

Florida International University



Annual Financial Report

For The Fiscal Year 1988-89

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The University dedicated its new \$13 million Engineering and Computer Science building in January 1990.

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Florida International University

Office of the Vice President

April 27, 1990

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

Dear President Maidique:

Enclosed is the annual Financial Report for Florida International University for the fiscal year ending June 30, 1989. The report includes balance sheets, a statement of changes in fund balances, and a statement of current funds revenues and expenditures, as well as appropriate footnotes to financial statements.

These statements were prepared in accordance with generally accepted accounting principles, as delineated in the National Association of College and University Business Officers' publication College and University Business Administration.

Sincerely,

A handwritten signature in black ink, appearing to read "James C. Ketzle".

James C. Ketzle
University Controller

A handwritten signature in black ink, appearing to read "Leonardo Rodriguez".

Leonardo Rodriguez
Vice President, Business and Finance

University Park, Miami, Florida 33199 (305)348-2111

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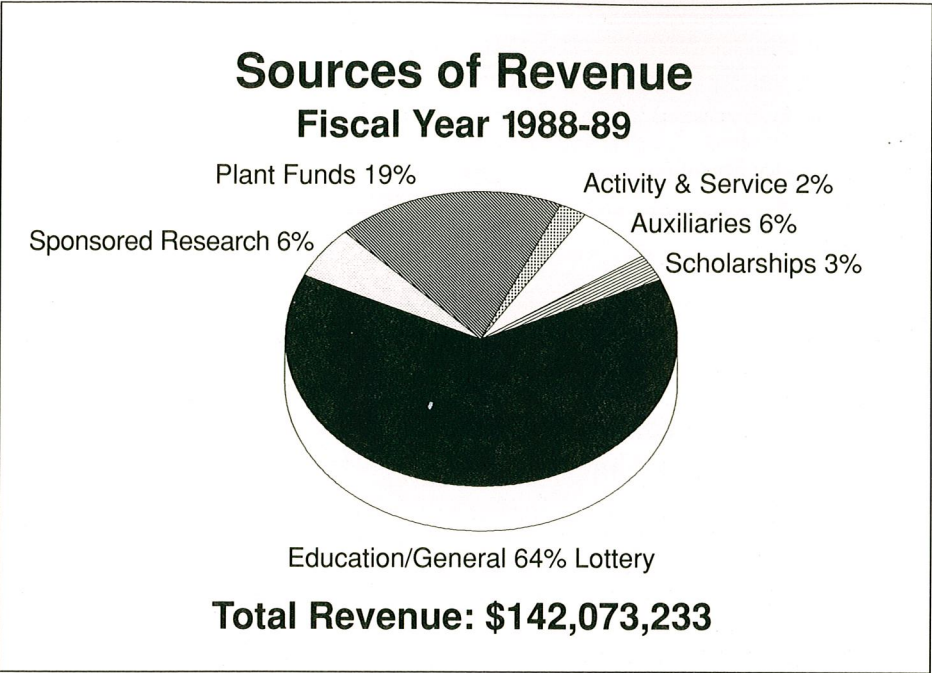
INTRODUCTION

University History

Florida International University was established by the Florida Legislature on June 22, 1965, and classes began in September 1972, with 6,000 students enrolled in upper-division undergraduate and graduate programs. In 1981, the University added lower-division classes for freshmen and sophomores, expanding its enrollment capacity. In 1984, the University received authority to begin offering degree programs at the doctoral level; these programs received Level IV accreditation from the Southern Association of Colleges and Schools (SACS) in 1986.

The Florida Board of Regents appointed Charles E. Perry as the first president of FIU in 1969. He was succeeded in June 1976 by President Harold B. Crosby. Gregory B. Wolfe was named the third president in February 1979. Modesto A. (Mitch) Maidique, the fourth and current president, was appointed to his position in August 1986.

In 1989, FIU had more than 17,000 students, 700 full-time faculty and 43,000 alumni, making it the largest public university in South Florida and the fifth largest of Florida's 31 colleges and universities. The University has two campuses, University Park in Southwest Dade County and the North Miami Campus on Biscayne Bay, and two centers that serve Broward County, in Davie and in the University Tower in downtown Fort Lauderdale.



Financial Overview

The financial statements presented in this report have been prepared in accordance with principles of fund accounting. This is a process whereby resources are reported in funds designated for specific purposes according to the source of funding or the nature of the activities. The sections below describe in general terms the various sources of funding received by the University.

General Revenue: Florida International University is funded primarily with general revenue funds allocated by the Legislature through the Board of Regents of the State University System. These funds are allocated based on the number of full time equivalents (FTE) to support the educational mission of the University. During fiscal year 1988-89 general revenue appropriated to the University totaled \$86,089,483, including \$3,669,973 allocated from lottery revenues. Unexpended funds totaling \$316,646 were carried forward into future years to be spent in accordance with a plan approved by the Board of Regents. General revenue funds represent 64% of the total revenue received by the University during fiscal year 1988-89.

Auxiliary Enterprises: Auxiliary enterprises are self supported activities providing services to students, faculty and staff of the University for a fee. These services are essential to the operation of the University and include activities such as student housing, central stores, duplicating, etc. Dormitories, having a total capacity of 1,286 beds, are available at the two main campuses of the University. During fiscal year 1988-89, revenue generated from operations of the dormitories totaled \$2,850,860. The bookstore and food service operations are contracted to outside vendors who pay the University a commission based on sales. Extensive remodeling of the University House is currently in progress to expand the facilities of these operations. Auxiliary operations generated total revenues of \$9,136,959 for the fiscal year ending June 30, 1989.

Sponsored Research: Florida International University is committed to the development of new ideas and knowledge through research. One of the goals of the University is to become a major research institution. Revenue generated from contracts and grants activities totaled \$7,977,337 during the fiscal year. Federal government funding accounted for fifty seven percent of contract and grant income with State and private funding accounting for the balance. Seventy percent of all contract and grant funding was for research or research-related activities. Funds generated from sponsored research activities must be expended in accordance with terms and conditions of contract agreements.

Investment in Plant: The construction of buildings has been a continuous activity at Florida International University since its inception. Rapid growth of the University in terms of increased enrollment has created the need for additional facilities to accommodate academic programs. A building was recently completed for the College of Engineering and the School of Computer Sciences at a cost of approximately \$12,436,000. A building was also completed for the School of Health Sciences for approximately \$576,000. A Physical Science building is currently under construction with an estimated cost of \$14,554,000. Funding for the construction of buildings on campus is provided from Public Education Capital Outlay funds allocated by the Legislature.

Other Activities: Other sources of revenue totaling \$7,610,686.77 during fiscal year 1988-89 represent funds received from activity and service fees, concession activities, scholarship and loan programs, and other miscellaneous sources. Activity and service fees represent fees collected from the students to support activities sponsored by the Student Government Association. These funds must be expended for the benefit of the student body in general. The expenditure of scholarship and loan funds is generally governed by rules and regulations of the granting agencies and in some instances laws of the State of Florida. Revenue generated from the activity and service fee during the period totaled \$1,605,163. Other local fees were assessed to students to support the Athletics Program and the University Health Clinic.

BALANCE SHEETS

June 30, 1989 with Comparative Totals

| | CURRENT FUNDS | | | |
|-------------------------------------|---------------|-------------|-------------|----------------|
| | Unrestricted | Restricted | Loan Fund | Endowment Fund |
| ASSETS | | | | |
| Cash | \$5,569,644 | \$406,657 | \$334,659 | |
| Investments | 5,146,902 | 1,413,336 | 408,776 | \$50,448 |
| Net Receivables | 398,744 | 1,463,960 | 2,803,907 | 417 |
| Inventories | 246,036 | | | |
| Due from Other Funds | 772,498 | 50,000 | | |
| Due from Other State Agencies | 4,219,887 | | | |
| Amount to be Provided | 6,311,909 | | | |
| Prepaid Expenses | 113,626 | | | |
| Land & Land Improvements | | | | |
| Buildings | | | | |
| Equipment | | | | |
| Library Books | | | | |
| Leased Property Under Capital Lease | | | | |
| Construction-In-Progress | | | | |
| Total Assets | \$22,779,246 | \$3,333,953 | \$3,547,342 | \$50,865 |

LIABILITIES

| | | | | |
|---------------------------------------|-------------|-----------|--|-------|
| Accounts Payable and Accrued Expenses | \$2,838,947 | \$188,999 | | |
| Due to Other Funds | 125,000 | | | \$865 |
| Due to Other State Agencies | 101,095 | 5,133 | | |
| Compensated Absences Payable | 6,311,909 | | | |
| Funds Held in Trust and Deposits | | | | |
| Long Term Debt | | | | |
| Total Liabilities | \$9,376,951 | \$194,132 | | \$865 |

FUND BALANCE

| | | | | |
|------------------------------------|--------------|-------------|-------------|----------|
| Unrestricted | \$9,592,999 | | \$607,096 | |
| Restricted | | \$2,468,455 | | \$50,000 |
| Reserve for Encumbrances | 3,809,296 | 671,366 | | |
| Refundable Government Grants | | | 2,940,246 | |
| Investment in Plant | | | | |
| Total Fund Balance | \$13,402,295 | \$3,139,821 | \$3,547,342 | \$50,000 |
| Total Liabilities and Fund Balance | \$22,779,246 | \$3,333,953 | \$3,547,342 | \$50,865 |

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

| PLANT FUNDS | | Agency Fund | Totals 1989 | Totals 1988 |
|--------------|---------------------|-------------|---------------|---------------|
| Unexpended | Investment In Plant | | | |
| | | \$1,015,826 | \$7,326,786 | \$8,209,599 |
| | | | \$7,019,462 | \$4,997,634 |
| \$18,328,385 | | 809,568 | \$23,804,981 | \$4,485,421 |
| | | | \$246,036 | \$238,215 |
| | | | \$822,498 | \$1,156,368 |
| \$10,578,422 | | | \$14,798,309 | \$2,712,093 |
| | | | \$6,311,909 | \$5,629,977 |
| | 46,592 | | \$160,218 | \$118,852 |
| | 18,456,879 | | \$18,456,879 | \$18,283,644 |
| | 86,164,817 | | \$86,164,817 | \$77,089,191 |
| | 30,191,077 | | \$30,191,077 | \$28,808,822 |
| | 18,759,193 | | \$18,759,193 | \$16,934,162 |
| | 15,910,186 | | \$15,910,186 | \$15,702,925 |
| | 7,156,771 | | \$7,156,771 | |
| \$28,906,807 | \$176,685,515 | \$1,825,394 | \$237,129,122 | \$184,366,902 |
| | | | | |
| \$1,519,933 | | \$19,651 | \$4,567,531 | \$2,181,053 |
| | | 696,633 | \$822,498 | \$1,156,368 |
| | | 75,946 | \$182,174 | \$141,212 |
| | | | \$6,311,909 | \$5,629,977 |
| | | 1,033,164 | \$1,033,164 | \$1,127,474 |
| | \$27,161,112 | | \$27,161,112 | \$16,173,135 |
| \$1,519,933 | \$27,161,112 | \$1,825,394 | \$40,078,388 | \$26,409,219 |
| | | | | |
| | | | \$10,200,094 | \$7,792,274 |
| \$27,386,874 | | | \$29,905,329 | \$3,010,622 |
| | | | \$4,480,662 | \$3,559,256 |
| | | | \$2,940,246 | \$2,949,913 |
| | \$149,524,403 | | \$149,524,403 | \$140,645,618 |
| \$27,386,874 | \$149,524,403 | | \$197,050,734 | \$157,957,683 |
| \$28,906,807 | \$176,685,515 | \$1,825,394 | \$237,129,122 | \$184,366,902 |

STATEMENT OF CHANGES IN FUND BALANCES

For Year Ended June 30, 1989 with Comparative Totals for 1988

| | CURRENT FUNDS | | | |
|-------------------------------------|---------------|--------------|-------------|----------------|
| | Unrestricted | Restricted | Loan Fund | Endowment Fund |
| REVENUES AND OTHER ADDITIONS | | | | |
| Educational and General | \$93,428,834 | | | |
| Auxiliary Enterprises | 10,788,747 | | | |
| Gifts, Grants and Contracts: | | | | |
| Governmental | | \$9,253,402 | | |
| Private | | 1,572,320 | | |
| Investment Earnings | | 185,705 | \$48,469 | \$5,178 |
| Interest on Loans Receivable | | | 46,381 | |
| Restricted State Appropriations | | | | |
| Acquisition of Plant Facilities | | | | |
| Retirement of Indebtedness | | | | |
| Other Additions | | 55 | | |
| TOTAL | \$104,217,581 | \$11,011,482 | \$94,850 | \$5,178 |
| EXPENDITURES AND OTHER DEDUCTIONS | | | | |
| Educational and General | \$91,629,932 | \$10,627,759 | | |
| Auxiliary Enterprises | 10,037,666 | | | |
| Refunded to Grantors | 7,707 | 62,408 | | |
| Indirect Cost Recovered | | | | |
| Loan Cancellations and Write-Offs | | | \$50,819 | |
| Administrative and Collection Costs | | | 85,393 | |
| Expended for Plant Facilities | | | | |
| Retirement of Indebtedness | | | | |
| Interest on Indebtedness | | | | |
| Disposal of Plant Facilities | | | | |
| Other Expenditures & Deductions | | | | |
| TOTAL | \$101,675,305 | \$10,690,167 | \$136,212 | \$0 |
| TRANSFERS-ADDITIONS (DEDUCTIONS) | | | | |
| Non-mandatory | \$38,106 | (\$132,929) | \$100,000 | (\$5,178) |
| Net Increase (decrease) | \$2,580,382 | \$188,386 | \$58,638 | \$0 |
| Fund Balance at Beginning of Year | 10,821,913 | 2,951,434 | 3,488,704 | 50,000 |
| Prior Period Adjustments | | | | |
| Fund Balance at End of Year | \$13,402,295 | \$3,139,821 | \$3,547,342 | \$50,000 |

| PLANT FUNDS | | Totals 1989 | Totals 1988 |
|---------------|---------------------|---------------|---------------|
| Unexpended | Investment In Plant | | |
| | | | |
| | | \$93,428,834 | \$83,141,184 |
| | | \$10,788,747 | \$9,813,915 |
| | | | |
| | | \$9,253,402 | \$8,205,569 |
| | | \$1,572,320 | \$1,617,868 |
| | | \$239,352 | \$263,827 |
| | | \$46,381 | \$67,898 |
| \$5,249,835 | | \$5,249,835 | |
| | \$21,177,515 | \$21,177,515 | \$8,110,719 |
| | 316,785 | \$316,785 | \$8,560,336 |
| | | \$55 | \$55,233 |
| \$5,249,835 | \$21,494,300 | \$142,073,226 | \$119,836,547 |
| | | | |
| | | | |
| | | \$102,257,691 | \$91,574,020 |
| | | \$10,037,666 | \$9,260,556 |
| | | \$70,115 | \$43,236 |
| | | | |
| | | \$50,819 | \$69,049 |
| | | \$85,393 | \$187,916 |
| \$14,008,220 | | \$14,008,220 | |
| | | | |
| | \$3,505,122 | \$3,505,122 | \$7,016,260 |
| | 357,229 | \$357,229 | \$698,430 |
| \$14,008,220 | \$3,862,351 | \$130,372,255 | \$108,849,467 |
| | | | |
| | | | |
| (\$8,758,385) | \$17,631,949 | \$11,700,971 | \$10,987,082 |
| (24) | 140,645,609 | \$157,957,636 | \$150,185,339 |
| 36,145,283 | (8,753,155) | \$27,392,128 | (\$3,214,735) |
| \$27,386,874 | \$149,524,403 | \$197,050,735 | \$157,957,686 |

STATEMENT OF CURRENT FUNDS, REVENUES, EXPENDITURES, AND OTHER CHANGES

For the Fiscal Year Ended June 30, 1989

| | CURRENT FUNDS | | | |
|--|----------------------|---------------------|----------------------|----------------------|
| | Unrestricted | Restricted | Total | Prior Year Total |
| REVENUES: | | | | |
| Educational & General: | | | | |
| Student Tuition and Fees | \$16,704,222 | | \$16,704,222 | \$14,855,657 |
| Governmental appropriations - State | 75,424,628 | | \$75,424,628 | \$67,103,962 |
| Grants, Contracts & Gifts - Govt. | 15,994 | \$9,085,086 | \$9,101,080 | \$8,473,208 |
| Grants, Contracts & Gifts - Private | | 1,542,618 | \$1,542,618 | \$1,637,572 |
| Sales & Services of Educ. Activities | | | | \$42,983 |
| Other Sources: | | | | |
| Investment Income | 76,220 | | \$76,220 | |
| Allocation from Future Appropriation | | | | |
| Compensated Absences | 681,931 | | \$681,931 | \$880,977 |
| Other | 525,838 | 55 | \$525,893 | \$300,829 |
| Total Educational & General Revenues | \$93,428,833 | \$10,627,759 | \$104,056,592 | \$93,295,188 |
| Auxiliary Enterprises: | | | | |
| Sales & Services - Operations | \$8,151,296 | | \$8,151,296 | \$7,618,249 |
| Student Fees | 2,430,319 | | \$2,430,319 | \$2,092,301 |
| Investment Income | 207,132 | | \$207,132 | \$103,364 |
| Total Auxiliary Income | \$10,788,747 | | \$10,788,747 | \$9,813,915 |
| Total Current Revenues | \$104,217,581 | \$10,627,759 | \$114,845,339 | \$103,109,103 |
| EXPENDITURES: | | | | |
| Educational and General: | | | | |
| Instruction | 43,706,997 | 1,165,376 | \$44,872,372 | \$39,277,324 |
| Research | 5,243,566 | 4,937,077 | \$10,180,643 | \$8,422,298 |
| Public Service | 1,632,875 | 1,000,283 | \$2,633,159 | \$2,955,208 |
| Academic Support | 12,917,904 | 99,495 | \$13,017,399 | \$10,526,819 |
| Student Services | 5,136,512 | 127,794 | \$5,264,306 | \$5,332,979 |
| Institutional Support | 12,619,635 | 48,646 | \$12,668,281 | \$13,689,253 |
| Operation & Maintenance of Plant | 8,624,212 | | \$8,624,212 | \$7,876,708 |
| Scholarships and Fellowships | 1,105,658 | 3,249,088 | \$4,354,746 | \$3,493,431 |
| Resources Remitted to Board of Regents | 642,573 | | \$642,573 | |
| Total Educational and General | \$91,629,932 | \$10,627,759 | \$102,257,691 | \$91,574,020 |
| Auxiliary Enterprises: | | | | |
| Expenditures | \$10,037,666 | | \$10,037,666 | \$9,260,556 |
| Total Auxiliary Enterprises | \$10,037,666 | | \$10,037,666 | \$9,260,556 |
| Total Expenditures | \$101,667,598 | \$10,627,759 | \$112,295,357 | \$100,834,576 |
| Other Transfers & Additions: (Deductions) | | | | |
| Excess of Restricted Receipts Over | | | | |
| Transfers to Revenue | | \$383,723 | \$383,723 | (\$122,178) |
| Refunded to Grantors | (\$7,707) | (62,408) | (\$70,115) | (\$39,236) |
| Interfund Transfers | 38,107 | (132,929) | (\$94,822) | (\$8,014) |
| Total other Transfers and Additions | \$30,400 | \$188,386 | \$218,786 | (\$169,428) |
| Net Increase in Fund Balance | \$2,580,381 | \$188,386 | \$2,768,768 | \$2,105,099 |

NOTES TO FINANCIAL STATEMENTS

June 30, 1989

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

A. Reporting Entity

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

Although one of the primary obligations of reporting is to account for resources received and used, there are several instances where University resources are accounted for and reported by other entities. For example:

The financial operations and financial position of the University's "direct support organization" as provided for in Section 240.299 Florida Statutes, and Board of Regents rule 6C-9.011, are not included in the financial statements of the University. Summary financial data is included in the footnotes. These are separate, not-for-profit corporations organized and operated exclusively to assist the university to achieve excellence by providing supplemental resources from private gifts and bequests, and valuable education support services. These organizations are authorized to receive, hold invest and administer property and to make expenditures to or for the benefit of the university. An annual post audit of each organization's financial statements is conducted by an independent certified public accountant. The annual report is submitted to the Auditor General and the Board of Regents for review.

Florida International University Foundation, Inc. (Foundation) is a nonprofit corporation and its purpose is to encourage, solicit, receive and administer gifts and requests of property and funds for the advancement of Florida International University.

B. Basis of Accounting

The University's fiscal and accounting operations were essentially structured around the recommendations of the National Association of College and University Business Officers, constituting generally accepted accounting principles, as published under the title of COLLEGE AND UNIVERSITY BUSINESS ADMINISTRATION. Financial statements were prepared in accordance with instructions provided by the Board of Regents.

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

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

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

NOTES TO FINANCIAL STATEMENTS

C. Fund Accounting

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

Current Funds - This fund group includes those economic resources of the University which are expendable for operational purposes in performing the primary objectives of the University. Resources restricted by donors of other outside agencies for specific current operating purposes are reported as Restricted Current Funds.

Loan Funds - This fund group consists of loans to students and of resources available for such purposes. The terms of the loan agreements usually specify that the money operated on a revolving basis, i.e., repayment of principal and interest are loaned to eligible students.

Endowment Funds - These are funds with respect to which the donors or outside agencies have stipulated, as a condition of the gift, that the principal is to be maintained inviolate and in perpetuity and invested for the purpose of producing present and future income which may either be expended or added to principal.

Quasi-endowment-Funds - (funds functioning as endowment) These are funds which the governing board of an institution has determined are to be returned and invested. These quasi-endowment funds are usually set aside to fulfill the same purpose as endowment funds and therefore, are accounted for in the same manner as endowment funds.

Plant Funds - This fund represents four separate self-balancing fund groups for which separate accountability and reporting is required. These fund groups are as follows:

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

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

D. Notes to the Financial Statements

1. Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Sections 6C-5.305, 22A-8.10 and 22A-8.11, Florida Administrative Code; and pursuant to bargaining agreements between the Board of Regents and the United Faculty of Florida. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. Statement on Financial Accounting Standards No. 43 requires that the University accrue a liability in

NOTES TO FINANCIAL STATEMENTS

the Unrestricted Current fund for employee's rights to receive compensation for future absences, whereas State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Accordingly, the University records an asset, "Amount To Be Provided From Future Appropriations" equal to the amount of the accrued liability for employee vacation and sick leave which is payable in future years.

2. Investments were made through the State Treasury and the State Board of Administration in accordance with the provisions of Sections 215.535 and 215.49, Florida Statutes. Investments consisted of the instruments listed in Section 18.10, Florida Statutes. The investments are recorded at cost; however, the difference between market value and the cost of investments is negligible.

3. Inventories are recorded by the following method(s):

| Inventory | Method |
|--------------------|--------------------|
| Central Stores | Last Invoice Price |
| Duplicating Center | Last Invoice Price |

4. Physical plant and equipment are recorded at cost at the date of acquisition or at appraised value at the date received in the case of gifts or purchases from the State's Division of Surplus Property. Some items of equipment purchased from the Division of Surplus Property have little restrictions. Depreciation on physical plant and equipment is not recorded.

5. Employees of the University participate in retirement plans of the State administered by the Department of Administration, Division of Retirement. The retirement plans of the State of Florida consist of contributory and noncontributory benefit plans. The plans provide for retirement, death, and disability benefits and require contributions by employee and/or participating agencies at stated percentages of compensation set by law as determined from time to time by the State Legislature. The plans' accounting and funding policies, actuarial present value of accumulated plan benefits, net assets available for benefits, and other plant-related matters are the responsibility of the Department of Administration, Division of Retirement, and are not computed on an individual agency basis.

6. Incidental Trust Fund collections are remitted directly to the State treasurer on behalf of the Board of Regents. Subsequently, these incidental collections are returned to the University by State appropriation. Pursuant to generally accepted accounting principles the total of incidental revenues has been offset against total State appropriations reported for the Unrestricted Current Funds. The revenue categories and amounts offset against State appropriations reported for the Unrestricted Current Fund on the Statement of Current Funds Revenues, Expenditures, and Other Charges are as follows:

| Student Tuition and Fees: | |
|---------------------------|-----------------|
| Matriculation | \$ 9,915,462.74 |
| Out of State | 3,711,739.60 |
| Application | 214,455.60 |
| Late Registration | 113,419.66 |
| Total | \$13,955,077.60 |

| Indirect Cost Recoveries: | |
|---------------------------|-------------|
| Research Overhead | \$23,043.00 |

| Other Sources: | |
|----------------|-------------|
| Library Fines | \$17,720.05 |

NOTES TO FINANCIAL STATEMENTS

The following student fees were assessed and retained by theUniversity and reported as revenue in the appropriate fund:

Unrestricted Current Fund:

| | |
|---------------------------|-----------------------|
| Athletic Fee | \$811,763.47 |
| Activity and Services Fee | 1,442,441.23 |
| Student Financial Aid Fee | 670,586.81 |
| Health Fee | 1,100,028.23 |
| Total | \$4,024,819.74 |

In addition to the above fees, the following student fees were assessed and collected:

| Fee | Beginning Balance | Collected | Remitted | Balance-Due |
|---------------------|-------------------|-----------------------|-----------------------|-------------------|
| Capital Improvement | \$1,198.51 | \$923,097.68 | \$919,925.74 | \$4,370.45 |
| Building Fee | \$1,124.31 | \$877,393.66 | \$874,364.47 | \$4,153.50 |
| TOTAL | \$2,322.82 | \$1,800,491.34 | \$1,794,290.21 | \$8,523.95 |

7. Tuition and fees totaling \$499,881.21 were waived as permitted by Board of Regents' rules. In accordance with generally accepted accounting principles, student tuition and fee revenue and scholarships and fellowships expenditures reported for the Unrestricted Current Fund on the Statement of Current Funds Revenues, Expenditures, and Other Charges have been adjusted to include the value of tuition and fees waived.

Fees are waived in accordance with BOR Rules and Regulations and are reported as follows:

| | |
|--------------------|---------------------|
| Matriculation Fees | \$12,628.81 |
| Out-of-State | 487,252.40 |
| TOTAL | \$499,881.21 |

8. Interdepartmental transactions of Auxiliary Service Department and other Institutional Departments have been accounted for as reductions of expenditures and not revenues of the Auxiliary Service Depart-ments.

NOTES TO FINANCIAL STATEMENTS

9. The following tabulation summarizes pertinent information relating to long term indebtedness.

| Date of Issue | Years Ending 6/30 | Rate of Interest | Principal | Interest | Total |
|------------------|-------------------|------------------------|-----------------------|-----------------------|-----------------------|
| 1982 Series A | 1990 | 11.40% | \$269,286.61 | \$99,319.24 | \$368,605.85 |
| | 1991 | 11.40% | \$300,967.39 | \$68,620.56 | \$369,587.95 |
| | 1992 | 11.40% | \$300,967.39 | \$34,310.28 | \$335,277.67 |
| | | | \$871,221.39 | \$202,250.08 | \$1,073,471.47 |
| | | Less: Bond Discount | \$17,482.70 | | \$17,482.70 |
| | | | \$853,738.69 | \$202,250.08 | \$1,055,988.77 |
| 1980 | 1990 | 6.00% | \$90,290.22 | \$410,521.89 | \$500,812.11 |
| | 1991 | 6.75% | \$94,250.31 | \$405,104.48 | \$499,354.79 |
| | 1992 | 6.50% | \$101,378.49 | \$399,213.83 | \$500,592.32 |
| | 1993 | 6.70% | \$424,522.42 | \$392,624.23 | \$817,146.65 |
| | 1994 | 6.79% | \$464,123.39 | \$364,181.23 | \$828,304.62 |
| | Later Years | | | | |
| | 1995-2007 | 7.10-7.80% | \$4,397,291.92 | \$2,001,631.52 | \$6,398,923.44 |
| | | | \$5,571,856.75 | \$3,973,277.18 | \$9,545,133.93 |
| | | Less: Hand Discount | \$89,255.82 | | \$89,255.82 |
| | | TOTAL | \$5,482,600.93 | \$3,973,277.18 | \$9,455,878.11 |

| Date of Issue | Years Ending 6/30 | Rate of Interest | Pincipal | Interest | Total |
|---------------|---------------------------------|-------------------------------------|------------------------|------------------------|------------------------|
| 1987 | 1990 | 11.30% | \$4,072.72 | \$372,635.58 | \$376,708.30 |
| | 1991 | 11.30% | \$6,109.08 | \$372,175.36 | \$378,284.44 |
| | 1992 | 11.30% | \$10,181.80 | \$371,485.04 | \$381,666.84 |
| | 1993 | 11.30% | \$10,181.80 | \$370,334.49 | \$380,516.29 |
| | 1994 | 11.30% | \$14,254.52 | \$369,183.95 | \$383,438.47 |
| | Later Years | | | | |
| | 1995-2013 | 7.30-11.30% | \$4,634,755.70 | \$4,914,073.04 | \$9,548,828.74 |
| | | | \$4,679,555.62 | \$6,769,887.46 | \$11,449,443.08 |
| | | Less: Bond Discount | \$40,738.60 | | \$40,738.60 |
| | | Less: Cash Held in Escrow at SBA | \$233,468.69 | | \$233,468.69 |
| | | TOTAL | \$4,405,348.33 | \$6,769,887.46 | \$11,175,235.79 |
| | | TOTAL | \$10,741,687.95 | \$10,945,514.73 | \$21,687,102.67 |
| | Consolidated Equipment Financed | | \$432,721.21 | \$16,189.90 | \$448,911.11 |
| | GRAND TOTAL | | \$11,174,409.15 | \$10,961,604.63 | \$22,136,013.78 |

NOTES TO FINANCIAL STATEMENTS

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

11. The amount of allowance for doubtful accounts and notes receivable at 6-30-89 is estimated to be \$905,223.46. This amount was deter mined from aging schedules based on type, age, collection experience of the University as well as other pertinent data. Delinquent notes receivables where the Federal "due diligence" requirements have been fulfilled and all "in house" efforts have been exhausted, are considered doubtful. The reserves consist of the following items:

| Fund Group | |
|-------------------|---------------------|
| Current Funds | \$180,373.57 |
| Perkins & Nursing | 337,354.94 |
| University Loans | 55,913.53 |
| Agency Funds | 331,581.42 |
| TOTAL | \$905,223.46 |

12. Fund balance adjustments were made only when amounts were considered material, or if there was a change in accounting prac- tices. Reference APB #9 and #20. All other non-material adjustments were reported thru current year operations. The following tab- ulation summarizes the prior period adjustments to fund balances.

| Fund Group | Explanation | Amount |
|---------------------|---|-----------------|
| Unexpended Plant | Adjustment recognizes beginning fund balances in the SUS Construction Trust Fund and the Revenue Certificate Trust Fund which were reported by the Board of Regents in prior years. Effective with the fiscal year ending June 30, 1989, the activities of these trust funds were reported by the University. | \$36,145,282.08 |
| Investment in Plant | Adjustment to fund balance represents revenue certificates outstanding in the SUS Construction Trust Fund and Revenue Cer-tificate Trust Fund previously reported by the Board of Regents. | \$11,009,397.85 |

13. The University has a number of installment purchase contracts and capital leases providing for the acquisition of machinery and equipment. The following is a schedule of future minimum payments remaining under the contracts at June 30, 1989:

| For the FY Ending June 30 | Capital Leases |
|--|------------------------|
| 1990 | \$1,862,626.67 |
| 1991 | 1,899,460.00 |
| 1992 | 1,924,460.00 |
| 1993 | 1,924,460.00 |
| 1994 | 1,906,640.00 |
| Later Years | 59,642,042.17 |
| Total Minimum Lease Payments | \$69,159,688.84 |
| Less: Amount Representing Interest | \$53,172,985.67 |
| Present Value of Net Minimum Lease Payments | \$15,986,703.17 |

NOTES TO FINANCIAL STATEMENTS

The University entered into capital leases with private companies to provide student housing (dormitories) at both campuses. The housing complex includes 235 apartment units at the North Miami Campus and 286 at the University Park Campus. The lease agreements are for periods of 40 and 30 years respectively. The University has the option to purchase the housing complex at the University Park Campus during a period of 72 months from the construction commencement date.

The lease agreement for student housing at the North Miami Campus requires the University to maintain a balance of \$355,000 in the Auxiliary Trust Fund. Revenues generated from operations at the University Park Campus housing on that campus.

The Capital lease for student housing at the North Miami Campus requires payment of "base rent" of \$710,000.00 per year, payable in equal semiannual installments. Additionally, the agreement provides that in the sixth year of the term of the lease and on the 13th and 22nd year, the base rent shall be increased by an amount equal to 10% of the base rent in effect during the immediately preceding period.

The "base rent" pertaining to the capital lease for student housing at the University Park Campus consists of total annual payments of \$1,040,000 during the first five years. Periodic increments to the base rent are scheduled during later years. Depreciation is not recorded on the buildings.

The Installment Purchase Leases for the various equipment contains one of the following options. The University can:
A) After the initial lease term, purchase the property at the then fair value.
B) At the end of the lease term, renew the lease at the then fair rental value for a specified period of time.
These options enable the University to retain use of the facilities in desirable areas with a minimal capital outlay.

In most cases University management expects that in the normal course of business, leases will be renewed or replaced by other leases.

14. Operating Leases

The University has long-term commitments for assets leased under operating leases. These assets are not recorded on the balance sheet, and operating lease payments are recorded as expenditures or expenses of the related funds when paid or incurred. Future mini- mum lease commitments for noncancelable operating leases as of June 30, 1989 were as follow:

| Fiscal Year Ending June | Total Operating Lease Commitments | Machinery and Equipment | Land and Buildings |
|----------------------------|--------------------------------------|----------------------------|-----------------------|
| 1989 | \$81,447.00 | \$55,614.00 | \$25,833.00 |
| 1990 | 6,752.50 | 3,720.00 | 3,032.50 |
| 1991 | 620.00 | 620.00 | -0- |
| 1992 | -0- | -0- | -0- |
| TOTAL | \$88,819.50 | \$59,954.00 | \$28,865.50 |

15. Summary Financial information from the audited financial statements of the "Direct Support Organization" mentioned in the Summary of Significant Accounting Policies is shown below:

| DSO | FY END MO/DAY/YR | ASSETS | LIABILITIES | REVENUES | EXPENDITURES |
|----------------------|------------------|-------------|-------------|-------------|--------------|
| FIU Foundation, Inc. | 12/31/88 | \$6,768,364 | \$918,945 | \$2,211,402 | \$1,078,114 |

NOTES TO FINANCIAL STATEMENTS

16. The major construction commitments of the university at fiscal year end as follows:

| PROJECT NUMBER | PROJECT NAME | TOTAL EXT. COST AT YEAR END | AMOUNT EXPENDED AT AT YEAR END | AMOUNT COMMITTED AT YEAR END |
|-------------------|------------------------|-----------------------------------|--------------------------------------|------------------------------------|
| BR 833 | ACAD 11/Q. Water BV | \$8,613,400.00 | \$8,586,114.44 | \$16,195.00 |
| BR 847 | BV Swimming Pool | \$1,386,500.00 | \$1,381,424.48 | \$1,381.05 |
| BR 849 | BV Library | \$7,950,000.00 | \$7,876,042.63 | \$26,525.45 |
| BR 855 | VH Renovations | \$200,000.00 | \$197,193.81 | \$0.00 |
| BR 859 | 84-85 M/P | \$244,385.00 | \$240,409.18 | \$0.00 |
| BR 858 | Engineering Bldg. | \$12,436,000.00 | \$8,684,176.92 | \$2,247,839.98 |
| BR 860 | 85-86 M/P | \$444,152.00 | \$434,677.80 | \$0.00 |
| BR 861 | Physical Science Bldg. | \$14,464,440.00 | \$3,203,084.76 | \$8,756,234.10 |
| BR 865 | S.R. Office Bldg. | \$576,000.00 | \$461,671.41 | \$97,749.50 |
| BR 866 | U.H. Remodeling | \$5,895,160.00 | \$139,753.31 | \$269,553.19 |
| BR 867 | Student Ctr Pub Compl. | \$395,000.00 | \$21,330.00 | \$6,275.00 |
| BR 870 | 86-87 M/P | \$750,122.00 | \$696,843.84 | \$1,236.79 |
| BR 871 | 87-88 M/P | \$624,727.00 | \$422,738.92 | \$29,699.92 |
| BR 872 | Chiller Equip Cup Add. | \$255,000.00 | \$0.00 | \$34,730.00 |
| BR 873 | Reroofing AT Bldg. | \$194,500.00 | \$12,735.04 | \$13,000.00 |
| BR 874 | Trade Ctr Conversion | \$2,830,000.00 | \$95,029.80 | \$31,125.00 |
| BR 878 | SUS Fire Code Correct | \$629,200.00 | \$93,821.54 | \$162,882.72 |
| BR 875 | Off. Bldg & IFS/Buss. | \$600,000.00 | \$39,100.00 | \$348,094.00 |
| BR 876 | Visual Arts/Ceramics/ | \$600,000.00 | \$25,323.00 | \$9,867.00 |
| BR 877 | 88/89 M/P & D. Maint. | \$178,205.00 | \$33,859.04 | \$27,393.14 |
| BR 868 | Teaching Gym Suppl. | \$0.00 | \$0.00 | \$493,646.59 |
| BR 869 | Outdoor Rec. Improv. | \$0.00 | \$0.00 | \$38,286.06 |
| | TOTAL | \$59,266,791.00 | \$32,645,329.92 | \$12,611,714.49 |

17. Chapter 273.02, Florida Statutes, as amended by Chapter 89-291, Laws of Florida, requires that nonconsumable and nonexpendable property, valued at \$500 or more and having a normal expected life of one year or more, be marked and a record maintained pursuant to rules of the Auditor General. Prior to the effective date of this law, July 1, 1989, the fixed assets in the Investment in Plant fund group included nonconsumable and nonexpendable property valued at \$200 or more. The June 30, 1989 fixed assets in the Investment in Plant fund group Balance Sheet includes items valued between \$200 and 499.99 and totaling \$4,198,358.57. Subsequent to the Balance Sheet date, the value of these assets will be reduced to reflect this change in the law.

STATE AND UNIVERSITY OFFICIALS

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| Paul D. Gallagher | Vice President for North Miami Campus |
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Business and Finance

| | |
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| Andy Fornaguera | Associate University Controller |
| Rosie Montequin | Assistant University Controller |

