

Annual Report

THE FLORIDA STATE UNIVERSITY



THE FLORIDA STATE UNIVERSITY

2010-2011

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THE FLORIDA STATE UNIVERSITY ANNUAL REPORT 2010 • 2011

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Dr. Eric J. Barron

This year at Florida State University, we welcomed the most exceptional class of freshmen in our history. Those students know this is a world-class university that is a remarkable value.

What they probably do not know is how incredibly efficient we are in providing them that “budget ivy” education. According to U.S. News & World Report, 49 of the top 100 public universities have more money than FSU but rank below it in quality.

Coming after years of serious budget setbacks, that is quite a testament to our faculty and staff and their skill in managing our resources. To keep Florida State accessible and maintain the high level of quality such students expect and deserve, however, we must find the resources to compete and the flexibility to be creative

and responsive in a challenging economy.

Consider that the average high school GPA of the accepted students who made up the approximately 6,100-member freshman class is 3.9. Their average total SAT score is 1850, and their average composite ACT score is 27. The accepted honors students have an impressive average high school GPA of 4.3.

They came because we’re doing many things right. But “research intensive” universities such as Florida State have to compete at the highest levels. So, we have launched some Big Ideas – major initiatives to develop innovative ways we can attract the Federal and corporate dollars needed to invest in our faculty and programs and produce graduates who are more competitive for jobs:

- We are excelling at STEM education – the science, technology, engineering and math fields. We are in our fourth year of offering FSU-Teach, a program that helps students get science or math degrees simultaneously with an education degree, an incentive to help steer them into teaching. A properly educated workforce draws corporations and corporate dollars.
- Entrepreneurial university – We are exploring a major cultural shift in our university. We’re looking at expanding the entrepreneurial programs in the College of Business, building upon the Jim Moran Institute and Student Incubator Program, to create a university in which all students and majors have the opportunity to understand and embrace what it means to be entrepreneurial.

These are just two examples of more than a dozen Big Ideas that I hope will move our great University forward.

To support this effort, we are working hard on philanthropy and will soon launch the largest capital campaign in Florida State’s history.

We are strong, but we could be much better. We need the ability to put our good ideas to work to govern the University without being constrained by overregulation as we pursue new ways to generate – and invest – revenue.

We are already performing at an enviable level when it comes to accountability. What we need now is not only enough resources to be able to compete with other major research universities, but recognition we will use our money wisely and in exciting new ways to propel us forward.

Keeping the best and brightest students in Florida is not only the state’s goal – it is our goal, too. Students want to go where the smart people are. We want them to continue to come here, confident they will graduate well-trained and ready to create innovations of their own.



Introduction from The Senior Vice President for Finance and Administration



John R. Carnaghi

The end of fiscal year 2010-11 found Florida State University growing its student body for the 2011 fall semester and developing new ways to find the resources needed to protect the high level of excellence that is its hallmark.

After several years of reduced state funding and lackluster investment revenues, many of the struggles FSU faces in this difficult economic climate are just as familiar to other universities and corporations. How do we continue to deliver our “product” — a quality education — at an affordable cost in a safe, customer-oriented and sustainable fashion? At FSU, we’ve answered by implementing innovative, cost-saving initiatives; soliciting external partnerships when possible; and carefully utilizing our limited resources. These actions have allowed us to maintain a welcoming, supportive and challenging environment that maximizes opportunities for student learning and success.

There is ample evidence of our commitment. In recognition of Florida State’s cost-saving measures, for example, the University received 11 Davis Productivity Awards from Florida Tax Watch in 2011. Permit me to name just a handful of the winning submissions: Integrated Legacy User Account Management with PeopleSoft Security; Electronic Personnel Action Form; Recovery of Reimbursement Monies by Challenging Erroneous Unemployment Claims; Seized Criminal Assets for Law Enforcement Use and Developing Liaison Partnership Teams to Improve Operational Effectiveness. Our Environmental Health and Safety unit received recognition for significant reduction in claims costs by the Department of Financial Services’ Division of Risk Management. I am extremely proud of not only staff within the Division of Finance and Administration, but also of the employees throughout campus who put forth a conscious effort to reduce costs whenever and wherever possible. Even the mindful act of turning off their computer at the end of the workday contributes to FSU’s energy saving program, which reduced our utility bill by \$2.6 million this year.

In November 2010, FSU established a Campus Sustainability Office and after a successful nationwide search hired the University’s first director of sustainability. The new director is working hand in hand with our campus operations to ensure the University does all it can to lessen its impact on local resources and the environment. To that end, during the 2010-11 fiscal year we achieved a 4% reduction in the cost per square foot for all E&G utilities, implemented a major re-lamping program and increased our recycling efforts throughout campus. We recycled over 38 tons of electronics, diverted 850 tons of yard waste to our nursery for mulch and compost, and over 350 tons of construction material went to a local recycling center. These efforts resulted in a savings of over \$65,000 in tipping fees and an increase in recycling income in excess of \$93,000. In addition, we received the LEED Gold certification for the Student Success Phase II project and a Silver award for the new Turnbull Conference Center.

The University also takes every possible opportunity to develop working relationships with external partners to provide, expand or enhance services. For example, in this past fiscal year, we outsourced the FSU Computer Store to our bookstore partners Follett Corporation; continued collaboration with New College for facilities support services of FSU’s Ringling Center for the Cultural Arts in Sarasota; and the FSU Police Department partnered with Florida Department of Law Enforcement (FDLE)’s Technical Investigations Workgroup to use FDLE’s electronic surveillance equipment at no cost, including technical support and personnel.

A few years ago, we installed the Enterprise Resources Planning (ERP) system, which continues to enable staff to be more productive. We implemented several additional ERP applications this year, such as: ePAF, an electronic application for processing position and personnel transactions; FACET, an electronic application for processing Faculty Assignment of Responsibilities/Effort Certification Reports; eSettlement, a process that allows suppliers to view purchase order and invoice data online; Strategic Sourcing, an automated analysis and award of bid to best offer; and TeamDynamix, a project management tool.

Due to reduced funding in recent years, Florida State focused primarily on budget stabilization efforts. We are now looking ahead to better economic times when we can shift our attention to budget restoration.

Under the leadership of President Eric J. Barron with assistance from our Florida legislators, our university will be able to continue its strong legacy as a major research institution with a focus on serving the students and citizens of Florida.





WISCONSIN



University Overview



MISSION

The Florida State University (the 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, the University 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

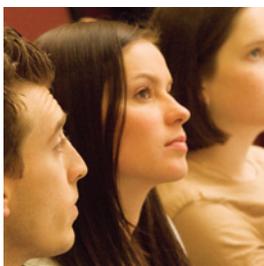
The University is one of the largest and oldest of the 11 public institutions of higher learning in the state of Florida. It was established as the Seminary West of the Suwannee by an act of the Florida Legislature in 1851 and first offered instruction at the post-secondary level in 1857. Its Tallahassee 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 The Florida State University. It has grown from an enrollment of 4,056 in 1947 to an enrollment of 40,838 in the fall semester of 2010.



CAMPUS / CENTERS / PROGRAMS

In each succeeding decade, the University has added to its academic organization and now comprises 17 colleges and schools. It has expanded to over 545 buildings on approximately 1,614 acres, including the downtown Tallahassee main campus of 452 acres, the Ringling Museum of 57 acres and the Panama City branch campus of 26 acres. The University also offers degree programs in Sarasota, Florida and the Republic of Panama; instructional programs in London, Florence, and Valencia; and research, development, and/or service programs in Costa Rica, Croatia, and Italy.

Through the Office of Distance Learning, the University offers courses and degree programs online and at many off-campus sites around the State. The Center for Academic and Professional Development offers non-credit programs, workshops, seminars and conferences. The University also operates the John and Mable Ringling Museum of Art located in Sarasota, Florida, which is the largest museum/university complex in the nation.



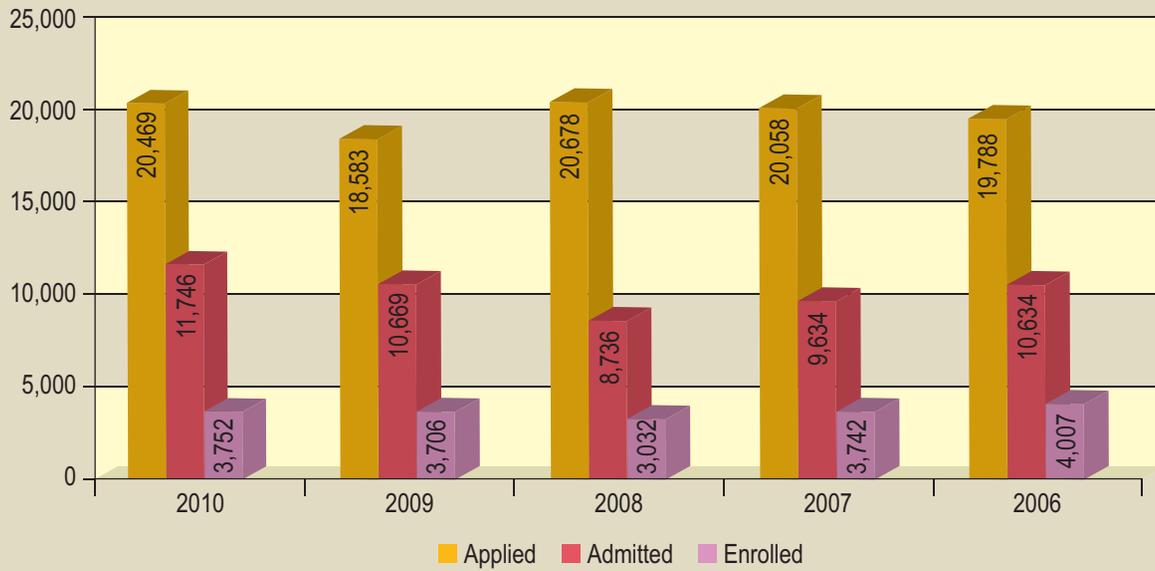
STUDENTS

As a major comprehensive residential state university, the University attracts students from every county in Florida, every state in the nation and 132 foreign countries. The University is committed to high admission standards that ensure quality in its student body, which includes some 95 National Merit, National Achievement and Hispanic scholars, as well as students with superior creative talents. The University also provides alternative admissions and highly successful retention programs for special student populations.

Graduate students comprise 21 percent of the student body and are enrolled in 144 graduate/specialist degree programs, 75 doctoral programs and 2 professional programs.



FRESHMAN APPLIED, ADMITTED, AND ENROLLED (FALL TERM)



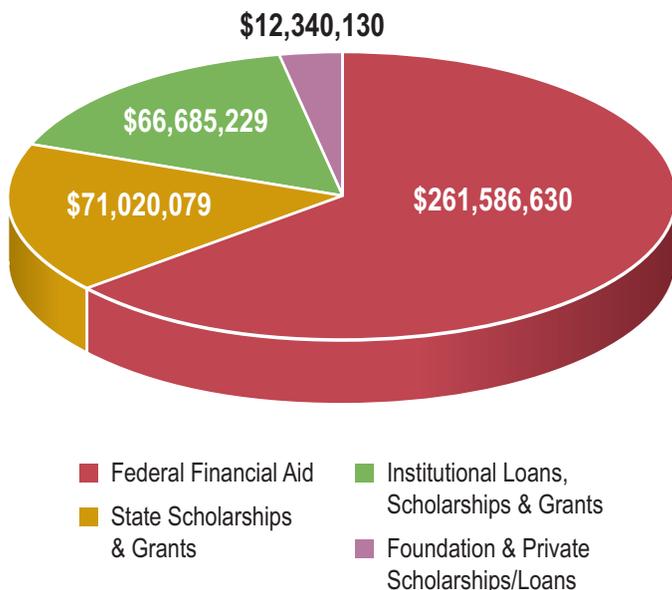
Headcount by School/College (Fall Term)	2010	2009	2008	2007	2006
Arts & Sciences	10,046	9,507	8,842	9,312	9,113
Business	5,825	5,985	6,145	6,308	6,086
Communication & Information*	2,701	2,702	1,615	1,752	1,670
Criminology & Criminal Justice	1,653	1,466	1,342	1,378	1,407
Education	2,377	2,642	2,941	3,360	3,396
Engineering	1,873	1,763	1,608	1,739	1,716
The Graduate School-Materials Science Program	9	4	-	-	-
Human Sciences	2,962	3,098	3,170	3,174	3,135
Information	-	-	1,125	1,144	1,139
Law	783	768	762	766	758
Medicine	517	490	435	374	297
The College of Motion Picture Arts	182	188	181	181	178
Music	1,136	1,149	1,120	1,184	1,153
Nursing	856	902	906	905	918
Social Sciences	4,812	4,888	4,704	4,669	4,385
Social Work	741	675	694	751	792
Visual Arts, Theatre & Dance	1,576	1,535	1,615	1,829	1,784
Undecided/Special	2,789	2,493	1,931	2,239	2,547
Total	40,838	40,255	39,136	41,065	40,474

*The College of Communication and the College of Information merged in Fall 2009 to form the College of Communication and Information.

Degrees Awarded - Academic Year	2010-11	2009-10	2008-09	2007-08	2006-07
Bachelor's	7,818	7,927	7,630	7,615	7,189
Master's	2,210	2,203	2,129	2,075	1,989
Specialist	59	42	47	62	54
Juris Doctorate	268	249	263	305	233
Doctorate	429	340	343	368	350
M.D.	113	94	74	57	48
Total	10,897	10,855	10,486	10,482	9,863



FINANCIAL AID ADMINISTERED



FACULTY

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

Faculty Data

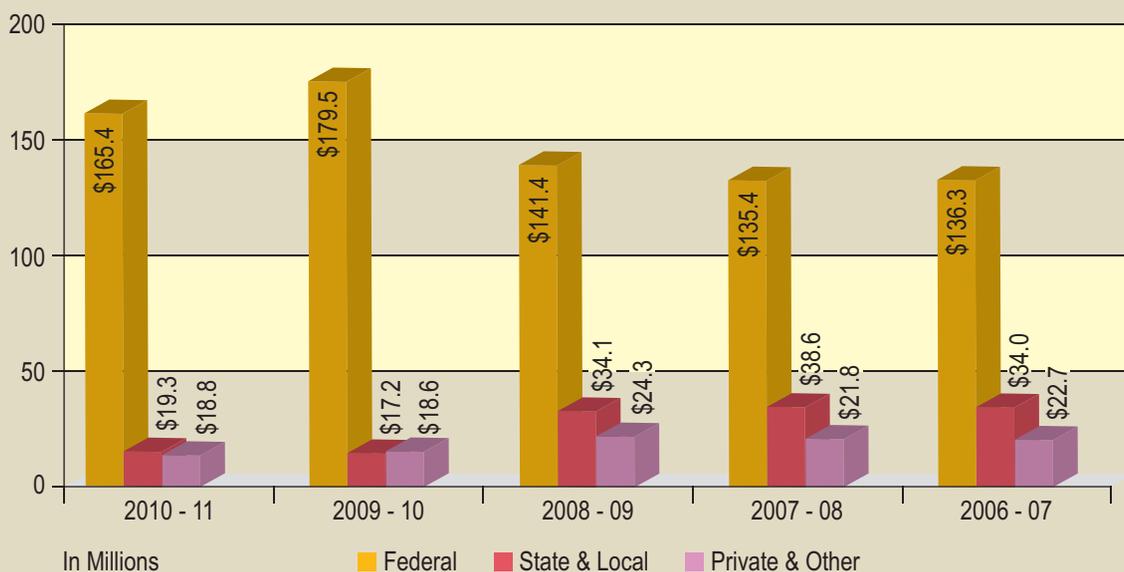
Academic Year	Full-Time Faculty	Part-Time Faculty	Tenured Faculty	Faculty with Terminal Degrees	Faculty/Student Ratio
2006-07	1,868	60	790	1,774	21:1
2007-08	1,932	56	836	1,829	21:1
2008-09	1,944	65	822	1,848	21:1
2009-10	1,835	59	825	1,742	22:1
2010-11	1,791	66	829	1,708	22:1

RESEARCH

Since its designation as a university in 1947, the University has built a reputation as a strong center for research in the sciences, the humanities and the arts. In the 2010-11 fiscal year, the University faculty and administrators generated more than \$203 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.



CONTRACTS & GRANTS AWARDS RECEIVED (in millions)



LIBRARIES

The University's library system, which ranks among the nation's top research libraries, is made up of eight libraries on campus. The libraries' total collection includes more than 3 million volumes of books and periodicals. Also, access to 746 databases, 878,000 e-books and 50,265 e-journals allows students, faculty and staff to do research from their offices or homes.



DAVID W. MARTIN, CPA
AUDITOR GENERAL

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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, 2011, which collectively comprise the University's basic financial statements as listed in the table of contents. These financial statements are the responsibility of University 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 represent 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, insofar as it relates to the amounts included for the aggregate discretely presented component units, is based on 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, 2011, and the respective changes in financial position and cash flows thereof for the fiscal year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in note 1 to the financial statements, the Florida Medical Practice Plan, Inc., a discretely presented component unit, reported financial activities for a 12-month period ended June 30, 2011, while the amounts reported for the 2009-10 fiscal year were for an 18-month period ended June 30, 2010. This affects the comparability of amounts reported for the 2010-11 fiscal year to amounts reported for the 2009-10 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, rules, regulations, contracts, and grant agreements and other matters 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 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Florida State University's basic financial statements. The Message from the President, the Introduction from the Senior Vice President for Finance and Administration, and the University Overview, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Message from the President, the Introduction from the Senior Vice President for Finance and Administration, and the University Overview have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Respectfully submitted,



David W. Martin, CPA
January 20, 2012
Audit Report No. 2012-078

Management's Discussion and Analysis

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of The Florida State University (the University) for the fiscal year ended June 30, 2011, and should be read in conjunction with the financial statements and notes thereto. This overview is required by Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38. The MD&A, and financial statements and notes thereto are the responsibility of University management.

FINANCIAL HIGHLIGHTS

The University's assets totaled \$2.5 billion at June 30, 2011. This balance reflects a \$175.5 million, or 7.6 percent increase from the 2009-10 fiscal year. Total investments increased by \$100.7 million or 17.3 percent as a result of investments related to new bonds issued during the year. Net capital assets increased by \$93.8 million or 6 percent primarily due to the addition of several buildings and construction work in progress. The amount due from the State decreased by \$29.4 million or 40.7 percent due to timing differences in the receipt of proceeds for construction projects. Liabilities increased for the year by \$57.1 million, or 15.2 percent, totaling \$431.6 million at June 30, 2011, compared to \$374.5 million at June 30, 2010. This increase is due to a net increase in capital improvement debt payable of \$57.3 million to construct new facilities on campus. Additionally, deferred revenue decreased by \$19.8 million or 32.7 percent because of a reduction in State capital appropriations received from, but not yet approved for spending by the State. As a result, the University's net assets increased by \$118.4 million, or 6.1 percent, reaching a year-end balance of \$2 billion.



The University's operating revenues totaled \$497.9 million for the 2010-11 fiscal year, representing a 5.6 percent increase over the 2009-2010 fiscal year, primarily as a result of tuition and fee increases. Operating expenses totaled \$941.5 million for the 2010-11 fiscal year, representing an increase of

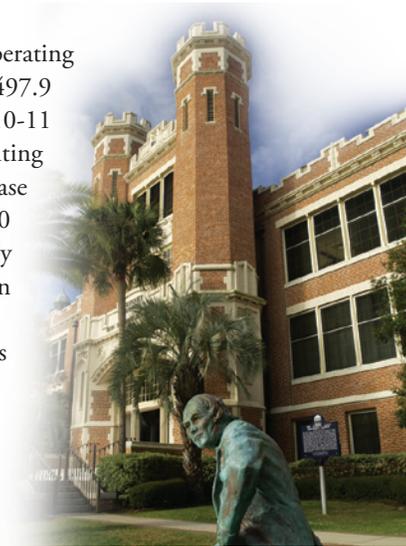
2.7 percent over the 2009-10 fiscal year due mainly to an increase in compensation and employee benefits expense. Net nonoperating revenues for the 2010-11 fiscal year totaled \$493.3 million, representing an increase of 3.6 percent from the 2009-10 fiscal year primarily due to an increase in State noncapital appropriations as well as an increase in Federal and State student financial aid offset by a decrease in the net increase in the fair value of investments.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report includes three basic financial statements: the statement of net assets; the statement of revenues, expenses, and changes in net assets; and the statement of cash flows. The financial statements and notes thereto, encompass the University and its component units. Based upon the application of the criteria for determining component units, the Florida State University College of Medicine Self-Insurance Program is included within the University as a blended component unit. In addition, eight direct-support organizations and the Florida State University Developmental Research School are included within the University reporting entity as discretely presented component units.

Information regarding these component units, including a description of each and summaries of their separately issued financial statements, is presented in notes 1, 2, 5, and 15 to the financial statements. This MD&A focuses on the University, excluding the component units. For those component units reporting under GASB standards, MD&A information is included in their separately issued audit reports.

While audited financial statements for the 2009-10 fiscal year are not presented with this report, condensed data will be presented in the MD&A to illustrate certain increases and decreases.



2010-2011



Management's Discussion and Analysis

THE STATEMENT OF NET ASSETS

The statement of net assets presents the financial position of the University at fiscal year end. This statement provides a picture of assets minus liabilities and their availability for expenses by the University. The change in net assets is one indicator of the overall improvement or decline in the financial condition of the University during the year.



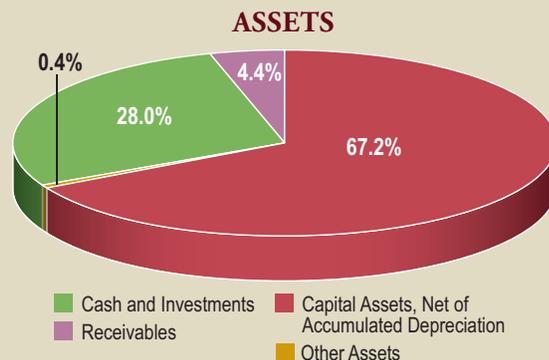
The following table shows a condensed statement of net assets at June 30:

Condensed Statement of Net Assets (in thousands)

	2011	2010
Assets		
Current Assets	\$ 713,008	\$ 677,815
Capital Assets, Net	1,667,918	1,574,125
Other Noncurrent Assets	100,210	53,724
Total Assets	2,481,136	2,305,664
Liabilities		
Current Liabilities	116,710	119,505
Noncurrent Liabilities	314,865	254,986
Total Liabilities	431,575	374,491
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,468,820	1,384,027
Restricted	175,501	166,715
Unrestricted	405,240	380,431
Total Net Assets	\$ 2,049,561	\$ 1,931,173

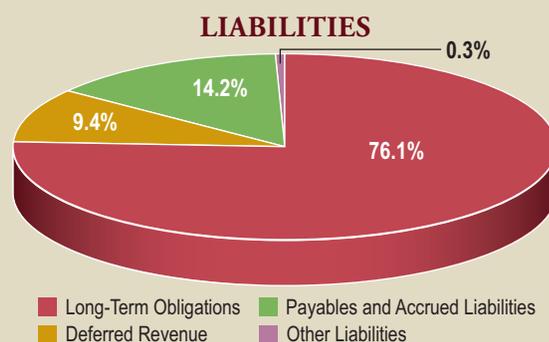
Assets are what the University owns and are measured in current value, except for property and equipment, which are recorded at historical cost less accumulated depreciation. Assets are categorized as either current or noncurrent. Current assets are generally considered to be convertible to cash within one year.

The following chart presents assets by percent:



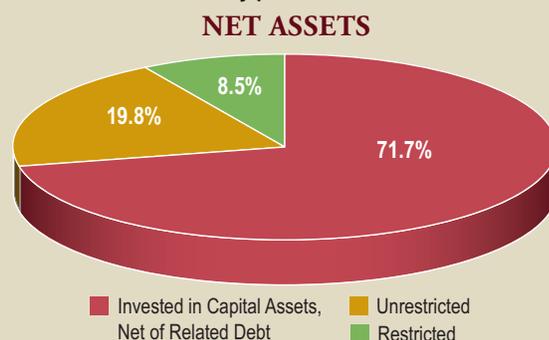
Liabilitys are what the University owes to others or what it has collected from others before it has provided the related services. Liabilitys are also categorized as either current or noncurrent. Current liabilitys are amounts becoming due and payable within the next year.

The following chart presents liabilitys by percent:



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 accumulated depreciation. 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 expendable net assets include amounts restricted by external parties 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, and for working capital requirements.

The following chart presents net asset categories by percent:



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

The statement of revenues, expenses, and changes in net assets presents the University's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid. Beginning with the 2010-11 fiscal year, certain transfers between the University and its Component Units were categorized as either exchange or non-exchange transactions and reported as either operating or non-operating accordingly. In order to fairly present comparative information, the related 2009-10 fiscal year amounts have been revised. There was no effect on net assets due to this modification.

The following table summarizes the University's activities for the 2010-11 and 2009-10 fiscal years:

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

	2010-11	2009-10
Operating Revenues (1)	\$ 497,906	\$ 471,414
Operating Expenses (1)	(941,521)	(916,468)
Operating Loss	(443,615)	(445,054)
Net Nonoperating Revenues	493,335	476,283
Income Before Other Revenues, Expenses, Gains, or Losses	49,720	31,229
Net Other Revenues	68,668	54,030
Net Increase in Net Assets	118,388	85,259
Net Assets, Beginning of Year	1,931,173	1,795,879
Adjustments to Beginning Net Assets (2)	-	50,035
Net Assets, Beginning of Year, as Restated	1,931,173	1,845,914
Net Assets, End of Year	\$ 2,049,561	\$ 1,931,173

Note (1) To provide comparative information, the 2009-10 fiscal year operating revenues were revised by an increase of \$8,008, operating expenses were revised by an increase of \$21,824 and non-operating revenues were revised by an increase of \$13,816. The impact of these revisions for net assets is \$0.

Note (2) Due to a change in reporting State University System Capital Improvement Trust Fund Revenue Bonds for the 2009-10 fiscal year.

OPERATING REVENUES

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value.



The following table summarizes the operating revenues by source that were used to fund operating activities during the 2010-11 and 2009-10 fiscal years:

Operating Revenues (in thousands)

	2010-11	2009-10
Net Tuition and Fees	\$ 171,636	\$ 156,832
Grants and Contracts (1)	186,092	178,482
Sales and Services of Educational Departments	420	1,325
Sales and Services of Auxiliary Enterprises	133,147	128,657
Other	6,611	6,118
Total Operating Revenues	\$ 497,906	\$ 471,414

Note (1) To provide comparative information, the 2009-10 fiscal year grants and contracts were revised by an increase of \$8,008.

Total operating revenues increased \$26.5 million or 5.6 percent with the change being primarily attributable to an increase in student tuition and fees, net of scholarship allowances of \$14.8 million or 9.4 percent.

OPERATING EXPENSES

Expenses are categorized as operating or nonoperating. The majority of the University's expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The University has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net assets and has displayed the functional classification in the notes to financial statements.

The following table summarizes the operating expenses by natural classifications for the 2010-11 and 2009-10 fiscal years:

Operating Expenses (in thousands)

	2010-11	2009-10
Compensation and Employee Benefits (1)	\$ 570,758	\$ 545,851
Services and Supplies (1)	174,047	173,176
Utilities and Communications	41,492	45,831
Scholarships, Fellowships, and Waivers (1)	89,279	84,838
Depreciation	65,945	66,361
Self-Insurance Claims and Expense	-	411
Total Operating Expenses	\$ 941,521	\$ 916,468

Note (1) To provide comparative information, the 2009-10 fiscal year compensation and employee benefits were revised by an increase of \$21,369, services and supplies were revised by an increase of \$355 and scholarships, fellowships and waivers were revised by an increase of \$100.

Operating expenses increased \$25.1 million or 2.7 percent for the fiscal year with the change being primarily attributable to an increase of \$24.9 million or 4.6 percent in compensation and employee benefits due primarily to a bonus payout.

2010-2011



Management's Discussion and Analysis

NONOPERATING REVENUES AND EXPENSES

Certain revenue sources that the University relies on to provide funding for operations, including State appropriations, certain gifts and grants, and investment income, are defined by GASB as nonoperating. Nonoperating expenses include capital financing costs and other costs related to capital assets.

The following table summarizes the University's nonoperating revenues and expenses for the 2010-11 and 2009-10 fiscal years:

Nonoperating Revenues (Expenses) (in thousands)

	2010-11	2009-10
State Noncapital Appropriations	\$ 313,308	\$ 302,976
Federal and State Student Financial Aid	114,475	99,606
State Appropriated American Recovery and Reinvestment Act	23,585	23,376
Noncapital Grants, Contracts, and Gifts (1)	38,637	35,460
Investment Income	15,762	30,959
Other Nonoperating Revenues	2,342	1,050
Loss on Disposal of Capital Assets	(1,977)	(1,030)
Interest on Capital Asset-Related Debt	(8,455)	(8,813)
Other Nonoperating Expenses	(4,342)	(7,301)
Net Nonoperating Revenues	\$ 493,335	\$ 476,283

Note (1) To provide comparative information, the 2009-10 fiscal year noncapital grants, contracts and gifts were revised by an increase of \$13,816.

Net nonoperating revenues increased by \$17.1 million or 3.6 percent. This was due to an increase in State noncapital appropriations of \$10.3 million or 3.4 percent. Also, Federal and State student financial aid increased by \$14.9 million or 14.9 percent primarily as a result of increased Pell Grant monies received. However, investment income decreased by \$15.2 million or 49.1 percent due to a decrease in the net increase in the fair value of investments for the fiscal year.

OTHER REVENUES, EXPENSES, GAINS, OR LOSSES

This category is composed of capital appropriations and capital grants, contracts, donations and fees.

The following table summarizes the University's other revenues, expenses, gains, or losses for the 2010-11 and 2009-10 fiscal years:

Other Revenues, Expenses, Gains, or Losses (in thousands)

	2010-11	2009-10
State Capital Appropriations	\$ 56,600	\$ 40,439
Capital Grants, Contracts, Donations, and Fees	12,068	13,591
Total	\$ 68,668	\$ 54,030

Other revenues, expenses, gains or losses increased by \$14.6 million or 27.1 percent, primarily as a result of increased State capital appropriations for Public Education Capital Outlay (PECO) projects.

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the University's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the University's ability to generate net cash flows, its ability to meet its financial 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 show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from the noncapital financing activities include those activities not covered in other sections.

The following table summarizes cash flows for the 2010-11 and 2009-10 fiscal years:

Condensed Statement of Cash Flows (in thousands)

	2010-11	2009-10
Cash Provided (Used) By:		
Operating Activities (1)	\$ (368,150)	\$ (375,129)
Noncapital Financing Activities (2)	500,456	459,307
Capital and Related Financing Activities	(37,410)	(75,872)
Investing Activities	(85,005)	(21,203)
Net Increase (Decrease) in Cash and Cash Equivalents	9,891	(12,897)
Cash and Cash Equivalents, Beginning of Year	3,430	16,327
Cash and Cash Equivalents, End of Year	\$ 13,321	\$ 3,430

Note (1) To provide comparative information, the 2009-10 fiscal year cash used for operating activities was increased by \$13,816.

Note (2) To provide comparative information, the 2009-10 fiscal year cash provided by noncapital financing activities was increased by \$13,816.

Major sources of funds came from State noncapital appropriations totaling \$341.9 million, net student tuition and fees totaling \$171.6 million, grants and contracts totaling \$188.7 million, Federal and State student financial aid totaling \$151.6 million, and sales and services of auxiliary enterprises totaling \$132.7 million. Major uses of funds were for payments made to and on behalf of employees totaling \$562.9 million; payments to suppliers totaling \$216.3 million; purchase or construction of capital assets totaling \$148.5 million, purchase of investments, net, totaling \$100.7 million, and payments to and on behalf of students for scholarships totaling \$89.3 million.





CAPITAL ASSETS

At June 30, 2011, the University had \$2.4 billion invested in capital assets, net of accumulated depreciation of \$0.7 billion, for net capital assets of \$1.7 billion. Depreciation charges for the current fiscal year totaled \$65.9 million.

The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net (in thousands)

	2011	2010
Land	\$ 53,111	\$ 51,087
Buildings	1,207,346	1,174,402
Construction in Progress	138,317	78,437
Infrastructure and Other Improvements	71,072	72,562
Furniture and Equipment	89,353	90,161
Library Resources	32,991	31,580
Works of Art and Historical Treasures	73,849	73,762
Computer Software and Other Capital Assets	1,879	2,134
Capital Assets, Net	\$ 1,667,918	\$ 1,574,125

Additional information about the University's capital assets is presented in the notes to financial statements.

CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses during the 2010-11 fiscal year, were incurred on the following projects: Johnston Building remodeling totaling \$19.6 million, Wildwood Hall Phase II totaling \$18.8 million Nursing/Health Facility totaling \$18 million and Aero-Propulsion, Mechatronics and Energy Building totaling \$9.4 million. The University's major capital commitments at June 30, 2011, are as follows:

Construction Commitments (in thousands)

	Amounts
Total Commitments	\$ 256,941
Completed to Date	(138,317)
Balance Committed	\$ 118,624

Additional information about the University's capital commitments is presented in the notes to the financial statements.

CAPITAL DEBT ADMINISTRATION

As of June 30, 2011, the University had \$243.9 million in outstanding capital improvement debt payable and \$1.1 million in installment purchases payable, representing an increase from the prior fiscal year of \$57.3 million, or 30.7 percent and a decrease of \$0.7 million or 38.8 percent, respectively.

The following table summarizes the outstanding long-term capital debt by type at June 30:

Long-Term Capital Debt (in thousands)

	2011	2010
Capital Improvement Debt	\$ 243,866	\$ 186,588
Installment Purchases	1,095	1,790
Total	\$ 244,961	\$ 188,378

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The condition of the State of Florida's economy is the primary factor impacting the University's future. State noncapital appropriations increased modestly by \$10.3 million for the 2010-11 fiscal year. In addition, the University received \$23.6 million American Recovery and Reinvestment Act (ARRA) funds from the State. State funding has not been enough to keep pace with the growth of the University. Therefore, the University must rely more heavily on other revenue streams to maintain its quality programs.

For the 2010-11 fiscal year, gross tuition and fee revenues increased by \$34.2 million. This increase was possible due to a legislative approved 8 percent tuition increase for undergraduates and an increased tuition differential fee that allowed the University to increase undergraduate tuition up to 15 percent. Given approved increases for 2011-12 tuition and fees and with small estimated enrollment increases, revenues should increase for the near future.

Once again the University finished the 2010-11 fiscal year with an increase in total net assets over the previous year and is well positioned to continue providing excellence in educational programs. The University's tuition levels remain relatively low and continue to attract top students. Also, the ability to attract new research funding, and the outstanding fundraising capabilities are among the factors indicating a bright future for the University.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, or other required supplemental information, and financial statements and notes thereto, or requests for additional financial information should be addressed to the University Controller's Office, Florida State University, 2200A University Center, Tallahassee, Florida 32306.



Statement of Net Assets

as of June 30, 2011 (in thousands)

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 10,684	\$ 26,235
Investments	599,793	127,405
Accounts Receivable, Net	36,865	22,014
Loans and Notes Receivable, Net	2,509	73
Due from State	42,761	-
Due from Component Units/University	13,838	9,666
Inventories	2,899	313
Other Current Assets	3,659	1,619
Total Current Assets	713,008	187,325
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	2,637	59,852
Restricted Investments	82,065	465,738
Loans and Notes Receivable, Net	11,975	224
Depreciable Capital Assets, Net	1,402,641	129,838
Nondepreciable Capital Assets	265,277	21,750
Other Noncurrent Assets	3,533	83,029
Total Noncurrent Assets	1,768,128	760,431
TOTAL ASSETS	\$ 2,481,136	\$ 947,756
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 20,443	\$ 12,346
Construction Contracts Payable	16,808	-
Salaries and Wages Payable	9,692	49
Deposits Payable	4,463	21
Due to State	805	-
Due to Component Units/University	9,138	13,975
Deferred Revenue	40,718	27,669
Other Current Liabilities	1,028	5,382
Long-Term Liabilities-Current Portion:		
Capital Improvement Debt Payable	9,251	-
Bonds Payable	-	3,102
Loans and Notes Payable	-	1,131
Installment Purchases Payable	435	-
Accrued Self-Insurance Claims	210	-
Compensated Absences Payable	3,719	20
Total Current Liabilities	116,710	63,695
Noncurrent Liabilities:		
Capital Improvement Debt Payable	234,615	-
Bonds Payable	-	75,795
Loans and Notes Payable	-	11,800
Installment Purchases Payable	660	-
Accrued Self-Insurance Claims	849	-
Compensated Absences Payable	49,644	897
Other Noncurrent Liabilities	15,590	25,847
Other Postemployment Benefits Payable	13,507	-
Total Noncurrent Liabilities	314,865	114,339
TOTAL LIABILITIES	\$ 431,575	\$ 178,034
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	\$ 1,468,820	\$ 56,865
Restricted for Nonexpendable, Endowment	-	417,438
Restricted for Expendable:		
Debt Service	3,810	-
Loans	4,812	-
Capital Projects	38,370	-
Other	128,509	61,347
Endowment	-	128,227
Unrestricted	405,240	105,845
TOTAL NET ASSETS	2,049,561	769,722
TOTAL LIABILITIES AND NET ASSETS	\$ 2,481,136	\$ 947,756

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



Statement of Revenues, Expenses, and Changes in Net Assets for Fiscal Year Ended June 30, 2011 (in thousands)

	University	Component Units
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowances of \$117,630 (\$8,311 Pledged for Parking Facility Capital Improvement Debt and \$12,651 Pledged for Health and Wellness Center Capital Improvement Debt)	\$ 171,636	\$ -
Federal Grants and Contracts	156,319	-
State and Local Grants and Contracts	17,514	-
Nongovernmental Grants and Contracts	12,259	-
Sales and Services of Educational Departments	420	-
Sales and Services of Auxiliary Enterprises (\$1,753 Pledged for Parking Facility Capital Improvement Debt, \$33,698 Pledged for Housing Facility Capital Improvement Debt and \$1,491 Pledged for Dining Facility Capital Improvement Debt)	133,147	-
Sales and Services of Component Units	-	20,665
Royalties and Licensing Fees	-	14,655
Gifts and Donations	-	58,351
Interest on Loans and Notes Receivable	282	-
Other Operating Revenues	6,329	15,711
Total Operating Revenues	497,906	109,382
OPERATING EXPENSES		
Compensation and Employee Benefits	570,758	35,573
Services and Supplies	174,047	88,355
Utilities and Communications	41,492	653
Scholarships, Fellowships, and Waivers	89,279	-
Depreciation	65,945	6,373
Total Operating Expenses	941,521	130,954
OPERATING LOSS	(443,615)	(21,572)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	313,308	-
Federal and State Student Financial Aid	114,475	-
State Appropriated American Recovery & Reinvestment Act	23,585	-
Noncapital Grants, Contracts, and Gifts	38,637	-
Investment Income	15,750	14,207
Net Increase in the Fair Value of Investments	12	74,394
Investment Expense	-	(74)
Other Nonoperating Revenues	2,342	6,519
Loss on Disposal of Capital Assets	(1,977)	(1)
Interest on Capital Asset-Related Debt	(8,455)	(1,109)
Other Nonoperating Expenses	(4,342)	(11,586)
NET NONOPERATING REVENUES	493,335	82,350
Income Before Other Revenues, Expenses, Gains, or Losses	49,720	60,778
State Capital Appropriations	56,600	-
Capital Grants, Contracts, Donations, and Fees	12,068	3,907
Additions to Permanent Endowments	-	5,187
Increase in Net Assets	118,388	69,872
Net Assets, Beginning of Year	1,931,173	700,015
Adjustments to Beginning Net Assets	-	(165)
Net Assets Beginning of Year, as Restated	-	699,850
NET ASSETS, END OF YEAR	\$ 2,049,561	\$ 769,722

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

2010-2011



Statement of Cash Flows

for Fiscal Year Ended June 30, 2011 (in thousands)

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	\$ 171,636
Grants and Contracts	188,695
Sales and Services of Educational Departments	429
Sales and Services of Auxiliary Enterprises	132,686
Interest on Loans and Notes Receivable	282
Other Operating Receipts	6,262
Payments to Employees	(562,865)
Payments to Suppliers for Goods and Services	(216,278)
Payments to Students for Scholarships and Fellowships	(89,279)
Payments on Self-Insurance Claims	(292)
Net Collections on Student Loans	574
Net Cash Used by Operating Activities	(368,150)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	318,346
State Appropriated American Recovery and Reinvestment Act	23,585
Federal and State Student Financial Aid	151,561
Net Change in Funds Held for Others	5,543
Other Nonoperating Receipts	2,337
Other Nonoperating Disbursements	(916)
Net Cash Provided by Noncapital Financing Activities	500,456
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	72,278
State Capital Appropriations	61,225
Capital Grants, Contracts, Donations, and Fees	3,374
Capital Subsidies and Transfers	5
Purchase or Construction of Capital Assets	(148,477)
Principal Paid on Capital Debt	(15,020)
Interest Paid on Capital Debt	(10,795)
Net Cash Used by Capital and Related Financing Activities	(37,410)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments, Net	(100,716)
Investment Income	15,711
Net Cash Used by Investing Activities	(85,005)
Net Increase in Cash and Cash Equivalents	9,891
Cash and Cash Equivalents, Beginning of Year	3,430
Cash and Cash Equivalents, End of Year	\$ 13,321
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (443,615)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	65,945
Change in Assets and Liabilities:	
Loans and Notes Receivable, Net	902
Other Receivables, Net	2,119
Inventories	(278)
Deferred Charges and Other Assets	(334)
Accounts Payable	(455)
Salaries and Wages Payable	1,458
Accrued Insurance Claims	(292)
Deposits Payable	(1)
Compensated Absences Payable	1,560
Other Postemployment Benefits Payable	4,875
Deferred Revenue	(34)
NET CASH USED BY OPERATING ACTIVITIES	\$ (368,150)
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING AND INVESTING ACTIVITIES	
Unrealized gains on investments were recognized on the statement of revenues, expenses and changes in net assets, but are not cash transactions for the statement of cash flows.	\$ 12
Losses from the disposal of capital assets were recognized on the statement of revenues, expenses and changes in net assets, but are not cash transactions for the statement of cash flows.	\$ (1,977)

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



Notes to Financial Statements



SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The University is a separate public instrumentality that is part of the State university system of public universities, which is under the general direction and control of the Florida Board of Governors (Board of Governors). The University is directly governed by a Board of Trustees (Trustees) consisting of 13 members. The Governor appoints six citizen members and the Board of Governors appoints five citizen members. These members are confirmed by the Florida Senate and serve staggered terms of five years. The chair of the faculty senate and the president of the student body of the University are also members. The Board of Governors establishes the powers and duties of the Trustees. The Trustees are responsible for setting policies for the University, which provide governance in accordance with State law and Board of Governors' Regulations. The Trustees select the University President. The University President serves as the executive officer and the corporate secretary of the Trustees, and is responsible for administering the policies prescribed by the Trustees.

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. These criteria were used to evaluate 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 balances and activities are reported in the State's Comprehensive Annual Financial Report by discrete presentation.

Blended Component Unit

Based on the application of the criteria for determining component units, the Florida State University College of Medicine Self-Insurance Program is included within the University's reporting entity as a blended component unit. The Self-Insurance Program was created on July 1, 2006, by the Board of Governors, pursuant to Section 1004.24, Florida Statutes, and provides professional and general liability protection for faculty, medical residents, and students of the College of Medicine. Beginning July 1, 2009 and July 1, 2010, respectively, the faculty and staff of the College of Nursing and the Student Health Center were included under the Self-Insurance Program.

Discretely Presented Component Units

Based on the application of the criteria for determining component units, the following direct-support organizations (as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011) and the Florida State University Schools, Inc., (not a direct support organization) are included within the University reporting entity as discretely presented component units. These legally separate, not-for-profit, corporations are 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:

- **The Florida State University Foundation, Inc. (Foundation)** - The University's fund raising and private support programs are accounted for and reported separately by the Foundation. The Foundation revenues include unrestricted and restricted gifts and grants, rental income, and investment income. The Foundation expenses 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.
- **Seminole Boosters, Inc. (Boosters)** - The primary purpose of the 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. The Boosters' financial information includes the activities of the Florida State University Financial Assistance, Inc., as a blended component unit.

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

Notes to Financial Statements

- **Florida State University International Programs Association, Inc. (International Programs Association)** - 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-Aboard Programs in England, Italy, Costa Rica, and other sites.
- **Florida State University Alumni Association, Inc. (Alumni Association)** - The Alumni Association serves as a connecting link between alumni and the University. The nature and purpose of the Alumni Association is to aid, strengthen, and expand the University and its alumni. The Alumni Association utilizes private gifts, devises, 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.
- **The Florida State University Research Foundation, Inc. (Research Foundation)** - The Research Foundation was established 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.
- **The John and Mable Ringling Museum of Art Foundation, Inc. (Museum Foundation)** - The Museum Foundation was established 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.
- **Florida Medical Practice Plan, Inc. (FMPP)** - FMPP's purpose is to improve and support medical education in the Florida State University College of Medicine. The financial statements for the 2010-11 fiscal year were for the 12-month period ending June 30, 2011. The financial statements for the 2009-10 fiscal year were for the 18-month period ending June 30, 2010.
- **Florida State University Magnet Research and Development, Inc. (Magnet Research and Development)** - The Magnet Research and Development organization was incorporated to promote, encourage, and assist the research and training activities of faculty, staff, and students of the University and specifically to design, develop, invent, assemble, construct, test, repair, maintain, and fabricate magnets or magnet systems of any type or design.

Florida State University Schools, Inc. (School) - The School is a charter school established pursuant to Section 1002.33(5)(a), 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 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 Board of Trustees. Additional information on the University's discretely presented component units, including copies of audit reports, is available by contacting the University Controller's Office. Condensed financial statements for the University's discretely presented component units are shown in a subsequent note.

Condensed financial statements are not presented for the following direct support organizations that were not operational during the fiscal year or had activity that was determined to be immaterial to the University's financial statements.

- The Florida State University Performing Arts Center Foundation, Inc., was approved by the Board of Trustees on September 15, 2006 to raise money for building maintenance and improvement for the Center in Sarasota, Florida.
- Florida State University College of Business Investment Fund, Inc., was approved by the Trustees on September 19, 2008, to support a student managed investment fund and other FSU College of Business programs.
- The Florida State University Real Estate Foundation, Inc., was approved by the Board of Trustees on June 2, 2011, to perform transactions related to real estate and to contribute or distribute all or a portion of the net proceeds from such activity to the University, the Foundation or other entities as determined appropriate.

Basis of Presentation

The University's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by 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 entitywide 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
- Other Required Supplementary Information

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.

The University's discretely presented component units use the accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred, and follow GASB standards of accounting and financial reporting except for the Foundation, which follows FASB standards of accounting and financial reporting for not-for-profit organizations.

The University applies all applicable GASB pronouncements and, in accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, has elected to apply those FASB pronouncements issued on or before November 30, 1989, not in conflict with GASB standards.

Significant interdepartmental sales between auxiliary service departments and other institutional departments have been accounted for as reductions of expenses and not revenues of those departments.

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 assets is presented by major sources and is reported net of tuition scholarship allowances. Tuition scholarship allowances are the differences between the stated charge for goods and services provided by the University and the amount that is actually paid by a student or a 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 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 third-party aid.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and cash in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured by Federal depository insurance, up to specified limits, or collateralized with securities held in Florida's multiple financial institution collateral pool 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; works of art and historical treasures; construction in progress; buildings; infrastructure and other improvements; furniture and equipment; library resources; and computer software 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.

Notes to Financial Statements

The University has a capitalization threshold of \$1,000 for tangible personal property, \$50,000 for new buildings and \$100,000 for building 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 – 3 to 20 years
- Library Resources – 10 years
- Computer Software and Other Capital Assets – 5 years

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of capital improvement debt payable, installment purchases payable, accrued self-insurance claims payable, compensated absences payable, other postemployment benefits payable and other noncurrent liabilities that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable is reported net of unamortized premiums or discounts and deferred losses on refunding. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method. Deferred losses on refunding are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method. Issuance costs paid from the debt proceeds are amortized over the life of the debt using the straight-line method.

Operating Revenues and Expenses

The University's principal operating activities consist of instruction, research, and public service. Operating revenues include activities that have characteristics of exchange transactions, such as student fees, net of scholarship allowances; sales and services of auxiliary enterprises; Federal, state, local and nongovernmental grants and contracts; and sales and services of educational departments. Operating expenses include all expense transactions incurred other than those related to investing, capital or noncapital financing activities.

Nonoperating Revenues and Expenses

Nonoperating revenues include activities that have characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 35, *Basic Financial Statements – Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB Statements Nos. 37 and 38, such as appropriations and investment income. Nonoperating expenses include interest paid on capital-asset related debt and losses on the disposal of capital assets.

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INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds 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 adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under the provisions of Florida Statutes. Pursuant to Sections 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the State Board of Administration (SBA); interest-bearing time deposits and savings accounts in qualified public depositories, as defined in Section 280.02, Florida Statutes; direct obligations of the United States Treasury; obligations of Federal agencies and instrumentalities; securities of, or interests in, certain open-end or closed-end management type investment companies; Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency; and other investments approved by the University's Board of Trustees as authorized by law. Investments set aside to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital assets are classified as restricted.

External Investment Pools

The University reported investments at fair value totaling \$678,134,432 at June 30, 2011, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The SPIA carried a credit rating of Af by Standard & Poor's and had an effective duration of 2.13 years at June 30, 2011. 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 financial statements of the State's Comprehensive Annual Financial Report.

State Board of Administration Debt Service Accounts

The University reported investments at fair value totaling \$3,724,286 at June 30, 2011, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the University. The University's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value. The University relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to the financial statements of the State's Comprehensive Annual Financial Report.

Component Units Investments

Investments held by the University's component units at June 30, 2011, are reported at fair value as follows:

INVESTMENT TYPE	THE FLORIDA STATE UNIVERSITY FOUNDATION, INC.	SEMINOLE BOOSTERS, INC.	FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC.	THE FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC.	THE JOHN AND MABLE RINGLING MUSEUM OF ART FOUNDATION, INC.	FLORIDA STATE UNIVERSITY SCHOOLS, INC.	TOTAL
External Investment Pools:							
SBA - PRIME	\$ -	\$ -	\$ -	\$ 34,487,278	\$ -	\$ -	\$ 34,487,278
SBA - Fund B	-	-	-	1,076,113	-	-	1,076,113
SBA - CAMPMM - Restricted	-	-	-	249,761	-	-	249,761
Certificates of Deposit	-	-	152,538	-	-	-	152,538
Money Market Funds	110,541	-	-	31,434,643	-	4,351,678	35,896,862
U.S. Government Obligations	-	-	-	-	2,737,351	-	2,737,351
Domestic Stocks	-	15,240,421	-	42,005,603	-	-	57,246,024
Real Estate Investments	804,554	17,795,017	-	-	-	-	18,599,571
Mutual Funds	303,338,344	21,699,423	-	-	568,985	-	325,606,752
Investment Agreements	117,090,437	-	-	-	-	-	117,090,437
TOTAL	\$ 421,343,876	\$ 54,734,861	\$ 152,538	\$ 109,253,398	\$ 3,306,336	\$ 4,351,678	\$ 593,142,687

External Investment Pools

State Board of Administration Florida PRIME

The Research Foundation reported investments at fair value totaling \$34,487,278 at June 30, 2011, in the Florida PRIME investment pool administered by the SBA pursuant to Section 218.405, Florida Statutes. These investments in the Florida PRIME investment pool, which the SBA indicates is a Securities and Exchange Commission Rule 2a7-like external investment pool, at June 30, 2011, are similar to money market funds in which shares are owned in the fund rather than the underlying investments. The Florida PRIME investment pool carried a credit rating of AAAM by Standard & Poor's and had a weighted-average days to maturity (WAM) of 31 days as of June 30, 2011. A portfolio's WAM reflects the average maturity in days, based on final maturity or reset date, in the case of floating rate instruments. WAM measures the sensitivity of the Florida PRIME investment pool to interest rate changes. The investments in the Florida PRIME investment pool are reported at fair value, which is amortized cost.

State Board of Administration Fund B Surplus Funds Trust Fund

On December 4, 2007, the SBA restructured the Local Government Surplus Funds Trust Fund to establish the Fund B Surplus Funds Trust Fund (Fund B). Fund B, which is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes, is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME investment pool, consistent with the pro rata allocation of pool shareholders of record at the creation date of Fund B. One hundred percent of such distributions from Fund B are available as liquid balances within the Florida PRIME investment pool.

At June 30, 2011, the Research Foundation reported investments at fair value of \$1,076,113 in Fund B. The investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 0.78965331 at June 30, 2011. The weighted-average life (WAL) of Fund B at June 30, 2011, was 7.16 years. A portfolio's WAL is the dollar-weighted average length of time until securities held reach maturity and is based on legal final maturity dates for Fund B as of June 30, 2011. WAL measures the sensitivity of Fund B to interest rate changes. The component units' investment in Fund B is unrated.

Notes to Financial Statements

State Board of Administration Commingled Asset Management Program

The Research Foundation reported investments at fair value totaling \$249,761 at June 30, 2011, in the Commingled Asset Management Program (CAMP) administered by the SBA. All securities purchased are consistent with Section 215.47, Florida Statutes and may be loaned to qualified borrowers in accordance with Florida Statutes. These funds are invested in the CAMP Money Market Restricted Pool (CAMPMM-Restricted).

The Research Foundation's written investment policy authorizes investment in highly diversified index funds that utilize futures, options, and other securities authorized under Section 215.47, Florida Statutes. The Research Foundation's investment policy for these diversified index funds does not specifically address interest rate risk or credit risks. The Research Foundation relies on policies developed by the SBA for managing interest rate risk and credit risk for this account. The SBA has taken the position that participants in the CAMPMM-Restricted pool are required to disclose information related to credit risk and interest rate risk. These investments pools were not ranked by a nationally recognized rating agency as of June 30, 2011. The CAMPMM-Restricted pool principally consists of segregated securities, which are securities originally purchased in the Commingled Asset Management Pool Money Market Fund (CAMPMM) that (1) defaulted in the payment of principal and interest; (2) were extended; (3) were restructured or otherwise subject to workout; or (4) experienced elevated market illiquidity. Participants in CAMPMM-Restricted pool receive periodic distributions to the extent that CAMPMM-Restricted pool receives proceeds deemed material by the SBA from (1) the natural maturities of securities, coupon interest collections, or collateral interest and principal paydowns; or (2) the sale of securities, collateral liquidation, or other restructure and workout activities undertaken. The weighted average life (based on expected future cash flows) of CAMPMM-Restricted pool at June 30, 2011, is estimated to be 8.69 years. However, because CAMPMM-Restricted pool consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted-average life.

Other Component Unit Investments

For the component units, the majority of investments are those reported by the Foundation. 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 of an investment. The Museum Foundation investment policy limits the investment activity of the Fine Arts Endowment to U.S. Government securities with maturities not to exceed five years. The Museum Foundation's investment policy does not limit the investment maturities of the remaining 30 percent of its portfolio as a means of managing its exposure to fair value losses arising from increasing interest rates. The Research Foundation's investment policy limits the weighted average maturity of its investment portfolio to less than eight years. The Boosters and the School do not have written investment policies addressing interest rate risk. Investments of these component units in debt securities, mutual funds, money market funds and certificates of deposit have their future maturities at June 30, 2011, as follows:

INVESTMENT TYPE	FAIR VALUE	INVESTMENT MATURITIES (IN YEARS)		
		DAILY	LESS THAN 1	1-5
The John and Mable Ringling Museum of Art Foundation, Inc.				
U.S. Government Obligations	\$ 2,737,351	-	\$ 1,473,759	\$ 1,263,592
Mutual Funds	568,985	-	568,985	-
TOTAL	\$ 3,306,336	-	\$ 2,042,744	\$ 1,263,592
The Florida State University Research Foundation, Inc.				
Money Market Funds	\$ 31,434,643	\$ -	\$ 31,434,643	\$ -
Seminole Boosters, Inc.				
Mutual Funds	\$ 21,699,423	\$ 21,699,423	\$ -	\$ -
Florida State University Alumni Association, Inc.				
Certificates of Deposit	\$ 152,538	\$ -	\$ 152,538	\$ -
Florida State University Schools, Inc.				
Money Market Funds	\$ 4,351,678	\$ 4,351,678	\$ -	\$ -

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Obligations of the United States Government or obligations explicitly guaranteed by the United States Government are not considered to have credit risk and do not require disclosure of credit quality. At June 30, 2011, the Museum Foundation had \$568,985 of mutual funds that were not rated, the Boosters had \$21,699,423 of mutual funds rated as AAAM by Standard & Poor's, the Research Foundation had \$31,434,643 of money market funds rated as AAAM by Standard & Poor's, and the School had \$4,351,678 of money market funds rated as Aaa by Standard & Poor's.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty, the component unit 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. The Museum Foundation, the Research Foundation, the Boosters, the Alumni Association, and the School do not have written investment policies addressing 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 Museum Foundation investment policy provides that the maximum amount that may be invested in the securities of an individual issuer other than the U.S. Government and its agencies shall not exceed five percent of the market value of the portfolio. The Boosters investment policy provides that investment in any one issuer must be limited to five percent at cost and seven percent of the market value of the portfolio. The Research Foundation and the School do not have a written investment policy addressing concentration of credit risk.

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RECEIVABLES

Accounts Receivable

Accounts receivable represent amounts for student tuition and fees, contract and grant reimbursements due from third parties, various sales and services provided to students and third parties, and interest accrued on investments and loans receivable. As of June 30, 2011, the University reported the following amounts as accounts receivable:

DESCRIPTION	AMOUNT
Student Tuition and Fees	\$ 9,928,404
Contracts and Grants	19,334,740
Sales and Services of Educational Departments	25,644
Sales and Services of Auxiliary Enterprises	6,142,675
Interest	1,462,616
Other	1,017,782
TOTAL ACCOUNTS RECEIVABLE	\$ 37,911,861

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 doubtful accounts are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. Accounts receivable, and loans and notes receivable, are reported net of allowances of \$1,047,315 and \$1,608,994, respectively, at June 30, 2011. No allowance has been accrued for contracts and grants receivable. University management considers these to be fully collectible.

Notes to Financial Statements

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DUE FROM STATE

The \$42,760,737 due from the State consists of Public Education Capital Outlay allocations to the University for construction of University facilities.

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DUE FROM AND TO COMPONENT UNITS/UNIVERSITY

The University's financial statements are reported for the fiscal year ended June 30, 2011. The University's component units' financial statements are reported as of the most recent fiscal year for which an audit report is available. One component unit has a fiscal year other than June 30. Accordingly, amounts reported by the University as due from and to component units on the statement of net assets do not agree with amounts reported by the component units as due from and to the University.

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INVENTORIES

Inventories have been categorized into the following two types:

- Departmental Inventories – Those inventories maintained by departments and not available for resale. Departmental inventories are comprised of such items as classroom and laboratory supplies, teaching materials, and office supply items, which are consumed in the teaching and work process. These inventories are normally expensed when purchased and therefore are not reported on the statement of net assets.
- Merchandise Inventory – Those inventories maintained which 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, actual cost, first-in, first-out or last invoice cost method.

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CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2011, is shown below:

DESCRIPTION	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE
Nondepreciable Capital Assets:				
Land	\$ 51,087,111	\$ 2,023,894	\$ -	\$ 53,111,005
Works of Art and Historical Treasures	73,762,125	90,595	4,000	73,848,720
Construction in Progress	78,437,209	127,801,208	67,921,612	138,316,805
TOTAL NONDEPRECIABLE CAPITAL ASSETS	\$ 203,286,445	\$ 129,915,697	\$ 67,925,612	\$ 265,276,530
Depreciable Capital Assets:				
Buildings	\$ 1,488,348,531	\$ 63,495,386	\$ 513,315	\$ 1,551,330,602
Infrastructure and Other Improvements	116,296,938	2,393,902	-	118,690,840
Furniture and Equipment	319,027,886	26,143,677	20,388,735	324,782,828
Library Resources	114,100,487	8,706,846	853,485	121,953,848
Computer Software and Other Capital Assets	29,874,301	543,677	150,631	30,267,347
Total Depreciable Capital Assets	2,067,648,143	101,283,488	21,906,166	2,147,025,465
Less, Accumulated Depreciation:				
Buildings	313,946,161	30,302,394	263,792	343,984,763
Infrastructure and Other Improvements	43,735,046	3,883,453	-	47,618,499
Furniture and Equipment	228,867,132	23,812,029	17,249,479	235,429,682
Library Resources	82,520,892	7,252,473	810,927	88,962,438
Computer Software and Other Capital Assets	27,739,882	694,678	45,721	28,388,839
Total Accumulated Depreciation	696,809,113	65,945,027	18,369,919	744,384,221
TOTAL DEPRECIABLE CAPITAL ASSETS, NET	\$ 1,370,839,030	\$ 35,338,461	\$ 3,536,247	\$ 1,402,641,244

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DEFERRED REVENUE

Deferred revenue includes Public Education Capital Outlay appropriations for which the University had not yet received approval from the Florida Department of Education, as of June 30, 2011, to spend the funds, student tuition and fees, and other revenue received prior to fiscal year-end related to subsequent accounting periods. As of June 30, 2011, the University reported the following amounts as deferred revenue:

DESCRIPTION	AMOUNT
Capital Appropriations	\$ 18,086,634
Athletic Revenues	12,241,678
Sponsored Research	2,882,965
Housing Fees	7,451,086
Other	55,502
TOTAL DEFERRED REVENUE	\$ 40,717,865

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LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2011, include capital improvement debt payable, installment purchases payable, accrued self-insurance claims payable, compensated absences payable, other postemployment benefits payable and other noncurrent liabilities. Other noncurrent liabilities consist mainly of the liability for the Federal Capital Contribution (advance) provided to fund the University's Federal Perkins Loan Program. This amount will ultimately be returned to the Federal Government should the University cease making Federal Perkins Loans or if the University has excess cash in the loan program. Long-term liabilities activity for the fiscal year ended June 30, 2011, is shown below:

DESCRIPTION	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	CURRENT PORTION
Capital Improvement Debt Payable	\$ 186,587,815	\$ 72,141,705	\$ 14,863,084	\$ 243,866,436	\$ 9,251,303
Installment Purchases Payable	1,789,594	-	694,566	1,095,028	434,383
Accrued Self-Insurance Claims	1,350,477	-	291,666	1,058,811	209,994
Compensated Absences Payable	51,803,897	5,331,003	3,771,613	53,363,287	3,719,381
Other Postemployment Benefits Payable	8,632,000	8,433,000	3,558,000	13,507,000	-
Other Noncurrent Liabilities	16,528,569	-	938,811	15,589,758	-
TOTAL LONG-TERM LIABILITIES	\$ 266,692,352	\$ 85,905,708	\$ 24,117,740	\$ 328,480,320	\$ 13,615,061



Notes to Financial Statements

Capital Improvement Debt Payable

The University had the following capital improvement debt payable outstanding at June 30, 2011:

CAPITAL IMPROVEMENT DEBT TYPE AND SERIES	AMOUNT OF ORIGINAL DEBT	AMOUNT OUTSTANDING (1)	INTEREST RATES (PERCENT)	MATURITY DATE TO
Auxiliary Revenue Debt:				
1993 Housing	\$ 3,500,000	\$ 1,678,773	3.0	2022
2001 Housing	9,000,000	7,029,955	4.3 - 5.0	2030
2001A Housing	25,500,000	20,538,591	4.4 - 5.0	2031
2004A Housing	23,145,000	18,018,136	3.0 - 4.5	2034
2005A Housing	71,285,000	67,106,617	3.75 - 5.0	2035
2010A Housing	18,910,000	18,234,835	2.5 - 4.75	2040
Total Student Housing Debt	151,340,000	132,606,907		
2003A Parking	5,585,000	1,643,976	3.5 - 3.75	2014
2003B Parking	15,645,000	10,581,606	3.4 - 4.5	2023
2005A Parking	11,270,000	8,782,312	3.75 - 5.0	2025
2007A Parking	13,230,000	11,002,991	4.0 - 4.625	2026
20011A Parking	22,145,000	21,537,169	2.5 - 5.25	2031
Total Student Parking Debt	67,875,000	53,548,054		
2005A Dining	10,000,000	8,052,400	5.083 (2)	2025
2010A Wellness Center	31,320,000	31,064,075	3.0 - 5.0	2030
Total Auxiliary Debt	260,535,000	225,271,436		
2001 Research Foundation Revenue Debt	22,590,000	18,595,000	4.0 - 4.875	2031
TOTAL CAPITAL IMPROVEMENT DEBT	\$ 283,125,000	\$ 243,866,436		

Notes: (1) Amount outstanding includes unamortized discounts and premiums, issuance costs paid from debt proceeds and deferred losses on refunding issues and deferred charges.

(2) Rate listed is for interest payments through July 1, 2012. Rates are still to be determined for interest payments due after July 1, 2012.

The University has pledged a portion of future housing rental revenues, traffic and parking fees, food service revenues, and assessed student transportation and student health fees based on credit hours to repay \$260.5 million in capital improvement (housing, parking, etc.) revenue bonds issued by the Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct student parking garages, student housing facilities, a health center, and other student service facilities. The bonds are payable solely from housing rental income, traffic and parking fees, food service revenues, and assessed student transportation and student health fees, and are payable through 2040. The University has committed to appropriate each year from the housing rental income, traffic and parking fees, food service revenues, and assessed student transportation and student health fees amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$350.5 million, and principal and interest paid for the current year totaled \$24.1 million. During the 2010-11 fiscal year housing rental revenues, traffic and parking fees, food service revenues, and assessed student transportation and student health fees were as follows:

REVENUE SOURCE	AMOUNT
Housing Rental Income	\$ 33,698,001
Traffic, Parking and Transportation Fees	10,064,089
Food Service Revenues	1,490,980
Student Health Fees	12,651,426

The University issued new long-term capital improvement debt instruments as follows:

- On July 15, 2010, the Board of Governors issued \$31,320,000 of Florida State University Mandatory Student Fee Revenue Bonds, Series 2010A, with interest rates ranging from 3.0 percent to 5.0 percent. The capital improvement debt proceeds are being used to finance the construction of a Health and Wellness Center on the main campus of the University.
- On August 5, 2010, the Board of Governors issued \$18,910,000 of Florida State University Dormitory Revenue Bonds, Series 2010A, with interest rates ranging from 2.5 percent to 4.75 percent. The capital improvement debt proceeds are being used to finance the construction of a dormitory on the main campus of the University.

- On February 10, 2011, the Board of Governors issued \$22,145,000 of Florida State University Parking Facility Revenue Bonds, Series 2011A, with interest rates ranging from 2.5 percent to 5.25 percent. A portion of the capital improvement debt proceeds was used to defease \$6,775,000 of outstanding Florida State University Parking Facility Revenue Bonds, Series 2001 maturing in the years 2012 through 2022, with the remaining portion used to finance the construction of a parking facility on the main campus of the University. A portion of the proceeds will be deposited into a trust fund to provide for all future debt service payments on the defeased bonds. The trust assets and liability for the defeased bonds are not included in the University's statement of net assets. The trust redeemed the defeased bonds on July 1, 2011. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$525,403 over the next eleven years and obtained an economic gain of \$441,614.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2011, are as follows:

FISCAL YEAR ENDING JUNE 30	PRINCIPAL	INTEREST	TOTAL
2012	\$ 9,290,000	\$ 10,987,176	\$ 20,277,176
2013	9,620,000	10,654,689	20,274,689
2014	9,975,000	10,295,367	20,270,367
2015	9,760,000	9,899,039	19,659,039
2016	10,165,000	9,499,721	19,664,721
2017-2021	57,630,000	40,586,858	98,216,858
2022-2026	60,985,000	26,737,931	87,722,931
2027-2031	50,815,000	13,435,756	64,250,756
2032-2036	21,150,000	3,654,388	24,804,388
2037-2040	4,115,000	499,700	4,614,700
SUBTOTAL	243,505,000	136,250,625	379,755,625
Less: Unamortized Loss on Refundings	862,147	-	862,147
Less: Unamortized Deferred Charges	2,394,627	-	2,394,627
Plus: Unamortized Premiums and Discounts, Net	3,618,210	-	3,618,210
TOTAL	\$ 243,866,436	\$ 136,250,625	\$ 380,117,061

Installment Purchases Payable

The University has entered into several installment purchase agreements for the purchase of equipment reported at \$3,273,264. The stated interest rates ranged from 2.43 percent to 3.78 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2011, are as follows:

FISCAL YEAR ENDING JUNE 30	AMOUNT
2012	\$ 457,468
2013	214,191
2014	134,412
2015	134,412
2016	134,412
2017	100,809
Total Minimum Payments	1,175,704
Less: Amount Representing Interest	80,676
PRESENT VALUE OF MINIMUM PAYMENTS	\$ 1,095,028

Compensated Absences Payable

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. At June 30, 2011, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$53,363,287.

Notes to Financial Statements

Other Postemployment Benefits Payable

The University follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for certain postemployment healthcare benefits administered by the State Group Health Insurance Program.

Plan Description. Pursuant to the provisions of Section 112.0801, Florida Statutes, all employees who retire from the University are eligible to participate in the State Group Health Insurance Program, an agent multiple-employer defined-benefit plan (Plan). The University subsidizes the premium rates paid by retirees by allowing them to participate in the Plan at reduced or blended group (implicitly subsidized) premium rates for both active and retired employees. These rates provide an implicit subsidy for retirees because, on an actuarial basis, their current and future claims are expected to result in higher costs to the Plan on average than those of active employees. Retirees are required to enroll in the Federal Medicare program for their primary coverage as soon as they are eligible. A stand-alone report is not issued and the Plan information is not included in the report of a public employee retirement system or another entity.

Funding Policy. Plan benefits are pursuant to the provisions of Section 112.0801, Florida Statutes, and benefits and contributions can be amended by the Florida Legislature. The University has not advance-funded or established a funding methodology for the annual other postemployment benefit (OPEB) costs or the net OPEB obligation, and the Plan is financed on a pay-as-you-go basis. As of July 1, 2009, the most recent actuarial valuation date, 1,141 retirees received postemployment healthcare benefits. The University provided required contributions of \$3,558,000 toward the annual OPEB cost, comprised of benefit payments made on behalf of retirees for claims expenses (net of reinsurance), administrative expenses, and reinsurance premiums. Retiree contributions totaled \$4,368,000.

Annual OPEB Cost and Net OPEB Obligation. The University's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the University's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the University's net OPEB obligation:

DESCRIPTION	AMOUNT
Normal Cost (Service Cost for One Year)	\$ 4,289,000
Amortization of Unfunded Actuarial Accrued Liability	3,765,000
Interest on Normal Cost and Amortization	322,000
Annual Required Contribution	8,376,000
Interest on Net OPEB Obligation	345,000
Adjustment to Annual Required Contribution	(288,000)
Annual OPEB Cost (Expense)	8,433,000
Contribution Toward the OPEB Cost	(3,558,000)
Increase in Net OPEB Obligation	4,875,000
Net OPEB Obligation, Beginning of Year	8,632,000
Net OPEB Obligation, End of Year	\$ 13,507,000

The University's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011, and for the two preceding years, were as follows:

FISCAL YEAR	ANNUAL OPEB COST	PERCENTAGE OF ANNUAL OPEB COST CONTRIBUTED	NET OPEB OBLIGATION
2008-09	\$ 4,243,000	63%	\$ 3,677,000
2009-10	8,038,000	38%	8,632,000
2010-11	8,433,000	42%	13,507,000

Funded Status and Funding Progress. As of July 1, 2009, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$107,457,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$107,457,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$356,749,198 for the 2010-11 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 30.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and termination, mortality, and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan provisions, as understood by the employer and participating members, and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and participating members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The University's OPEB actuarial valuation as of July 1, 2009, used the entry-age cost actuarial method to estimate the unfunded actuarial liability as of June 30, 2011, and the University's 2010-11 fiscal year ARC. This method was selected because it is the same method used for the valuation of the Florida Retirement System. Because the OPEB liability is currently unfunded, the actuarial assumptions included a 4 percent rate of return on invested assets. The actuarial assumptions also included a payroll growth rate of 4 percent per year. Healthcare cost trend rates were 9.02 percent, 9.47 percent, and 9.62 percent for the for the current and two previous years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and were 7.11 percent, 10.5 percent and 10.5 percent for the current and two previous years for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates are both 6.6 percent in the fourth year grading identically to 5.1 percent over 70 years. The unfunded actuarial accrued liability is being amortized over 30 years using the level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011, was 26 years.



RETIREMENT PROGRAMS

Florida Retirement System

Essentially all regular employees of the University are eligible to enroll as members of the State-administered Florida Retirement System (FRS). Provisions relating to FRS are established by Chapters 121 and 122, Florida Statutes; Chapter 112, Part IV, Florida Statutes; Chapter 238, Florida Statutes; and Florida Retirement System Rules, Chapter 60S, Florida Administrative Code; wherein eligibility, contributions, and benefits are defined and described in detail. FRS is a single retirement system administered by the Department of Management Services, Division of Retirement, and consists of two cost-sharing, multiple-employer retirement plans and other nonintegrated programs. These include a defined-benefit pension plan (Plan), a Deferred Retirement Option Program (DROP), and a defined-contribution plan, referred to as the Public Employee Optional Retirement Program (PEORP).

Employees in the Plan vest at six years of service. All vested 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; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits and annual cost-of-living adjustments.

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 payments while continuing employment with an FRS employer. An employee may participate in the DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest.

Notes to Financial Statements

The State of Florida establishes contribution rates for participating employers. Contribution rates during the 2010-11 fiscal year were as follows:

CLASS OR PLAN	PERCENT OF GROSS SALARY	
	EMPLOYEE	EMPLOYER (A)
Florida Retirement System, Regular	0.00	10.77
Florida Retirement System, Senior Management Service	0.00	14.75
Florida Retirement System, Special Risk	0.00	23.25
Teachers' Retirement System, Plan E	6.25	11.35
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	12.25
Florida Retirement System, Reemployed Retiree	(B)	(B)

Note: (A) Employer rates include 1.11 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Public Employee Optional Retirement Program.

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

The University's liability for participation 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, including employee contributions, for the fiscal years ended June 30, 2009, June 30, 2010, and June 30, 2011, totaled \$16,157,988, \$15,671,982, and \$17,334,687 respectively, which were equal to the required contributions for each fiscal year.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the PEORP in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or the DROP are not eligible to participate in this program. Employer contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The PEORP is funded by employer contributions that are based on salary and membership class (Regular Class, Special Risk Class, etc.). Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Employees in PEORP vest at one year of service. There were 599 University participants during the 2010-11 fiscal year. Required contributions made to the PEORP totaled \$2,783,362.

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

State University System Optional Retirement Program. Section 121.35, Florida Statutes, provides for an Optional Retirement Program (Program) for eligible university instructors and administrators. The Program is designed to aid State universities in recruiting employees by offering more portability to employees not expected to remain in the FRS for six or more years.

The Program is a defined-contribution plan, which provides full and immediate vesting of all contributions submitted to the participating companies on behalf of the participant. Employees in eligible positions can make an irrevocable election to participate in the Program, rather than the FRS, and purchase retirement and death benefits through contracts provided by certain insurance carriers. The employing university contributes on behalf of the participant 10.43 percent of the participant's salary, less a small amount used to cover 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 payroll deduction, an amount not to exceed the percentage contributed by the university to the participant's annuity account.

There were 2,126 University participants during the 2010-11 fiscal year. Required employer contributions made to the Program totaled \$18,475,863, and employee contributions totaled \$8,296,269.



CONSTRUCTION COMMITMENTS

The University's construction commitments at June 30, 2011, are as follows:

PROJECT DESCRIPTION	TOTAL COMMITMENT	COMPLETED TO DATE	BALANCE COMMITTED
Johnston Building	\$ 51,612,323	\$ 39,084,519	\$ 12,527,804
Nursing/Health Facility	50,382,717	20,954,632	29,428,085
Wildwood Halls Phase II	31,652,471	20,652,364	11,000,107
Parking Garage #6	17,019,647	1,516,639	15,503,008
1st DCA Building - College of Law Renovation	14,458,193	3,995,201	10,462,992
Other (1)	91,816,012	52,113,450	39,702,562
TOTAL	\$ 256,941,363	\$ 138,316,805	\$ 118,624,558

Note: (1) All other projects with committed balances less than \$5 million.



RISK MANAGEMENT PROGRAMS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Pursuant to Section 1001.72(2), Florida Statutes, the University participates in State self-insurance programs providing insurance for property and casualty, workers' compensation, general liability, fleet automotive liability, Federal Civil Rights, and employment discrimination liability. During the 2010-11 fiscal year, for property losses, the State retained the first \$2 million per occurrence for all perils except named windstorm and flood losses. In addition, for named windstorm and flood losses the State retained the first \$2 million per occurrence with an annual aggregate of \$40 million. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$58.75 million for named windstorm and flood losses through February 14, 2011, and increased to \$61 million starting February 15, 2011. For perils other than named windstorm and flood, losses in excess of \$2 million per occurrence were commercially insured up to \$200 million; and losses exceeding those amounts were retained by the State. No excess insurance coverage is provided for workers' compensation, general and automotive liability, Federal Civil Rights and employment action coverage; all losses in these categories are completely self-insured by the State through the State Risk Management Trust Fund established pursuant to Chapter 284, Florida Statutes. Payments on tort claims are limited to \$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. Settlements have not exceeded insurance coverage during the past three fiscal years.

Pursuant to Section 110.123, Florida Statutes, University employees may obtain healthcare services through participation in the State group health insurance plan or through membership in a health maintenance organization plan under contract with the State. The State's risk financing activities associated with State group health insurance, such as risk of loss related to medical and prescription drug claims, are administered through the State Employees Group Health Insurance Trust Fund. It is the practice of the State not to purchase commercial coverage for the risk of loss covered by this Fund. Additional information on the State's group health insurance plan, including the actuarial report, is available from the Florida Department of Management Services, Division of State Group Insurance.

University Self-Insurance Program

The Florida State University College of Medicine Self-Insurance Program was established pursuant to Section 1004.24, Florida Statutes on July 1, 2006. The Self-Insurance Program provides professional and general liability protection for the Florida State University Board of Trustees for claims and actions arising from the clinical activities of the College of Medicine faculty, staff and residents physicians. This includes the faculty and staff of the College of Nursing, effective July 1, 2009, and the faculty and staff of the Student Health Center, effective July 1, 2010. Liability protection is afforded to the students of each college. The Self-Insurance Program provides legislative claims bill protection.

Notes to Financial Statements

The University is protected for losses that are subject to Section 768.28, Florida Statutes, to the extent of the waiver of sovereign immunity as described in Section 768.28(5), Florida Statutes. The Self-Insurance Program also provides \$1,000,000 per legislative claims bills inclusive of payments made pursuant to Section 768.28, Florida Statutes; \$250,000 per occurrence of protection for the participants that are not subject to the provisions of Section 768.28, Florida Statutes; \$250,000 per claim protection for participants who engage in approved community service and act as Good Samaritans; and student protections of \$100,000 for a claim arising from an occurrence for any one person, \$250,000 for all claims arising from an occurrence and professional liability required by a hospital or other healthcare facility for educational purposes not to exceed a per occurrence limit of \$1,000,000.

The Self-Insurance Program's estimated liability for unpaid claims at fiscal year end is the result of management and actuarial analysis and includes an amount for claims that have been incurred but not reported. Changes in the balances of claims liability for the Self-Insurance Program during the 2010-11 fiscal year are presented in the following table:

FISCAL YEAR	CLAIMS LIABILITIES BEGINNING OF YEAR	CURRENT CLAIMS/ CHANGES IN ESTIMATES	CLAIMS PAYMENTS	CLAIMS LIABILITIES END OF YEAR
2008-09	\$ 812,481	\$ 149,072	\$ 12,999	\$ 948,554
2009-10	948,554	411,492	9,569	1,350,477
2010-11	1,350,477	(289,032)	2,634	1,058,811



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	\$ 274,275,291
Research	134,101,685
Public Service	32,835,274
Academic Support	60,482,786
Student Services	30,599,736
Institutional Support	54,422,966
Operation and Maintenance of Plant	58,238,484
Scholarships and Fellowships	89,279,004
Depreciation	65,945,027
Auxiliary Enterprises	140,843,540
Loan Operations	497,118
Total Operating Expenses	\$ 941,520,911



SEGMENT INFORMATION

A segment is defined as an identifiable activity (or grouping of activities) that has one or more bonds or other debt instruments 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 Parking and Housing facilities represents identifiable activities for which one or more bonds are outstanding:

CONDENSED STATEMENT OF NET ASSETS

	PARKING FACILITY CAPITAL IMPROVEMENT DEBT	HOUSING FACILITY CAPITAL IMPROVEMENT DEBT
Assets		
Current Assets	\$ 4,352,793	\$ 19,687,863
Capital Assets, Net	64,119,376	189,038,405
Other Noncurrent Assets	16,753,068	36,377,718
Total Assets	85,225,237	245,103,986
Liabilities		
Current Liabilities	4,383,903	16,594,371
Noncurrent Liabilities	50,959,775	130,533,640
Total Liabilities	55,343,678	147,128,011
Net Assets		
Invested in Capital Assets, Net of Related Debt	25,100,629	61,896,621
Restricted - Expendable	3,520,509	26,128,049
Unrestricted	1,260,421	9,951,305
Total Net Assets	\$ 29,881,559	\$ 97,975,975

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	PARKING FACILITY CAPITAL IMPROVEMENT DEBT	HOUSING FACILITY CAPITAL IMPROVEMENT DEBT
Operating Revenues	\$ 10,064,089	\$ 33,698,001
Depreciation Expense	(1,554,617)	(4,055,186)
Other Operating Expenses	(4,259,987)	(15,777,800)
Operating Income	4,249,485	13,865,015
Net Nonoperating Expenses	(1,290,863)	(3,764,107)
Income Before Other Revenues, Expenses, Gains, or Losses	2,958,622	10,100,908
Other Revenues, Expenses, Gains, or Losses	(683,360)	(697,714)
Increase in Net Assets	2,275,262	9,403,194
Net Assets, Beginning of Year	27,606,297	88,572,781
Net Assets, End of Year	\$ 29,881,559	\$ 97,975,975

CONDENSED STATEMENT OF CASH FLOWS

	PARKING FACILITY CAPITAL IMPROVEMENT DEBT	HOUSING FACILITY CAPITAL IMPROVEMENT DEBT
Net Cash Provided (Used) by:		
Operating Activities	\$ 5,966,070	\$ 17,230,421
Noncapital Financing Activities	(683,360)	(697,714)
Capital and Related Financing Activities	8,473,487	(9,666,124)
Investing Activities	(13,727,057)	(6,836,491)
Net Increase in Cash and Cash Equivalents	29,140	30,092
Cash and Cash Equivalents, Beginning of Year	5,096	22,588
Cash and Cash Equivalents, End of Year	\$ 34,236	\$ 52,680

Notes to Financial Statements



COMPONENT UNITS

The University has twelve component units as discussed in note 1, nine of which had activity during the 2010-11 fiscal year. These component units comprise 100 percent of the transactions and account balances of the aggregate discretely presented component units' columns of the financial statements. The following financial information is from the most recently available audited financial statements for the component units:

DIRECT-SUPPORT ORGANIZATIONS

	THE FLORIDA STATE UNIVERSITY FOUNDATION, INC. 6/30/2011	SEMINOLE BOOSTERS, INC. 6/30/2011	FLORIDA STATE UNIVERSITY INTERNATIONAL PROGRAMS ASSOCIATION, INC. 9/30/2010	FLORIDA STATE UNIVERSITY ALUMNI ASSOCIATION, INC. 6/30/2011
Condensed Statement of Net Assets				
Assets:				
Current Assets	\$ 15,540,281	\$ 34,061,423	\$ 6,947,702	\$ 664,652
Capital Assets, Net	1,096,125	90,419,328	19,724,732	94,411
Other Noncurrent Assets	488,175,011	114,852,688	5,666	68,137
TOTAL ASSETS	504,811,417	239,333,439	26,678,100	827,200
Liabilities:				
Current Liabilities	6,040,072	28,803,147	1,983,070	51,783
Noncurrent Liabilities	6,383,717	78,242,191	11,651,350	23,817
TOTAL LIABILITIES	12,423,789	107,045,338	13,634,420	75,600
Net Assets:				
Invested in Capital Assets, Net of Related Debt	1,096,125	27,797,517	7,049,646	94,411
Restricted	500,245,994	100,014,068	-	-
Unrestricted	(8,954,491)	4,476,516	5,994,034	657,189
TOTAL NET ASSETS	\$ 492,387,628	\$ 132,288,101	\$ 13,043,680	\$ 751,600
Condensed Statement of Revenues, Expenses, and Changes in Net Assets				
Operating Revenues	\$ 34,306,674	\$ 25,410,531	\$ 11,608,735	\$ 1,646,576
Operating Expenses	53,201,352	36,457,491	9,992,895	1,997,461
OPERATING INCOME (LOSS)	(18,894,678)	(11,046,960)	1,615,840	(350,885)
Net Nonoperating Revenues (Expenses)	76,733,107	662,559	(253,625)	178,427
Other Revenues, Expenses, Gains, and Losses	4,003,878	3,013,064	-	-
INCREASE (DECREASE) IN NET ASSETS	61,842,307	(7,371,337)	1,362,215	(172,458)
Net Assets, Beginning of Year	430,545,321	139,659,438	11,681,465	924,058
Adjustments to Beginning Net Assets				
NET ASSETS, END OF YEAR	\$ 492,387,628	\$ 132,288,101	\$ 13,043,680	\$ 751,600

				OTHER	TOTAL
THE FLORIDA STATE UNIVERSITY RESEARCH FOUNDATION, INC. 6/30/2011	THE JOHN AND MABLE RINGLING MUSEUM OF ART FOUNDATION, INC. 6/30/2011	FLORIDA MEDICAL PRACTICE PLAN, INC. 6/30/2011	FLORIDA STATE UNIVERSITY MAGNET RESEARCH AND DEVELOPMENT, INC. 6/30/2011	FLORIDA STATE UNIVERSITY SCHOOLS, INC. 6/30/2011	
\$ 110,594,620	\$ 2,573,223	\$ 2,341,360	\$ 696,386	\$ 13,906,007	\$ 187,325,654
14,616,183	205,861	-	-	25,431,245	151,587,885
3,455,624	1,766,574	-	402,852	116,342	608,842,894
128,666,427	4,545,658	2,341,360	1,099,238	39,453,594	947,756,433
23,865,805	59,152	935,335	524,648	1,432,603	63,695,615
326,796	-	-	-	17,711,281	114,339,152
24,192,601	59,152	935,335	524,648	19,143,884	178,034,767
13,609,591	205,861	-	-	7,012,169	56,865,320
-	2,331,209	-	-	4,419,775	607,011,046
90,864,235	1,949,436	1,406,025	574,590	8,877,766	105,845,300
\$ 104,473,826	\$ 4,486,506	\$ 1,406,025	\$ 574,590	\$ 20,309,710	\$ 769,721,666
\$ 13,644,933	\$ 1,447,301	\$ 8,709,858	\$ 505,569	\$ 12,101,769	\$ 109,381,946
13,623,104	1,275,651	1,562,996	542,447	12,300,550	130,953,947
21,829	171,650	7,146,862	(36,878)	(198,781)	(21,572,001)
12,390,554	139,420	(6,598,743)	4,720	(906,209)	82,350,210
-	-	-	-	2,076,428	9,093,370
12,412,383	311,070	548,119	(32,158)	971,438	69,871,579
92,061,443	4,175,436	857,906	771,798	19,338,272	700,015,137
			(165,050)		(165,050)
\$ 104,473,826	\$ 4,486,506	\$ 1,406,025	\$ 574,590	\$ 20,309,710	\$ 769,721,666



SUBSEQUENT EVENTS

On September 9, 2011, the Board of Trustees of the University approved the transfer of the Facility for Fine Arts Research Building from The Florida State University Research Foundation, Inc. to the University. This transfer is expected to be completed within the next fiscal year, upon execution of necessary agreements.

On November 17, 2011, the University received a \$27,688,302 distribution from the sale of Florida State University Dormitory Revenue Refunding Debt, Series 2011A with a par value of \$27,745,000. The proceeds from this debt will be used to refund all or a portion of the outstanding State of Florida, Board of Regents, Florida State University Housing Facility Revenue Bonds, Series 2001, and the outstanding State of Florida, Florida Board of Education, Florida State University Housing Facility Revenue Bonds, Series 2001A.

Other Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN

The July 1, 2009 unfunded actuarial liability of \$107,457,000 was significantly higher than the July 1, 2007 liability of \$67,043,000 primarily as a result of changes in the methodology used by the actuary to calculate this liability. The most significant of these modifications were due to changes in the long-term trend model, an increase in the coverage election assumption, and changes in the rates of decrement and mortality and the amortization factor.

ACTUARIAL VALUATION DATE	ACTUARIAL VALUE OF ASSETS (A)	ACTUARIAL ACCRUED LIABILITY (AAL) - ENTRY AGE (B) (1)	UNFUNDED AAL (UAAL) (B-A)	FUNDED RATIO (A/B)	COVERED PAYROLL (C)	UAAL AS A PERCENTAGE OF COVERED PAYROLL [(B-A)/C]
7/1/2007	\$ -	\$ 67,043,000	\$ 67,043,000	0%	\$ 355,230,858	18.9%
7/1/2009	-	107,457,000	107,457,000	0%	344,724,148	31.2%

Note: (1) The actuarial cost method used by the institution is the entry-age actuarial cost method.



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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 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

We have audited the 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, 2011, which collectively comprise the University's basic financial statements, and have issued our report thereon included under the heading **INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS**. Our report on the financial statements was modified to include a reference to 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. Other auditors audited the financial statements of the aggregate discretely presented component units as described in our report on the University's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to University management in our operational audit report No. 2012-075.

Pursuant to Section 11.45(4), Florida Statutes, this report is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

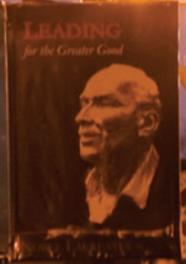
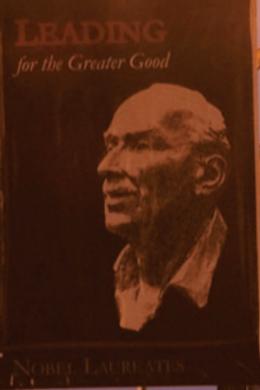
Respectfully submitted,



David W. Martin, CPA
January 20, 2012
Audit Report No. 2012-078



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This publication is available in alternative format upon request.