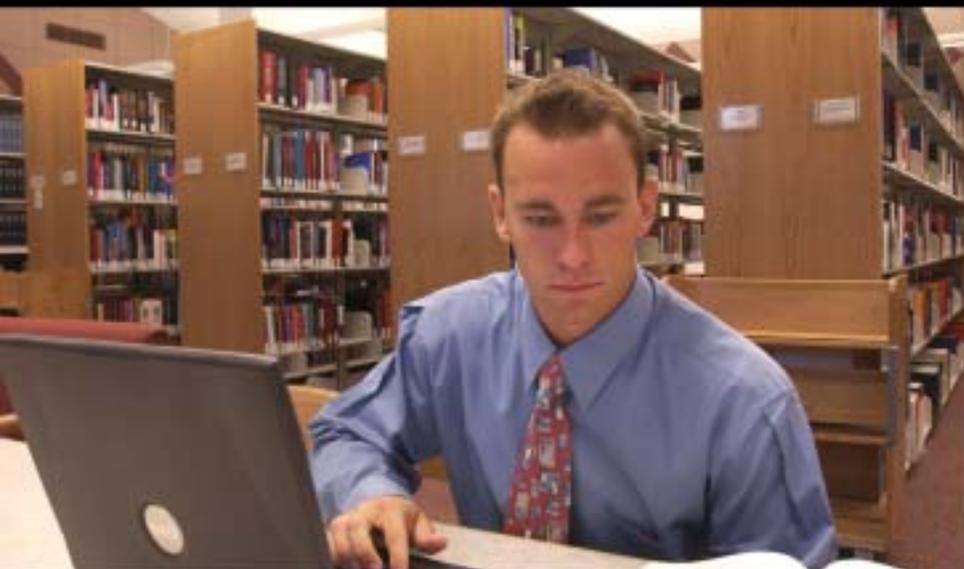
University

[2001-2002]

ANNUAL REPORT



...dramatic growth, lasting success...



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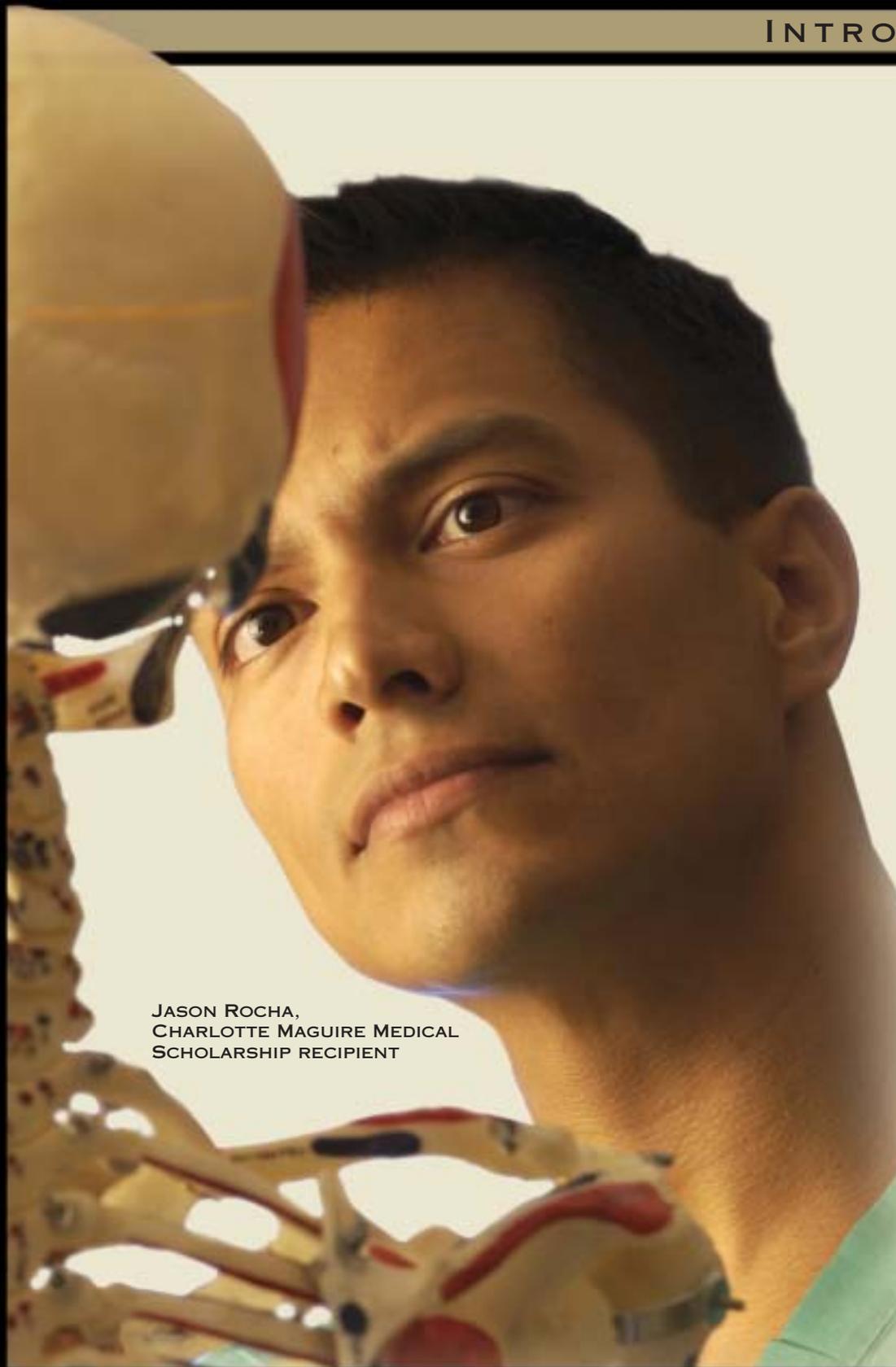
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INTRO



**JASON ROCHA,
CHARLOTTE MAGUIRE MEDICAL
SCHOLARSHIP RECIPIENT**

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This publication is available in alternative format upon request.



JOHN CARNAGHI

*... from the Senior Vice President
for Finance and Administration*

the second year of the College of Medicine and new majors in fields as diverse as Scenic Design, Global Manufacturing, Corporate and Public Communications, and Engineering Management.

The year 2001-2002 also witnessed the second year of operations under the guidance of our new University Board of Trustees (UBOT). This relationship has proven to be very positive, and we are pleased at the way it has developed and the benefits it will bestow upon all members of the university community.

Parallel to our expanding relationship with the UBOT is the state's devolution of authority to the university as an independent entity. For example, under the Board of Regents system, all of our accounting and budgetary programs were performed under the state-owned FLAIR system. Because of devolution, however, we have begun to investigate the adoption of new accounting, budgeting, and related systems that will enable Florida State to exercise greater flexibility and institutional control than what was permitted under FLAIR.

The implementation of new accounting standards promulgated by the Government Accounting Standards Board (GASB) in 2001-2002 significantly changed the way the university conducts its financial reporting function. Unlike fund accounting under the old GASB standards, the new GASB standard No. 35 has enabled the university to conduct financial reporting in a more proprietary, business-like format. Not only are we now able to see exactly how our monies are spent, the adoption of the new standard, moreover, allows us to better demonstrate how our spending supports the overall mission and specific goals of the

university. In addition, the State of Florida Auditor General conducted an independent audit of our financial operations in 2001-2002, which attests to our overall financial efficacy and integrity.

More than anything, Florida State University is a people organization, and 2001-2002 was momentous as it witnessed the first retirements under the Deferred Retirement Option Plan (DROP). In the years to come, we will lose many fine employees under DROP who have accumulated countless years of service to FSU, and they will be sorely missed. This need not be a loss, however, as we now have the challenge—and the opportunity—to promote current employees worthy of advancement and to hire new employees to bring fresh ideas into our organization. In short, DROP should help catalyze the many innovations we will need to survive and prosper as the 21st century moves forward.

I trust that those of you reading this 2001-2002 Florida State University Annual Report will be pleased by our progress and continue to support the university as we, in turn, help to make Florida, the nation and the world better places.

In conclusion, I would be remiss in failing to acknowledge the change in university leadership when President Talbot "Sandy" D'Alemberte stepped down in January 2003. During his nine years of leadership, President D'Alemberte valued the work of this organization. As a result, the Division of Finance and Administration has flourished. The staff of the division is grateful to him for his support, and we wish him the very best in his new ventures.

Florida State University continued to operate at maximum efficiency in the 2001-2002 fiscal year despite the economic disruption caused by the September 11, 2001 attacks and the downturn in the business cycle. Although our 2001-2002 Education and General (E&G) budget was reduced by \$24 million, the university's enrollment, programs, and physical growth continued to expand to meet the many demands placed upon the institution by the people of Florida and the nation.

Even with the decrease in our E&G budget, our private fundraising and sponsored research efforts reached new levels of achievement—more than \$250 million raised by our Foundation's Capital Campaign and more than \$147 million awarded for sponsored research projects. These numbers reflect the faith placed in the university by individuals, private organizations, and governmental agencies.

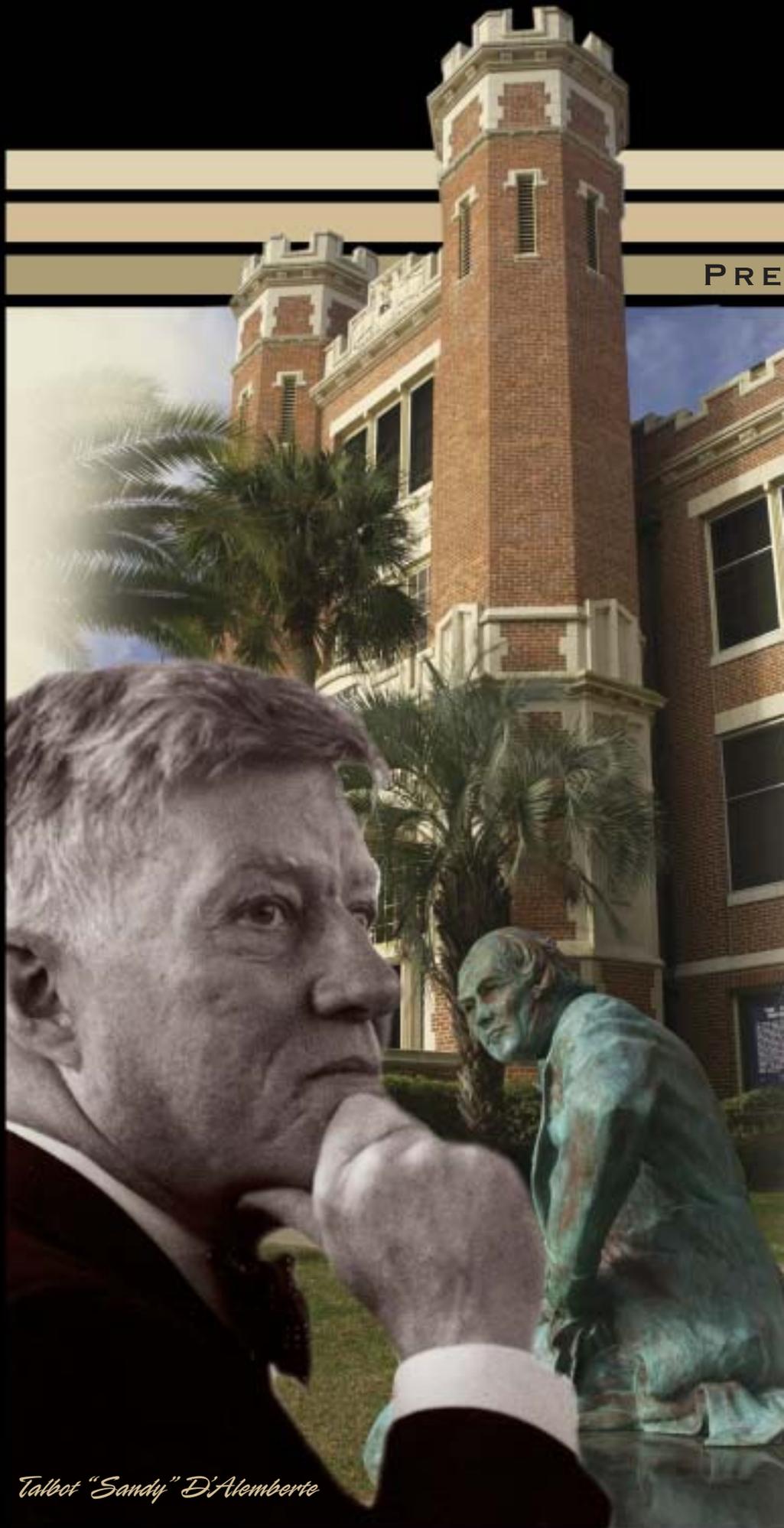
Our student enrollment during the fiscal year exceeded 35,400, a 3 percent increase over the previous fiscal year. Growth in our academic programs at the same time included

Sandy's Tenure by the Numbers

Over the course of the past nine years, Florida State University has grown by leaps and bounds, while maintaining its distinctive character and charm. It was President Talbot "Sandy" D'Alemberte who, drawing on the collective vision of so many who cared so deeply about this university, led FSU during this time of unprecedented growth. Here is a snapshot of that growth.

- **STUDENT ENROLLMENT GREW** from 28,669 in '93-'94 to 36,683 by fall 2002
- **INCREASED THE NUMBER OF NATIONAL MERIT, ACHIEVEMENT AND HISPANIC SCHOLARS** from 211 enrolled in undergraduate study in '93-'94 to 577 in '01-'02.
- **DEGREE OFFERINGS INCREASED** from 249 at all levels in '93-'94 to 300 by '01-'02.
- **ENDOWED CHAIRS AND EPPES PROFESSORSHIPS GREW** from 22 fully funded chairs in '93-'94 to 46 by '01-'02.
- **CAMPUS ACREAGE GREW** from 1,251.8 total acres in '93-'94 to 1,422.6 acres by fall of 2002.
- **THE UNIVERSITY'S ENDOWMENT GREW** from \$50 million in '93-'94 to \$321 million in '01-'02.
- **CONTRACTS AND GRANTS GREW** from \$88.7 million in '93-'94 to \$147.9 million in '01-'02.
- **TOTAL NUMBER OF DEGREES AWARDED** during Pres. D'Alemberte's tenure: 66,885, including baccalaureate through doctoral degrees.
- **OPERATING BUDGET GREW** from \$415.1 million in '93-'94 to \$808.7 million by fall 2002.
- **LIBRARIES GREW** from 2,028,509 total volumes in '93-'94 to 2,522,954 volumes by fall 2002.

Source: Florida State University, Office of Institutional Research



Talbot "Sandy" D'Alemberte



S I D E N T ' S M E S S A G E

B

y the time this annual report makes it to press, I will have retired as president of this great university — from a job that I have enjoyed so much. This annual report will lay out in great detail the financial health of this university, which, I am extremely proud to report, is quite good. But I also wanted to take this opportunity to share with you my hopes for our school.

Florida State University is at a tipping point in its history. We are poised to enter the ranks of the great public research universities in this country.

Our strengths — many of them unique — include the distinguished John and Mabel Ringling Museum of Art, numerous top-rated arts programs and a rich cultural life; a wide array of outstanding international programs; excellent scientific education and research, highlighted by the synthesis of Taxol; a new medical school; a culture of community service embedded in the daily life of students and faculty; and deep engagement with efforts to improve K-12 education.

This is a campus with a diverse student body: students with excellent academic credentials and many with interests in public life and world affairs — students who are willing to live for weeks in a tent city to draw attention to their cause, students who volunteer to help their community and students who travel to distant places to intern with human rights organizations.



FIRST NEW U.S. MEDICAL SCHOOL IN MORE THAN TWO DECADES

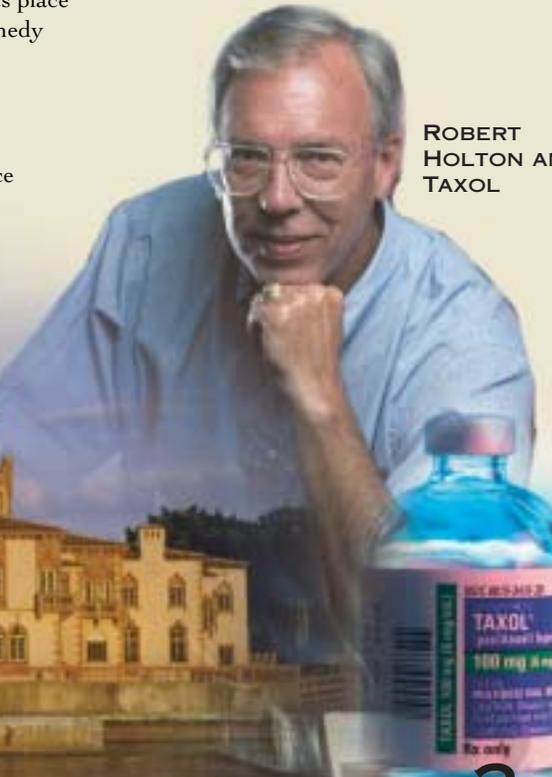
Construction is planned or underway for several facilities on our main campus: a new concert hall, a medical building, a new psychology building, a new chemistry building, a new biological sciences building, a new baseball stadium and new athletic offices. Additionally, we are nearing completion of the FSU arts complex at Ringling — a venue that should take its place alongside Lincoln Center and the Kennedy Center as one of the great places to experience art in this country.

We have a first-rate technology infrastructure and a demonstrated capacity to deliver high-quality distance learning. FSU serves as host to a national laboratory and has the

largest computer installation owned by any university, opening tremendous potential for growth.

We have a successful athletic program, with up-to-date facilities; a dedicated and professional athletic director; excellent, hard-working coaches; a tradition of academic oversight of athletics; and a booster

CA'D'ZAN MANSION AT THE JOHN AND MABLE RINGLING MUSEUM OF ART



ROBERT HOLTON AND TAXOL

BRONZE SCULPTURE OF FRANCIS EPPES



ELLEN GRANGER
DISCOVERING K-12'S
FUTURE SCIENTISTS

organization that is simply the best in the country.

This university has an excellent record in fund raising. Last year, we raised \$107 million, and we already have raised more than \$350 million of our \$600 million capital campaign goal. Our endowment, which ranked 256th in the country in 1994, now is very close to being among the top 100 in the country. A professional foundation president and staff and fully engaged volunteers give us every promise of lasting success.

In the academic arena, we have assembled new resources to continue recruiting distinguished faculty, Eppes professors and eminent scholars. Florida State should be in a position to carry on with the program that has allowed us to designate 59 named professors in the last three years.

FSU's research achievement is an ongoing point of pride. We have finished the fourth year of a five-year program to double external funding of research. Since 1998, this funding has grown from \$88 million to \$147 million; next year, we expect to

bring in about \$175 million.

As the faculty grows in numbers and we fully realize the potential of the new medical school, we expect research activity to continue this dramatic growth.

The single most important factor in Florida State's excellence is the quality, dedication and civility of our faculty and staff. Over the nine years I have been president at Florida State, I have seen their vision produce some incredible results. It is their passion for excellence that makes this university outstanding.

I know you will continue to support Florida State University in its quest for greatness, and not be content with what we already have accomplished.

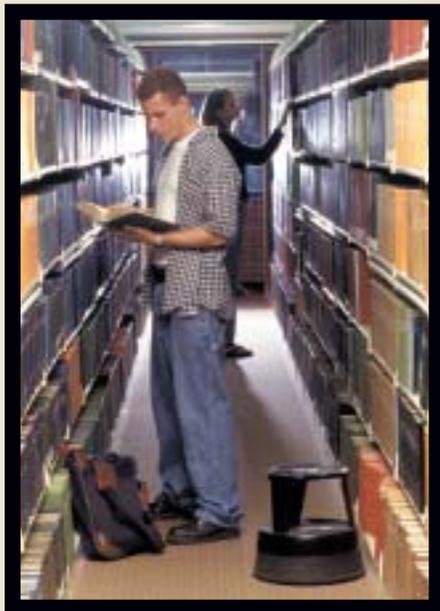
As this university enters the sixteenth decade of its existence, I believe its finest years lie ahead. My hope for the future is that FSU will continue to be the unique place that was born in the great convergence of 1947, when the culture, civility and appreciation for liberal arts that

KENNITA KIND,
HOUSING EXPERT
IN HUMAN SCIENCES



F L O R I D A S T A T E

University



EIGHT LIBRARIES
THROUGHOUT
CAMPUS AND
FIFTEEN
SUBJECT-SPECIFIC
READING
ROOMS HOLD
2.5 MILLION
VOLUMES

characterized Florida State College for Women merged with the can-do spirit of returning World War II veterans and an increased emphasis on science and technology. I have learned to love and appreciate Florida State University more each year. I look forward to watching its continued growth and success.

Talbot "Sandy" D'Alemberte
FSU President, 1994-2003



SHERRILL
RAGANS



W

hen Sandy D'Alemberte came to FSU, we were just beginning to really make a name for ourselves nationally. In his nine years, this university has grown tremendously – the operating budget has doubled, the student population has grown by almost 10,000, our endowment has grown almost seven times the size it was when Sandy got here.

We truly are that top-notch university we say we are. As remarkable as the growth has been, it could not have been achieved without sound financial management. We have Sandy and his financial team to thank for that. I look forward to working with John Carnaghi and his team to take FSU to even greater heights.

T. K. Wetherell,
FSU President
January 2003





OVERVIEW AND





STATISTICS

F 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, Florida State 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 oldest of the 11 institutions of higher learning in the State University System of 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



MARIE KRAFFT, CHEMISTRY
PROFESSOR FUNDED BY THE
NATIONAL SCIENCE FOUNDATION

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 35,462 in the fall semester of 2001.

Campuses/Centers/ Programs

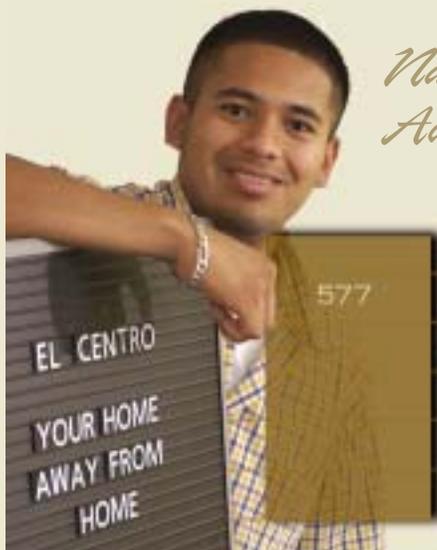
The main university campus is spread over 463 acres in Tallahassee, Fla. A branch campus of the university includes 26 acres in Panama City, Florida. The university also operates year-round programs in Italy, England, Spain and Panama — all open to students and faculty from any university. Other programs

conducted under university auspices are in Paris, Switzerland, Costa Rica, Spain, Russia, Czech Republic, Greece, Croatia,

**FSU RECEIVED \$147.9 MILLION
IN CONTRACTS AND GRANTS
FOR FISCAL YEAR '01-'02**



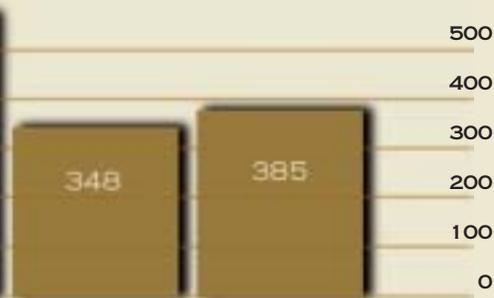
National Merit/ Achievement/Hispanic Scholars



2001

2000

1999



Ireland, Ghana, South Africa, Germany, England, Korea, and Vietnam.

Through the Center for Professional Development, the university also conducts off-campus credit courses and degree programs as well as non-credit programs, workshops, seminars and conferences. The Turnbull Conference Center served more than 35,000 participants and provided 1,900 non-credit and credit programs in 2001-02.

The university operates the John and Mable Ringling Museum of Art located in Sarasota, Fla., which is the largest museum/university complex in the nation. Also, since 1990, the Appleton Museum of Art, in Ocala, Fla., has been jointly owned by the university and Central Florida Community College.



FALL TERM

Enrollment by Colleges & Schools

SCHOOL/ COLLEGE	2001	2000	1999
ARTS & SCIENCES	7,016	6,702	6,508
BUSINESS	5,667	5,738	5,651
COMMUNICATION	1,932	2,145	2,041
CRIMINOLOGY & CRIMINAL JUSTICE	1,326	1,350	1,379
EDUCATION	3,048	3,084	2,966
ENGINEERING	1,314	1,190	1,138
HUMAN SCIENCES	1,799	1,559	1,417
INFORMATION STUDIES	1,285	1,103	819
LAW	696	721	685
MEDICINE	30	-	-
MOTION PICTURES, TV & RECORDING ARTS	207	219	218
MUSIC	1,022	1,042	1,015
NURSING	666	690	644
SOCIAL SCIENCES	2,865	2,343	2,131
SOCIAL WORK	554	614	700
THEATRE	450	480	482
VISUAL ARTS & DANCE	1,057	1,029	964
UNDECIDED/ SPECIAL	4,528	4,468	4,569
TOTAL	35,462	34,477	33,327



DAVID MACPHERSON,
AGING POLICY AND ECONOMICS
RESEARCHER

Students

As a major comprehensive residential state university, Florida State 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 577 National Merit, National Achievement and Hispanic scholars, as well as students with superior creative talents. It 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 18 percent of the student body and are enrolled in 204 graduate degree programs of which 72 are doctoral.



BACHELOR, MASTER'S, JD & DOCTORAL

GREGORY ERICKSON,
EVOLUTIONARY BIOLOGIST

Degrees Awarded

SCHOOL/COLLEGE	01-02	00-01	99-00
ARTS & SCIENCES	1,405	1,292	1,300
BUSINESS	1,466	1,420	1,383
COMMUNICATION	486	526	525
CRIMINOLOGY & CRIMINAL JUSTICE	373	383	356
EDUCATION	1,113	857	988
ENGINEERING	201	176	178
HUMAN SCIENCES	448	428	403
INFORMATION STUDIES	383	252	214
LAW	227	220	220
MOTION PICTURE, TV & RECORDING ARTS	40	43	49
MUSIC	228	244	170
NURSING	187	192	178
SOCIAL SCIENCES	892	761	699
SOCIAL WORK	211	315	305
THEATRE	111	87	97
VISUAL ARTS & DANCE	263	252	220
TOTAL	8,034	7,448	7,285



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. This year, Florida State University faculty and administrators will generate more than \$147 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.

Faculty

It is the official policy of the Florida State University to recruit the most talented faculty from leading centers of learning throughout the world. The Florida State faculty has included five 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.

Faculty Data

ACADEMIC YEAR	FULL-TIME FACULTY	PART-TIME FACULTY	TENURED FACULTY	FACULTY WITH TERMINAL DEGREES	STUDENT/FACULTY RATIO
1999-2000	1,516	50	811	1,349	22:1
2000-2001	1,520	58	814	1,368	22:1
2001-2002	1,596	68	811	1,436	22:1



MICHAEL BLABER,
SEARCHING FOR A CURE
FOR MULTIPLE SCLEROSIS



2001-2002
Operating
Budget

EDUCATIONAL & GENERAL 48%



AUXILIARY ENTERPRISES 19%



CONTRACTS & GRANTS 16%

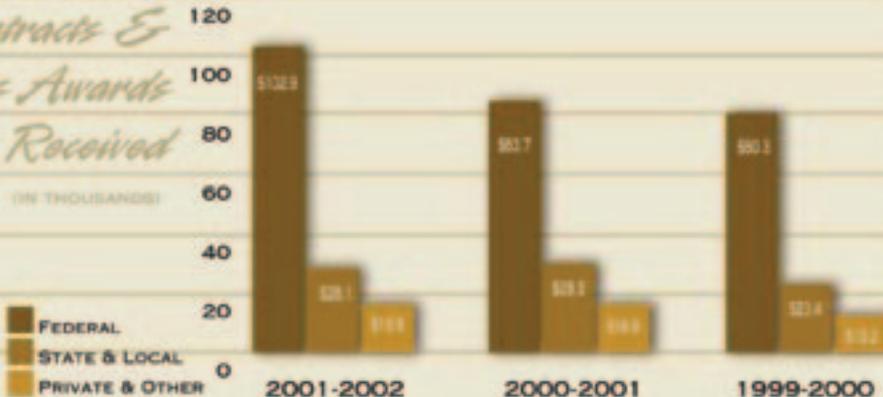


FINANCIAL AID 10%

ATHLETICS 5%

STUDENT ACTIVITIES 2%

Contracts &
Grants Awards
Received
(IN THOUSANDS)



Libraries

Florida State University'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 2,500,000 volumes of books and periodicals, 168,000 maps and 900,000 government documents. Also, access to more than 250 electronic databases, 14,000 electronic journals and 54,000 e-books allows students, faculty and staff to do research from their offices or homes.



AUDITOR GENERAL STATE OF FLORIDA

G74 Claude Pepper Building
111 West Madison Street
Tallahassee, Florida 32399-1450



850/488-5534/SC 278-5534
Fax: 488-6975/SC 278-6975

WILLIAM O. MONROE, CPA
AUDITOR GENERAL

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 the 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, 2002, as shown on pages 19 through 35. 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 column. 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 the Florida State University



and of its aggregate discretely presented component units as of June 30, 2002, 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 described in note 1 to the financial statements, the University adopted Governmental Accounting Standards Board Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, and related pronouncements as of and for the fiscal year ended June 30, 2002.

The **MANAGEMENT'S DISCUSSION AND ANALYSIS** on pages 14 through 18 is not a required part of the financial statements, but is supplementary information required by the accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion thereon.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2003, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, administrative rules, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit. That report will be included as part of our separately issued audit report on the University.



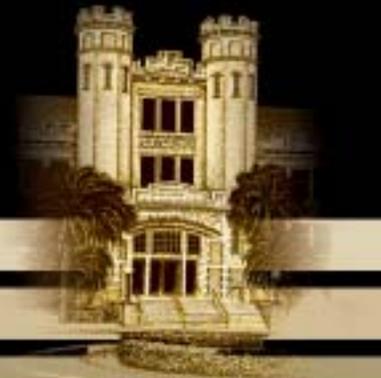
Respectfully submitted,

William O. Monroe
William O. Monroe, CPA
February 6, 2003

MANAGEMENT'S DISCUSSION



JOSEPH
SCHLENOFF,
ANALYTICAL
CHEMIST



LARRY REESE
ASSOCIATE VICE PRESIDENT FOR
FINANCE AND CONTROLLER

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance of the university 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 (GASB) principles. During 2001-2002, the university implemented GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – For Public Colleges and Universities*, as amended by GASB Statements No. 37 and No. 38.

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. Since this is a transition year for this format, only one year of financial data is presented. In future years a comparative analysis will be provided. The MD&A should be read in conjunction

with the accompanying financial statements and notes thereto and is the responsibility of university management.

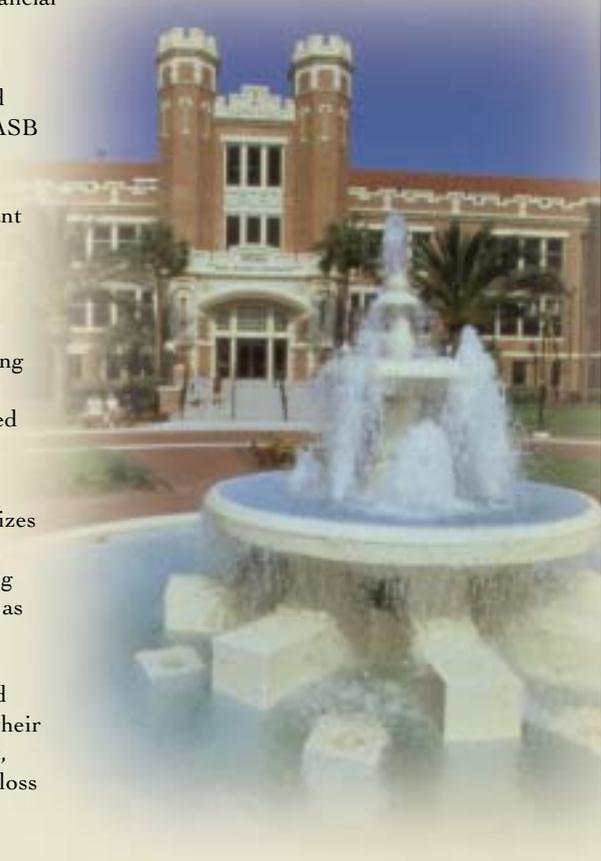
Using the Financial Statements

The three new 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. The financial statements presented in prior years focused on the accountability of individual funds, while these statements focus on the financial condition, the results of operations and cash flows of the university as a whole. Other significant changes to the financial statements include:

- Unrestricted net assets comprise various subcategories of designated and committed funds; however, GASB prohibits a breakdown of these subcategories on the face of the statement of net assets. 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.
- GASB Statement No. 35 categorizes revenues into operating and nonoperating. Significant recurring sources of revenue are now shown as nonoperating, including state appropriations and investment income. Public universities depend heavily on these revenues to fund their programs and services. As a result, the university will always report a loss from operating activities.

- Student tuition and fees are now reported net of scholarships funded from university resources. Previously all scholarships were reported as a scholarship expense. The result of the change will increase the university's operating loss to the extent nonoperating revenues are used to fund scholarships.

- GASB Statement No. 35 requires the university to report accumulated depreciation on its capital assets. This change resulted in a \$328 million decrease in net assets, reported as a cumulative effect of changes in accounting principles, and current year depreciation expense of \$46 million.



NANCY GREENBAUM,
BIOMEDICAL
RESEARCHER



Statement of Net Assets

The statement of net assets presents the financial position of the university at the end of the fiscal year. The following table shows a condensed statement of net assets at June 30, 2002.

	2002 (IN THOUSANDS)
ASSETS	
Current assets	\$ 369,095
Capital assets, net	757,745
Other assets	69,544
Total assets	1,196,384
LIABILITIES	
Current liabilities	65,683
Noncurrent liabilities	147,034
Total liabilities	212,717
NET ASSETS	
Invested in capital assets, net of related debt	674,710
Restricted - expendable	206,491
Unrestricted	102,466
Total net assets	\$ 983,667

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.

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

The change in net assets – the difference between assets and liabilities – is one indicator of whether the overall financial condition has improved or worsened during the year. GASB requires that net assets be reported in three net asset categories. Invested in capital assets, net of related debt represents the historical cost of property and equipment, reduced by the balance of related outstanding debt and depreciation expense charged over the years. Restricted net assets include amounts that have been restricted for use by an external party and are further broken down into nonexpendable and expendable. Restricted nonexpendable net assets represent the historical gift value, which donors required to be invested

Liabilities

17.8% PAYABLES &
ACCRUED LIABILITIES



in perpetuity. Restricted expendable net assets include amounts committed for such things as debt service, student loans and capital projects. Finally, 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.

Net Assets

RESTRICTED -
OTHER 4.1%

UNRESTRICTED 10.4%

INVESTED IN
CAPITAL ASSETS,
NET OF RELATED
DEBT 68.6%

RESTRICTED -
CAPITAL
PROJECTS 15.1%

RESTRICTED - LOANS 1.8%

Assets

63.3% CAPITAL ASSETS,
NET OF ACCUMULATED
DEPRECIATION

CASH AND INVESTMENTS 21.3%

RECEIVABLES 15.0%

OTHER ASSETS 0.4%



*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. The following table shows a condensed statement of revenues, expenses and changes in net assets for the fiscal year ended June 30, 2002.

	2002 (IN THOUSANDS)
Operating revenues	\$ 323,793
Operating expenses	(566,902)
Operating loss	(243,109)
Nonoperating revenues, net	252,112
Net income before other revenues, expenses, gains or losses	9,003
Other revenues, net	93,783
Net increase in net assets	\$ 102,786

Activities are reported as either operating or nonoperating. Generally, operating revenues are earned in exchange for providing goods and services and operating expenses are incurred in the normal operation of the university, including a provision for depreciation on property and equipment. The difference between the two is the operating loss. The university will always be expected to show an operating loss since significant recurring revenues are shown as nonoperating revenues. The measure more indicative of normal, recurring activities is net income before capital items.

STATE APPROPRIATIONS	\$ 246,222	
GRANTS & CONTRACTS	\$ 127,993	
NET TUITION & FEES	\$ 97,172	<i>Revenues Used to Fund the University's Operating Activities</i>
AUXILIARY ACTIVITIES	\$ 80,294	
INVESTMENT INCOME	\$ 10,211	
OTHER OPERATING REVENUE	\$ 18,335	

	\$ 502	LOAN OPERATIONS
	\$ 22,029	STUDENT SERVICES
<i>Operating</i>	\$ 31,283	PUBLIC SERVICE
<i>Expenses</i>	\$ 33,950	OPERATIONS OF PLANT
(IN THOUSANDS)	\$ 34,881	INSTITUTIONAL SUPPORT
	\$ 34,960	SCHOLARSHIPS
	\$ 37,359	ACADEMIC SUPPORT
	\$ 46,379	DEPRECIATION
	\$ 74,193	RESEARCH
	\$ 86,690	AUXILIARY SERVICES
	\$ 164,675	INSTRUCTIONAL

*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. Shown is a condensed statement of cash flows for the year ended June 30, 2002.

	2002 (IN THOUSANDS)
CASH PROVIDED (USED) BY:	
Operating activities	\$ (190,597)
Noncapital financing activities	240,862
Capital and related financing activities	(29,896)
Investing activities	(30,435)
Net decrease in cash and cash equivalents	(10,066)
Cash and cash equivalents, beginning of year	61,330
Cash and cash equivalents, end of year	\$ 51,264



Capital Asset and Debt Administration

The 2001A Housing revenue bonds were issued to finance a portion of the cost to construct, to furnish and to equip a new residence hall complex with a design capacity of 567 beds. The new facility will be located near the central core of the main campus and is scheduled to open for the fall 2003 semester. The bonds are secured by and payable from the pledge revenues of the housing system, net of administrative and other current expenses.

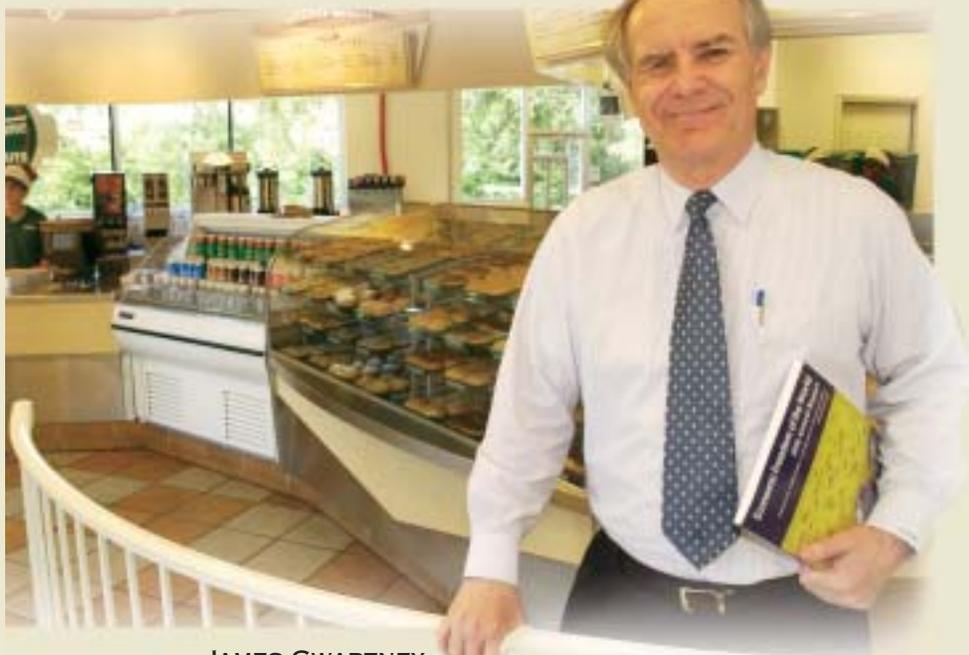
The Florida Board of Education issued the 2001 University System Improvement revenue bonds to finance the construction, renovation, remodeling, improvement and expansion of student-related capital projects, which are part of the university. The bonds

are secured by and payable from the building fee and capital improvement fee collected as a part of tuition and remitted to the Florida Board of Education.

Economic Outlook

Even with a decrease in state funding the university's financial position remained sound. Sources of recurring revenues in operations were strong in 2002 and are expected to remain strong in 2003, including net tuition and fees, grants and contracts, auxiliary enterprise revenue and state appropriations. The university is not aware of any currently known facts, decisions, or conditions that are expected to have a significant impact on the financial position or results of operations during this fiscal year beyond those unknown variations having a global effect on virtually all types of business operations.

This statement will assist 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 will always be negative since GASB requires state appropriations to be reported as cash flows from noncapital financing activities. Cash flows from capital financing activities include all plant funds and related long term debt activities. Cash flows from investing activities show 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.



JAMES GWARTNEY,
ECONOMIST



NET ASSETS

AS OF JUNE 30, 2002

Statement of Net Assets (IN THOUSANDS)

MICHAEL FAUGHT,
UNDERWATER
ARCHAEOLOGIST



UNIVERSITY COMPONENT UNITS

ASSETS:

CURRENT ASSETS

Cash and Cash Equivalents	\$ 43,175	\$ 23,480
Investments	154,996	118,712
Net Accounts Receivable	17,073	34,154
Due from Other State Universities	6	-
Due from Primary Government	143,824	-
Due from Component Units	3,564	65,794
Inventories	1,641	556
Net Loans and Notes Receivable	2,987	-
Other Assets	1,829	2,147
Total Current Assets	369,095	244,843

NONCURRENT ASSETS

Restricted Cash and Cash Equivalents	8,089	-
Restricted Investments	48,321	334,943
Net Loans and Notes Receivable	11,923	511
Other Assets	1,211	62,868
Net Capital Assets	757,745	145,488
Total Noncurrent Assets	827,289	543,810

TOTAL ASSETS \$ 1,196,384 \$ 788,653

LIABILITIES:

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	\$ 31,404	\$ 17,967
Due to Other State Universities	5,795	-
Due to Primary Government	547	69,964
Due to Component Units	21	68,111
Deferred Revenues	22,265	11,048
Long Term Liabilities	5,419	2,327
Other Liabilities	232	1,660
Total Current Liabilities	65,683	171,077

NONCURRENT LIABILITIES

Compensated Absences Liability	34,262	544
Bonds Payable and Related Accounts	112,724	75,266
Other Liabilities	48	14,975
Total Noncurrent Liabilities	147,034	90,785

TOTAL LIABILITIES \$ 212,717 \$ 261,862

NET ASSETS:

Invested in Capital Assets, Net of Related Debt	\$ 674,710	\$ 20,902
Restricted		
Nonexpendable	-	324,856
Expendable	206,491	43,886
Unrestricted	102,466	137,147
TOTAL NET ASSETS	\$ 983,667	\$ 526,791

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

REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED, JUNE 30, 2002

Statement of Revenues, Expenses and Changes in Net Assets (IN THOUSANDS)

JILL QUADAGNO,
SOCIAL GERONTOLOGIST

	UNIVERSITY	COMPONENT UNITS
OPERATING REVENUES:		
Student Tuition and Fees, (\$2,559 Pledged for the Parking Facilities' Revenue Bonds)	\$ 139,908	\$ -
Less: Tuition Scholarship Allowances	(42,737)	-
Net Student Tuition and Fees	97,171	-
Federal Grants and Contracts	91,876	-
State and Local Grants and Contracts	19,621	-
Nongovernmental Grants and Contracts	16,496	81,177
Sales and Services of Educational Departments	1,828	-
Sales and Services of Auxiliary Enterprises (\$1,819 Pledged for the Parking Facilities' Revenue Bonds; \$12,962 Pledged for the Housing Facilities' Revenue Bonds)	80,294	-
Sales and Services of Component Units	-	11,384
Royalties and Licensing Fees	-	69,714
Interest on Loans Receivable	297	-
Other Operating Revenue	16,210	6,452
Total Operating Revenue	323,793	168,727
OPERATING EXPENSES:		
Personal Services	352,956	-
Contractual Services	30,361	-
Utilities	19,546	-
Materials and Supplies	31,503	-
Repairs and Maintenance	17,852	-
Scholarships and Fellowships	34,960	-
Depreciation	46,379	-
Loan Cancellation and Receivable Write Offs	215	-
Other Operating Expenses	33,130	103,557
Total Operating Expenses	566,902	103,557
Total Operating Income (Loss)	(243,109)	65,170
NONOPERATING REVENUES (EXPENSES):		
State Appropriations	246,222	-
Net Investment Income	10,211	2,961
Other Nonoperating Revenue	183	7,544
Interest on Asset-Related Debt	(4,046)	-
Other Nonoperating Expenses	(458)	(20,827)
Total Nonoperating Revenues (Expenses)	252,112	(10,322)
Income Before Other		
Revenues, Expenses, Gains or Losses	9,003	54,848
Capital Appropriations	68,772	-
Capital Grants, Contracts and Donations	23,764	-
Transfers From Primary Government	3,711	-
Transfers To Other State Universities	(2,464)	-
CHANGE IN NET ASSETS	102,786	54,848
TOTAL NET ASSETS - BEGINNING	879,919	471,908
Prior period adjustment	962	35
TOTAL NET ASSETS - ENDING	\$ 983,667	\$ 526,791

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



CASH FLOWS

FOR THE YEAR ENDED, JUNE 30, 2002

Statement of Cash Flows (IN THOUSANDS)

	UNIVERSITY
CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and Fees	\$ 97,150
Grants and Contracts	127,511
Sales and Services of Educational Departments	1,818
Sales and Services of Auxiliary Enterprises	81,968
Interest on Loans Receivable	297
Other Operating Receipts	16,030
Payments to Employees	(351,102)
Payments to Suppliers for Goods and Services	(96,203)
Payments to Students for Scholarships and Fellowships	(34,960)
Net Loans Issued to Students	121
Other Operating Expenses	(33,227)
Net Cash Used by Operations	(190,597)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State Appropriations	246,222
Operating Subsidies and Transfers	(3,153)
Net Change in Funds Held for Others	(1,904)
Other Receipts	183
Other Expenses	(486)
Net Cash Provided by Noncapital Financing Activities	240,862
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Proceeds from Capital Debt	32,806
Capital Appropriations	78,256
Capital Grants, Contracts and Donations	15,416
Capital Subsidies and Transfers	(46,474)
Purchase of Construction of Capital Assets	(102,090)
Principal Paid on Capital Debt	(2,596)
Interest Paid on Asset Related Debt	(5,214)
Net Cash Used by Capital and Related Financing Activities	(29,896)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net Change in Investments	(40,140)
Investment Income	9,705
Net Cash Used by Investing Activities	(30,435)
NET CHANGE IN CASH AND CASH EQUIVALENT	(10,066)
CASH AND CASH EQUIVALENT - BEGINNING OF YEAR	61,330
CASH AND CASH EQUIVALENT - END OF YEAR	\$ 51,264



108499808



	UNIVERSITY
RECONCILIATION OF OPERATING CASH FLOWS TO OPERATING INCOME:	
Operating Expense over Revenue	\$ (243,109)
Depreciation Expense	46,379
CHANGE IN ASSETS & LIABILITIES:	
Accounts Receivable	(508)
Contract and Grants Receivable	(482)
Inventories	(177)
Loans & Notes Receivable	337
Deferred Charges and Other Assets	(97)
Accounts Payable	3,235
Accrued Salaries & Wages	165
Compensated Absences Liability	1,689
Deferred Revenues	1,971
Net Cash Used by Operations	\$ (190,597)

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

NOTES TO THE 2001 - 2002





FINANCIAL STATEMENTS

1

Summary of Significant Accounting Policies

REPORTING ENTITY

In prior fiscal years, Florida's public universities were governed by the Board of Regents and their financial activities were reported in the state of Florida's financial statements as part of the primary government. Effective July 1, 2001, the Legislature amended Section 229.003, Florida Statutes, abolishing the Board of Regents and transferring its operations to the Florida Board of Education, which is responsible for overseeing kindergarten through graduate studies education. In addition, the statute provided for separate boards of trustees appointed by the governor for each university. Although the university is part of the State University System regulated and coordinated by the Florida Board of Education, effective July 1, 2001, it became a separate public instrumentality.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board's (GASB) Codification of Governmental Accounting and Financial Reporting Standards, Sections 2100 and 2600. 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, effective July 1,

2001, the university became a component unit of the state of Florida.

The governing body of the university is its Board of Trustees. The board constitutes a body corporate composed of twelve (12) members and one student member. The governor appoints the 12 board members. For the 2001-02 fiscal year the Board of Trustees was under the general direction and control of the Commissioner of Education, the Chancellor of the Division of Colleges and Universities, and was governed by Florida law and rules of the Florida Board of Education. By statute, the board of trustees selects the university president and the Florida Board of Education must ratify the candidate selected. The university Board of Trustees adopts university rules and procedures, and plans for future needs of the university. The university president is responsible for the management of the university and has the ultimate responsibility for administering the policies prescribed by the Board of Trustees.

COMPONENT UNITS

Based on the application of the criteria for determining component units, the following organizations are included within the university Board of Trustees' reporting entity as discretely presented component units:

FSU FOUNDATION, INC.

The university's fund-raising and private support programs are accounted for and reported separately by the Florida State University Foundation, Inc. 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 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 Florida State University International Programs Association, Inc., 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.

This direct support organization serves as a connecting link between alumni and the university. The nature and purpose of the association is to aid, strengthen, and expand the 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.

This direct support organization was created for the purpose of securing bond financing in accordance with Section 240.299, Florida Statutes. FSU Financial Assistance, Inc. was given the authority by the former Florida Board of Regents to obtain bond financing, not to exceed \$52.75 million, for improvements to Doak Campbell Stadium.



FSU RESEARCH FOUNDATION, INC.

The Florida State University Research Foundation, Inc., 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 MUSEUMS OF ART FOUNDATION, INC.

The John and Mable Ringling Museum of Art Foundation, Inc., 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 Florida State University 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.

Information on the university's component units, including copies of audit reports, is available by contacting the university controller's office. These component units' financial statements are discretely presented in the university Board of Trustees' financial statements. Additional condensed financial statements for the university's component

units are included in a subsequent note.

Except for the FSU School Inc., these component units are also direct support organizations, as provided in Section 1004.28 Florida Statutes. 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. An independent certified public accountant conducts an annual audit of each organization's financial statements. The audited financial statements are submitted to the Auditor General of the state of Florida and the Board of Trustees for review.

Basis of Presentation

The university's accounting policies conform to generally accepted accounting principles applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the university with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB). In November 1999, the GASB issued Statement No. 35 "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities." This statement includes public colleges and universities within the financial reporting guidelines of GASB Statement No. 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." GASB Statement No. 35 allows public colleges and universities the option of reporting as a special-purpose government either engaged in only business-

type activities, engaged in only governmental activities, or engaged in both governmental and business-type activities. The institutions of the State University System, including Florida State University, elected to report as entities 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 nonexchange activities are generally 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 plus administration, operation and maintenance of plant assets, and depreciation on capital assets. Nonoperating revenues include state appropriations, investment income and capital funding. Interest on asset-related debts is a nonoperating expense.

The university follows Financial Accounting Standards Board statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The statement of net assets is presented in a classified format to distinguish between current and long-term assets and liabilities. When both restricted and unrestricted resources are available to fund specific programs, grants, etc., it is the university's policy to apply the restricted resources to such programs first, followed by the use of the unrestricted resources.

The statement of revenues, expenses, and changes in net 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 is actually 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 and is in compliance with GASB Statement No. 9, "Reporting Cash Flow for Proprietary 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, unexpended general revenue appropriation releases, and cash held in the state treasury. Banks qualified as public depositories under Florida law hold cash deposits of the university. All such deposits are insured by federal depository insurance or collateralized with securities held in Florida's multiple financial institution collateral pool required by Ch. 280, Florida Statutes.

CAPITAL ASSETS

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

The following estimated useful lives are used to determine depreciation expense:

- Buildings / Improvements - 10 to 50 years, depending on construction
- Infrastructure - 12 to 50 years
- Furniture and Equipment
 - Equipment (nonoffice) - 10 to 20 years
 - Computer equipment - 3 to 7 years
 - Moveable equipment- 3 to 20 years
- Library resources - 10 years

2

Investments

The university participates in investment pools through the state treasury and the State Board of Administration in accordance with the provisions of Section 18.125 and 215.49, Florida Statutes. These investment pools operate under investment guidelines established by Section 215.47, Florida Statutes. The university's investments in these pools are reported at market value.

Generally accepted accounting principles require the classification of credit risk of investments into the following three categories:

- **Risk Category 1** - Insured or registered, or securities held by the entity or its agent in the entity's name.
- **Risk Category 2** - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the entity's name.
- **Risk Category 3** - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the entity's name.

Certain university investments, such as investment pools managed by other governments cannot be categorized because the university's investments are not evidenced by specific, identifiable investment securities. All university investments at June 30 were in investment pools managed by the state treasury and the State Board of Administration with a fair market value of \$203,317,009.

Investments held by the university's component units at June 30, are reported at market value based on quoted market prices. These investments consisted of the following:



Investments

	RISK CATEGORY			MARKET VALUE
	1	2	3	
U.S. Government and Federally Guaranteed Obligations	\$ 44,313,455	\$ -	\$ 61,141,782	\$ 105,455,237
Federal Agencies Obligations	175,078	-	-	175,078
Bonds and Notes	58,969,098	-	21,047,306	80,016,404
Stocks	240,731,355	-	-	240,731,355
Repurchase Agreement	2,088,732	-	-	2,088,732
TOTAL CLASSIFIED INVESTMENTS	\$ 346,277,718	\$ -	\$ 82,189,088	\$ 428,466,806
Investment Agreements				\$ 10,045,601
Real Estate Agreements				4,982,688
Money Market and Mutual Funds				10,160,225
TOTAL NONCLASSIFIED INVESTMENTS				\$ 25,188,514
TOTAL INVESTMENTS				\$ 453,655,320

3 Receivables

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, and grant reimbursements due from third parties.

Student Tuition and Fees	\$	3,834,973
Contract and Grant		7,407,514
Sales & Services of Educational Departments		31,134
Sales & Services of Auxiliary Enterprises		4,362,962
Interest		642,978
Other		793,273
Total Accounts Receivable	\$	17,072,834

LOANS AND NOTES RECEIVABLE

Loans and notes receivable represent all amounts owed on promissory notes from debtors including student loans made under the Federal Perkins Loan Program and other loan programs.

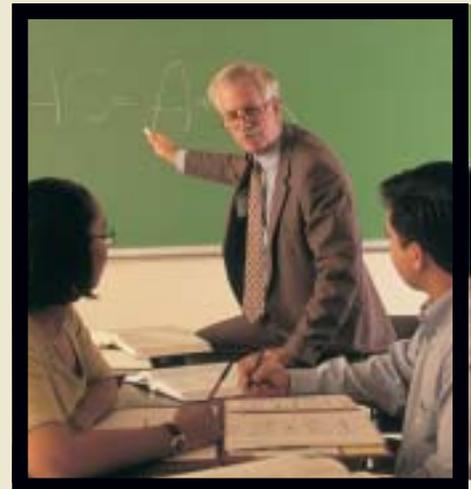
ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES

Allowances for uncollectible accounts and loans and notes receivable are reported based upon management's best estimate as of fiscal year end considering type, age, collection history, and any other factors considered appropriate. Accounts receivable and loans and notes receivable are reported net of allowances of \$2,867,110 and \$2,517,971, respectively at June 30, 2002.

4

Due from/to Component/Primary Government

The university's financial statements are reported for the fiscal year ended June 30, 2002. The university's component units' financial statements are reported for their most recent fiscal year where an audit report is available. In most cases, this is the fiscal year ended June 30, 2001. 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 Primary Government.



CHUCK EHRHARDT,
EVIDENTIARY
LAW EXPERT



5

Capital Assets

Capital asset activity for the year ended June 30, 2002 was as follows:

DESCRIPTION	JUNE 30, 2001	ADDITIONS	REDUCTIONS	JUNE 30, 2002
CAPITAL ASSETS, NONDEPRECIABLE:				
Land	\$ 30,067,135	\$ 3,335,405	\$ -	\$ 33,402,540
Construction in Progress	44,752,028	68,865,523	(46,277,988)	67,339,563
Historical Treasures	60,079,961	2,126,765	-	62,206,726
TOTAL NONDEPRECIABLE CAPITAL ASSETS	\$ 134,899,124	\$ 74,327,693	\$ (46,277,988)	\$ 162,948,829
CAPITAL ASSETS, DEPRECIABLE				
Buildings	\$ 553,459,109	\$ 34,785,807	\$ -	\$ 588,244,916
Infrastructure & Other Improvements	68,579,229	3,587,772	-	72,167,001
Furniture & Equipment	203,871,943	35,227,893	(12,593,636)	226,506,200
Library Resources	55,798,855	11,172,984	(392,461)	66,579,378
Other Capital Assets	2,643,022	447,822	(336,540)	2,754,304
TOTAL DEPRECIABLE CAPITAL ASSETS	\$ 884,352,158	\$ 85,222,278	\$ (13,322,637)	\$ 956,251,799
LESS ACCUMULATED DEPRECIATION:				
Buildings	\$ (151,880,747)	\$ (11,311,210)	\$ -	\$ (163,191,957)
Infrastructure & Other Improvements	(12,507,384)	(2,586,575)	-	(15,093,959)
Furniture & Equipment	(131,576,598)	(22,342,089)	8,715,565	(145,203,122)
Library Resources	(30,837,616)	(5,690,451)	392,462	(36,135,605)
Other Capital Assets	(1,596,584)	(307,466)	73,139	(1,830,911)
TOTAL ACCUMULATED DEPRECIATION	\$ (328,398,929)	\$ (42,237,791)	\$ 9,181,166	\$ (361,455,554)
TOTAL DEPRECIABLE CAPITAL ASSETS, NET	\$ 555,953,229	\$ 42,984,487	\$ (4,141,471)	\$ 594,796,245
TOTAL CAPITAL ASSETS, NET	\$ 670,852,353	\$ 117,312,180	\$ (50,419,459)	\$ 757,745,074



6

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, public employee defined benefit retirement plan (Plan). Plan provisions are established by Chapters 121 and 122, Florida Statutes; Ch. 112, Part IV, Florida Statutes; Ch. 238, Florida Statutes; and Florida Retirement System Rules, Ch. 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 and must enroll as members of the Plan.

The Florida Legislature has reduced the vesting period from 10 to 6 years of service. Any member employed in a regularly established position on (as of) July 1, 2001, with a total of 6 or more years of creditable service will be considered vested. Former members who are 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 only be required to work 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 4 years of credit for military service. The Plan also includes an early retirement provision, but imposes a penalty for each year a member retires before the specified retirement age. The Plan 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 Plan to defer receipt of monthly benefit payment 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 the participation election date. During DROP participation, the deferred monthly benefit accruing on behalf of

the participant, plus interest compounded monthly, is held in the Florida Retirement System Trust Fund. Upon termination of employment, the participant receives the total DROP benefits and begins to receive previously determined retirement benefits.

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

The state of Florida establishes contribution rates for Plan members. During the 2001-2002 fiscal year, contribution rates were as follows:

CLASS OR PLAN	EMPLOYEE (%)	EMPLOYER ^A (%)
Florida Retirement System, Regular	0.00	7.30
Florida Retirement System, Special Risk	0.00	18.44
Florida Retirement System, Senior Management Services	0.00	9.28
Teachers' 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	12.67
Florida Retirement System, Reemployed Retiree	^B	^B

NOTES:

^A Employer rates include the post-employment health insurance supplement of 1.11 percent.

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



The university's liability for participation in the Plan 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 Plan (including employee contributions) for the fiscal years ended June 30, 2000, June 30, 2001, and June 30, 2002, totaled \$13,175,917, \$12,977,964, and \$11,632,076 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 (Program) for eligible State University System faculty and administrators. The Program, which became effective July 1, 1984, was expanded in 1988 to include the State University System Executive Service. The Program is designed to aid the university system in recruiting employees by offering more portability to employees not expected to remain in the Florida Retirement System for 6 or more years.

The Program is a defined contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program rather than the Florida Retirement System, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 10.43 percent of the participant's salary. A small amount remains in the Optional Retirement Program Trust Fund for program administrative costs. The remaining contribution is invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement. The participant may contribute by salary reduction an amount not to exceed the percentage contributed by the university to the participant's annuity account.

There were 1,702 university participants during the 2001-2002 fiscal year. Required contributions made to the Program totaled \$13,076,062, including \$2,192,061 from employee contributions.

7

Construction Commitments

A summary of the university's major construction commitments (estimated cost of \$1 million or more) remaining follows below.

PROJECT NAME	TOTAL ESTIMATED COST	AMOUNT EXPENDED	AMOUNT UNSPENT
Parking Garage #2	\$ 18,600,894	\$ 8,317,297	\$ 10,283,597
Campus Master Plan Improvement	4,160,000	2,072,890	2,087,110
Life Safety, ADA Correction	1,455,951	772,744	683,207
Psychology Center	9,000,000	13,980	8,986,020
Oglesby Student Union Renovation	2,470,096	-	2,470,096
Campus Safety Improvements	1,620,000	134,762	1,485,238
Land Acquisition/Access Enhancement	10,000,000	5,517,074	4,482,926
University Concert Hall	4,918,100	686,716	4,231,384
Basic Science Complex - Partial	45,246,450	877,222	44,369,228
Mike Long Track Renovations	1,700,000	-	1,700,000
Utilities, Infrastructure, Cap Renewal, Roof	4,500,000	17,652	4,482,348
Montgomery Gym Remodeling	13,455,280	1,014,187	12,441,093
Developmental Research School	3,516,448	2,111,818	1,404,630
Life Safety, ADA Correction	1,371,104	959,784	411,320
Bellamy Building Remodeling	10,425,000	6,291,349	4,133,651
Science Building Support			
System Improvements	2,650,000	352,340	2,297,660
Chemistry Building	12,000,000	-	12,000,000
Communications Lab	28,428,887	1,387,029	27,041,858
Maint/Rep/Ren/Remodeling	1,227,146	699,041	528,105
Life Safety/ADA	2,863,342	1,306,536	1,556,806
Cawthon Hall Remodeling	11,712,000	9,521,566	2,190,434
Molecular Biophysics Building Remodel	6,349,999	866,397	5,483,602
New Residence Hall	27,826,382	2,951,108	24,875,274
Ringling Campuswide Projects	1,900,000	97,726	1,802,274
Shaw Building Renovation and Expansion	2,000,000	27,528	1,972,472
Ringling Ca'd'Zan	1,788,550	1,479,969	308,581
Seminole Dining Hall Renovation	2,500,000	-	2,500,000
Critical Deferred Maintenance	2,813,364	231,721	2,581,643
Ringling Art Museum	3,895,100	111,918	3,783,182
Ringling Aslo Theatre	2,043,200	128,590	1,914,610
Life Safety/ADA	3,033,686	1,085,755	1,947,931
Maint/Rep/Ren/Remodeling	1,300,151	374,244	925,907
Utilities, Infrastructure, Capital Renewal, Roof	10,416,000	2,194,314	8,221,686
Ringling Museum of Art Repairs	3,000,000	2,062,604	937,396
Tibbals Learning Center	9,000,548	281,401	8,719,147
TOTAL	\$ 269,187,678	\$ 53,947,262	\$ 215,240,416



8

Postemployment Benefits

With Section 112.363, Florida Statutes, the Florida Legislature established the Retiree Health Insurance Subsidy (HIS) to assist retirees of all state-administered retirement systems in paying health insurance costs. During the 2001-2002 fiscal year, the HIS 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.

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 2001-2002 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.

9

Long-Term Liabilities

Long-term liabilities of the university include bonds, installment purchase notes and compensated absences. The long-term liability activity for the fiscal year ended June 30 was as follows:

figure 1

DESCRIPTION	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	CURRENT PORTION
BONDS AND NOTES:					
Bonds	\$ 85,326,499	\$ 33,204,351	\$ 2,526,993	\$ 116,003,857	\$ 3,285,372
Installment Purchase Notes	95,111	-	79,787	15,324	9,699
TOTAL BONDS AND NOTES	85,421,610	33,204,351	2,606,780	116,019,181	3,295,071
OTHER LIABILITIES:					
Compensated Absences	34,696,464	17,532,731	15,843,747	36,385,448	2,123,746
Other	122,670	-	74,637	48,033	-
TOTAL LONG-TERM LIABILITIES	\$ 120,240,744	\$ 50,737,082	\$ 18,525,164	\$ 152,452,662	\$ 5,418,817

BONDS PAYABLE

The university issued bonds and revenue certificates to construct university facilities, including parking garages and student housing facilities. Outstanding bonds and revenue certificates, 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 Florida Board of Education issues both term and serial revenue bonds on behalf of the State University System, the proceeds of which were used to acquire and construct various academic and student service facilities. The bonds are secured and payable from the State University System Capital Improvement and Building Fees. The State Board of Administration administers the principal and interest payments, investment of sinking fund resources, and compliance with reserve requirements. Bonds payable at June 30, 2002, were as shown in figure 2, next page.

Annual requirements to amortize all bonded debt outstanding as of June 30 are as shown in figure 3.

INSTALLMENT PURCHASE NOTES

The university is acquiring machinery and equipment with an asset value of \$258,762 under installment purchase notes. Future minimum payments remaining under installment purchase notes and the present value of the minimum payments as of June 30, 2002, are shown below:

FISCAL YEAR ENDING JUNE 30,	INSTALLMENT PURCHASES
2003	\$ 9,699
2004	5,625
Total Minimum Payments	\$ 15,324
LESS:	
Amount Representing Interest	-
Present Value of Minimum Payments	\$ 15,324



figure 2

BOND TYPE AND SERIES	OUTSTANDING	RATE (PERCENT)	DATE
AUXILIARY REVENUE BONDS:			
1964 Infirmary	\$ 42,000	3.625	2004
1969 Apartments	505,000	3.0	2009
1992 Parking	5,770,286	4.4 - 6.0	2014
1993 Housing	2,765,000	3.0	2022
1994 Housing	6,736,042	5.2 - 6.0	2023
1996 Housing	12,338,516	4.8 - 6.8	2026
2001 Housing	8,867,166	4.0 - 5.0	2030
2001 Parking	10,181,523	3.5 - 5.125	2022
2001A Housing	25,190,128	4.0 - 5.0	2031
TOTAL AUXILIARY REVENUE BONDS	\$ 72,395,661		
STATE UNIVERSITY SYSTEM REVENUE CERTIFICATES:			
1991 Trust Fund	\$ 102,913	6.5	2003
1993 Trust Fund	12,050,134	4.8 - 5.375	2013
1997 Trust Fund	4,379,618	5.0 - 7.0	2022
1997A Trust Fund	12,442,244	4.1 - 5.0	2016
1998 Trust Fund	6,693,663	4.0 - 5.0	2023
2001 Trust Fund	7,939,624	4.0 - 5.0	2026
TOTAL STATE UNIVERSITY SYSTEM REVENUE CERTIFICATES	\$ 43,608,196		
TOTAL	\$ 116,003,857		

figure 5

FISCAL YEAR ENDING JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2003	\$ 3,364,923	\$ 5,784,775	\$ 9,149,698
2004	4,052,191	5,621,686	9,673,877
2005	4,214,051	5,431,163	9,645,214
2006	4,427,018	5,232,659	9,659,677
2007	4,659,300	5,023,178	9,682,478
2008-2012	27,024,147	21,564,406	48,588,553
2013-2017	25,478,896	14,654,433	40,133,329
2018-2022	22,027,469	8,967,677	30,995,146
2023-2027	14,491,275	3,892,483	18,383,758
2028-2032	7,585,000	928,500	8,513,500
Subtotal	\$ 117,324,270	\$ 77,100,960	\$ 194,425,230
LESS:			
Bond Discount	1,320,413		1,320,413
TOTAL	\$ 116,003,857	\$ 77,100,960	\$ 193,104,817

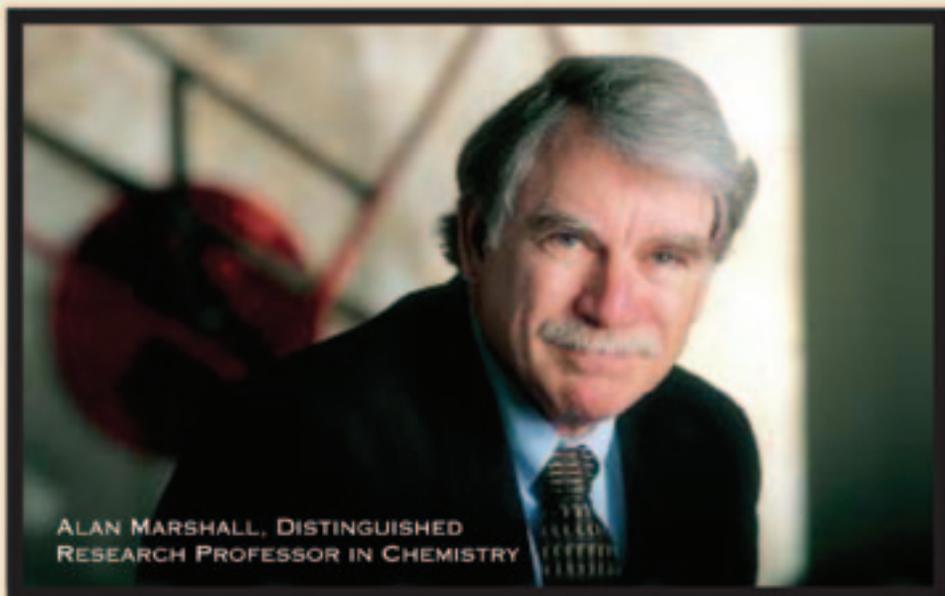
COMPENSATED ABSENCES

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Section 6C-5.920, Florida Administrative Code, and pursuant to bargaining agreements between the Florida Board of Education and the United Faculty of Florida. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. GASB Statement No. 16 requires that the university accrue a liability in the statement of net assets for employees' right to receive compensation for future absences when certain conditions are met, whereas state appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the university expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. Consequently, the recording of the liability for compensated absences without the corresponding recognition of such future resources results in the appearance of a reduced ability to meet current obligations. At June 30, the estimated liability for annual and sick leave, which includes the university's share of the Florida Retirement System and FICA contributions, is \$15,662,989 and \$20,722,459, respectively. Net assets reported at June 30 of \$983,667,445 would have been \$1,020,052,893 had such liability for compensated absences not been applied against it. The current compensated absences liability is based on actual usage and payouts over the last three years, calculated as a percentage of those years' total compensated absences liability.

10

Operating Lease Commitments

The university has long-term commitments for assets leased under operating leases. These assets are not recorded on the statement of net assets; however, the operating lease payments are recorded as expenses in the statement of revenues, expenses, and changes in net assets when paid or incurred. Outstanding commitments resulting from these lease agreements are not considered material and are contingent upon future appropriations.



ALAN MARSHALL, DISTINGUISHED RESEARCH PROFESSOR IN CHEMISTRY

public service. However, when the primary mission of the department consists of instructional program elements, the proper classification of all

departmental expenses is instruction. A summary of the functional classification of expenses is as follows:

11

Functional Distribution of Expenses

The operating expenses on the statement of revenues, expenses, and changes in net assets are presented by natural classification. Following are those same expenses presented in functional classifications as recommended by NACUBO. The functional classification (instruction, research, public services, 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 an academic department for which the primary departmental function is instruction may include some activities other than direct instruction such as research and

FUNCTIONAL CLASSIFICATION		FUNCTIONAL TOTAL
Instruction	\$	164,675,216
Research		74,192,999
Public Service		31,283,393
Academic Support		37,358,799
Student Services		22,028,950
Institutional Support		34,881,453
Operations of Plant		33,950,249
Scholarships		34,960,217
Auxiliary Enterprises		86,690,162
Depreciation		46,379,261
Loan Operating		501,513
TOTAL EXPENSES	\$	566,902,212



12

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 general counsel and management, should not materially affect the financial condition of the university.

13

Change in Accounting Principles/Prior Period Adjustment

In connection with the implementation of GASB Statement No. 35, the university restated beginning net assets to account for the cumulative effect of the accounting change regarding accumulated depreciation on capital assets and the capitalization of the university's infrastructure as summarized:

ADJUSTMENTS:

Infrastructure and Other Improvements \$ 11,982,308

ACCUMULATED DEPRECIATION:

Buildings (151,880,747)

Infrastructure and Other Improvements (12,507,384)

Furniture and Equipment (131,576,598)

Library Resources (30,837,616)

Other Capital Assets (1,596,584)

TOTAL ADJUSTMENTS (328,398,929)

Net Assets, Beginning of Year 1,196,335,726

Restated Net Assets, Beginning of Year \$ 879,919,105



JAWOLE WILLA
JO ZOLLAR,
ARTIST-IN-RESIDENCE

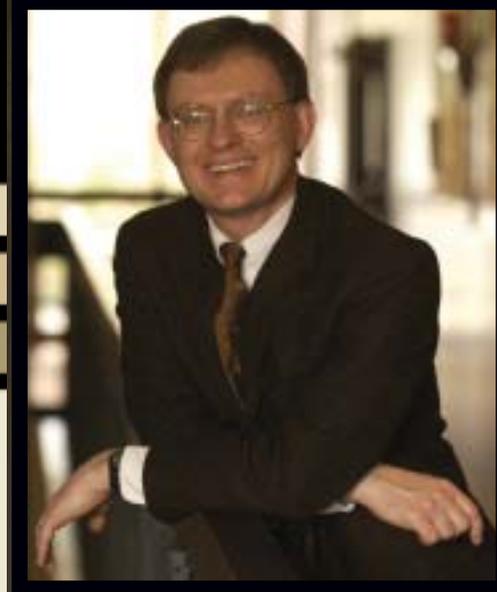
14

Risk Management Programs

In accordance with a program for central insurance purchases adopted by the Florida Cabinet in 1969, the Department of Management Services has the authority to purchase insurance on behalf of all state agencies. This authority is the result of the enactment of Section 287.022, Florida Statutes. Other actions by the Legislature have resulted in the development of state self-insurance funds providing hazard insurance for property and casualty insurance, for state employees' workers' compensation, general liability, and fleet automotive liability. The university participates in these programs. Property losses in excess of \$4 million are commer-

cially insured up to \$300 million per loss event. Payments on tort claims are limited to \$100,000 per person and \$200,000 per occurrence as set by Section 768.28, Florida Statutes. Calculation of premiums considers the cash needs of the program and the amount of risk exposure for each state agency. There have been no significant reductions in insurance coverage from the prior year coverage. Settlements have not exceeded insurance coverage during the past three years.

University employees may obtain health care services through participation in the state of Florida's 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 the risks 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 risks of losses covered by this fund. Additional information on the state's group health insurance plan, including the actuarial report, is available from the Division of State Group Insurance in the Department of Management Services.



15

Component Units

The university has eight component units as detailed in the Summary of Significant Accounting Policies. Shown is a summary financial information (amounts expressed in thousands) from the most recent available audited component unit financial statements.

	ALUMNI ASSOCIATION 6/30/01	INTERNATIONAL PROGRAMS 6/30/01	FSU FOUNDATION 6/30/01	SEMINOLE BOOSTERS 1/31/02	FINANCIAL ASSISTANCE 1/31/02
Condensed Statement of Net Assets					
ASSETS					
Current Assets	\$ 1,389,445	\$ 4,197,401	\$ 5,996,248	\$ 45,677,347	\$ 1,948,022
Capital Assets, Net	35,792	14,114,490	26,175,638	14,545,645	58,070,607
Other Noncurrent Assets	-	-	361,613,208	36,362,436	347,025
Total Assets	1,425,237	18,311,891	393,785,094	96,585,428	60,365,654
LIABILITIES					
Current Liabilities	182,974	849,528	61,516,270	4,337,370	13,488,088
Noncurrent Liabilities	-	13,234,205	6,789,146	2,382,770	41,935,898
Total Liabilities	182,974	14,083,733	68,305,416	6,720,140	55,423,986
NET ASSETS					
Invested in Capital Assets, Net Debt	-	-	-	9,176,742	9,253,354
Restricted	-	-	303,672,047	61,305,946	-
Unrestricted	1,242,263	4,228,158	21,807,631	19,382,600	(4,311,686)
Total Net Assets	\$ 1,242,263	\$ 4,228,158	\$ 325,479,678	\$ 89,865,288	\$ 4,941,668

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

OPERATING INCOME					
Operating Revenues	\$ 573,272	\$ 7,747,294	\$ 40,709,629	\$ 31,060,236	\$ 4,433,339
Operating Expenses	614,249	5,226,743	16,113,448	11,265,015	1,602,892
Net Operating Income/(Loss)	(40,977)	2,520,551	24,596,181	19,795,221	2,830,447
Net Nonoperating Revenue/(Expenses)	(9,674)	(847,565)	(11,483,169)	(4,462,606)	(2,806,322)
Increase(decrease) in Net Assets	(50,651)	1,672,986	13,113,012	15,332,615	24,125
Restated Net Assets - Beginning of Year	1,292,914	2,520,182	312,366,666	74,532,673	4,917,543
Prior Period Adjustment	-	34,990	-	-	-
Net Assets - End of Year	\$ 1,242,263	\$ 4,228,158	\$ 325,479,678	\$ 89,865,288	\$ 4,941,668



16 Segment Information

A segment is defined as an identifiable activity (or group of activities), which has a revenue stream pledged in support of revenue bonds and has related revenues, expenses, gains, losses, assets and liabilities that are required by a third party to be accounted for separately. The following financial information for the university's parking and housing facilities represents identifiable activities, for which one or more revenue bonds are outstanding.

				PARKING FACILITY REVENUE BONDS	HOUSING FACILITY REVENUE BONDS
				<i>Condensed Statement of Net Assets</i>	
			ASSETS		
			Current assets	\$ 2,773,085	\$ 17,447,917
			Capital assets	18,546,719	53,092,867
			Other assets	3,341,776	31,108,438
			<u>Total assets</u>	<u>24,661,580</u>	<u>101,649,222</u>
			LIABILITIES		
			Current liabilities	1,826,160	5,918,546
			Long-term liabilities	15,341,758	55,505,542
			<u>Total liabilities</u>	<u>17,167,918</u>	<u>61,424,088</u>
			NET ASSETS:		
			Invested in capital assets, net of related debt	4,157,592	20,652,018
			Restricted - expendable	1,079,336	6,219,166
			Unrestricted	2,256,734	13,353,950
			<u>Total net assets</u>	<u>\$ 7,493,662</u>	<u>\$ 40,225,134</u>
				<i>Condensed Statement of Revenues, Expenses and Changes in Net Assets</i>	
			Operating revenues	\$ 4,378,542	\$ 12,962,292
			Operating expenses	2,608,929	8,366,078
			<u>Net operating income/(loss)</u>	<u>1,769,613</u>	<u>4,596,214</u>
			Nonoperating revenues and (expenses)	136,741	(135,430)
			<u>Income (loss) before other revenues, expenses, gains or losses</u>	<u>1,906,354</u>	<u>4,460,784</u>
			Other revenues, expenses, gains or losses	(287,737)	17,187
			<u>Increase (decrease) in net assets</u>	<u>1,618,617</u>	<u>4,477,971</u>
			Net assets - beginning of year	5,264,765	32,994,236
			Net assets - adjustment to beginning balance	610,280	2,752,927
			<u>Net assets - end of year</u>	<u>\$ 7,493,662</u>	<u>\$ 40,225,134</u>
				<i>Condensed Statement of Cash Flows</i>	
			Net cash flows from operating activities	\$ 2,121,037	\$ 5,419,011
			Net cash flows from noncapital financing activities	(287,737)	17,187
			Net cash flows from capital and related financing activities	(9,214,468)	12,538,463
			Net cash flows from investing activities	7,886,919	(15,375,690)
			<u>Net increase in cash</u>	<u>505,751</u>	<u>2,598,971</u>
			Cash - beginning of year	1,486,246	10,842,012
			<u>Cash - end of year</u>	<u>\$ 1,991,997</u>	<u>\$ 13,440,983</u>

JANE REIMERS,
CORPORATE ACCOUNTING
RESEARCHER



FINANCIAL AID ADMINISTERED

RAQUEL SIMON,
PATRON SCHOLAR
IN THEATRE

FOR THE YEAR ENDED JUNE 30, 2002

Financial Aid Administered (unaudited)

FEDERAL PROGRAMS

	NUMBER OF RECIPIENTS	AID DISBURSED
Pell Grants	8,865	\$ 15,159,858
Supplemental Educational Opportunity Grants	1,396	1,230,419
Federal College Work Study	1,543	953,840
Perkins Student Loans	1,422	2,678,055
Stafford Loans		
Subsidized	23,935	50,825,937
Unsubsidized	20,758	41,001,439
Plus	1,940	6,785,438
NFSL/Private Loans	804	2,695,090
Total Federal Financial Aid Administered	60,663	\$ 121,330,076

STATE PROGRAMS

Florida Student Assistance Grants (FSAG)	4,009	\$ 3,033,756
Bright Futures Scholarships	15,904	23,304,714
Other States' Scholarships	207	385,940
Total State Scholarships & Grants Administered	20,120	\$ 26,724,410

INSTITUTIONAL PROGRAMS

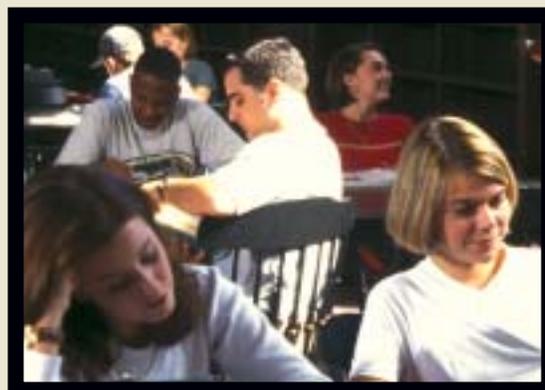
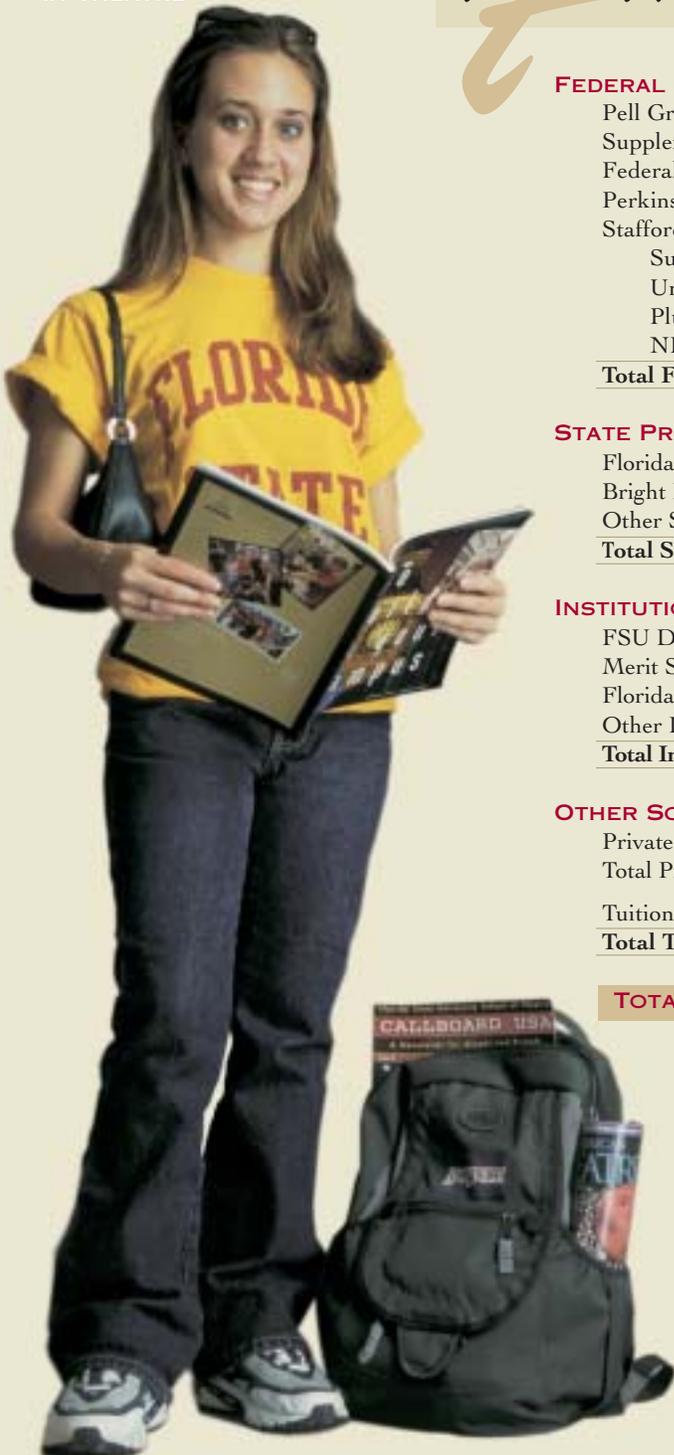
FSU Delayed Delivery Loans & Emergency Loans	3,850	\$ 3,050,350
Merit Scholarships	6,763	12,272,500
Florida State University Grants	12,478	11,199,178
Other Institutional Grants	218	257,576
Total Institutional Loans, Scholarships & Grants Admin	23,309	\$ 26,779,604

OTHER SCHOLARSHIPS

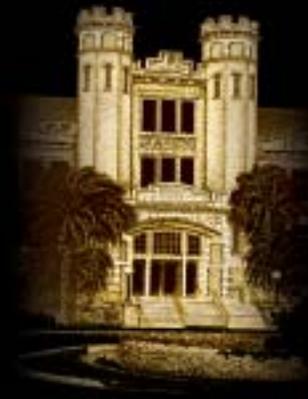
Private Scholarships	3,698	\$ 5,144,612
Total Private Scholarships Administered	3,698	5,144,612
Tuition Waivers	6,029	11,549,926
Total Tuition Waivers Administered	6,029	\$ 11,549,926

TOTAL FINANCIAL AID ADMINISTERED

\$ 191,528,628



FLORIDA STATE ADMINISTRATION



OFFICE OF THE PRESIDENT

PRESIDENT	Talbot D'Alemberte
EXECUTIVE ASSISTANT	JoAnn Blackwell
INSPECTOR GENERAL	David Coury
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