



FLORIDA STATE UNIVERSITY

2013-2014 Annual Report

Florida State University Annual Report 2013-2014

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Message from the President

Florida State University continued its upward trajectory in 2014 with increasing momentum and a reinvigorated purpose after achieving designation as a preeminent university in 2013. The Florida Legislature and the Florida Board of Governors granted the university preeminence status because of its ability to meet benchmarks of academic and institutional excellence.

Evidence of this can be found in Florida State's ongoing \$1 billion capital campaign, "Raise the Torch: The Campaign for Florida State," the most ambitious fundraising effort in the institution's history. With support from alumni, friends, faculty, staff and students, the campaign is more than halfway to its goal and is well positioned to not only reach but exceed it by the end date of June 30, 2018.

Fueled by a passion for discovery and a competitive spirit, Florida State's innovative faculty achieved a whopping \$230 million in research funding last year. The record amount, derived from federal, state and other external sources, allows faculty and student researchers to pursue new knowledge across academic disciplines to help save lives, improve society and drive human advancement.

With 100 new faculty members added since 2013 — including 15 top-notch researchers hired in the strategic areas of energy and materials, brain health and disease, and coastal and marine research — Florida State has made excellent use of its first two years worth of preeminence funding from the Legislature.

From the moment they set foot on campus, Florida State students are ready to achieve. This past fall, Florida State welcomed a 6,100-member freshman class with an average high school grade point average of 4.0 and an average SAT score of 1850. The university also welcomed the inaugural class of Presidential Scholars, a merit-based scholarship program designed to enhance all aspects of their education. This year, Florida State produced several national scholarship recipients, including five Fulbright Scholars, five Boren Scholars and three NOAA Ernest F. Hollings Scholars.

The university's educational infrastructure was re-affirmed last year by the Southern Association of Colleges and Schools. Florida State sailed through its once-per-decade SACS reaccreditation review with no need for follow-up, demonstrating its commitment to provide a high-quality education and a desire to continuously improve the institution.

Florida State achieved much in 2014, and we have a solid foundation on which to build. We look forward to continued success in 2015!



A handwritten signature in black ink that reads "John Thrasher". The signature is written in a cursive, flowing style.

John Thrasher, President
Florida State University

Introduction from the Vice President for Finance and Administration



Kyle C. Clark

As I look back on the past fiscal year, I can't help but be proud of Florida State University for all we have accomplished and the groundwork we have established for future success. I continue to be impressed with the expertise and innovation that exists across our university.

FACILITIES

This is an exciting time for the university as we look to provide new and renovated facilities to serve our students, faculty, staff and visitors. We currently have \$400 million worth of capital projects in the planning stages or under construction. Among these projects:

- We are set to break ground this summer for the construction of a new \$65 million building for our Department of Earth, Ocean and Atmospheric Science. This 130,000-square foot facility will provide state-of-the-art classrooms, research labs and offices.
- A new \$120 million, multiphase residence hall project that will provide modern, suite-style living will replace Dorman and Deviney halls. These units will house almost 1,800 students and will provide common areas for study, lectures and recreation, and will also include a new dining concept.
- Florida State Seminole fans as well as athletics staff and student-athletes will enjoy renovations to Doak Campbell Stadium that include an exciting new club-seating concept in the south end zone, sky box improvements, as well as structural repairs and mechanical upgrades. Renovations also are planned for team facilities, meeting rooms and coaches' offices.

A number of improvements have already been completed at the Donald L. Tucker Civic Center, including new seats, scoreboards and flooring. Marquee and mechanical upgrades are underway.

PREEMINENCE AND PERFORMANCE FUNDING

In recognition of our success in achieving high standards of excellence, the Florida Legislature has designated FSU a preeminent university and rewarded our accomplishments with an additional \$20 million. These funds will allow us to continue to boost our research

and teaching. In addition, Florida State has been allocated an additional \$21 million in performance-based funding for meeting benchmarks established by the Board of Governors. This additional funding will allow us to make a variety of strategic investments designed to prepare students for their careers.

With these funds, FSU will continue to hire new faculty in the fields of energy and materials sciences, brain research, coastal and marine sciences and other disciplines. We will also continue to focus on hiring entrepreneurs-in-residence to teach students how to turn their ideas and innovations into practical enterprises.

EFFICIENCY AND EFFECTIVENESS

Florida State is already known as one of the most efficient universities in the nation, and we are working on hundreds of initiatives that will allow the university to be even more efficient and effective. From paperless process conversion to an additional focus on space management, these initiatives will help us to use our resources even more wisely.

- At the request of the Board of Governors, FSU is leading the charge for shared services throughout the State of Florida. Stronger collaboration and partnerships across all the State University System have already led to significant cost savings. We look forward to continuing this very important work.
- During the upcoming year, we will begin transforming our operating budget. Changes will include a new electronic operating platform, greater detail and analysis, and more transparent reports. These changes will allow greater alignment of funds with our strategic goals and provide greater effectiveness.
- Significant student-focused efficiencies are also underway. A transportation master plan including more efficient bus routes, alternative transportation methods and enhanced parking options will be a focus this year. Another opportunity under evaluation will be to distribute financial aid to our students prior to the start of the semester. These efforts will provide for not only greater efficiency, but will provide greater service to our students.

I truly feel Florida State is on the threshold of a new era of growth and enhanced national prominence, and I am looking forward to great things ahead!

University Overview



MISSION

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 twelve units of the Division of Colleges and Universities of the Florida Board of Education. 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 Florida State University. It has grown from an enrollment of 2,583 in 1946 to an enrollment of over 41,000 in the Fall semester of 2013.

CAMPUS / CENTERS / PROGRAMS

In each succeeding decade, the University has added to its academic organization and now comprises 16 colleges, plus the Graduate School. It has expanded to 539 buildings on approximately 1,588 acres, including the downtown Tallahassee main campus of 475 acres, the Ringling Museum of 66 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.

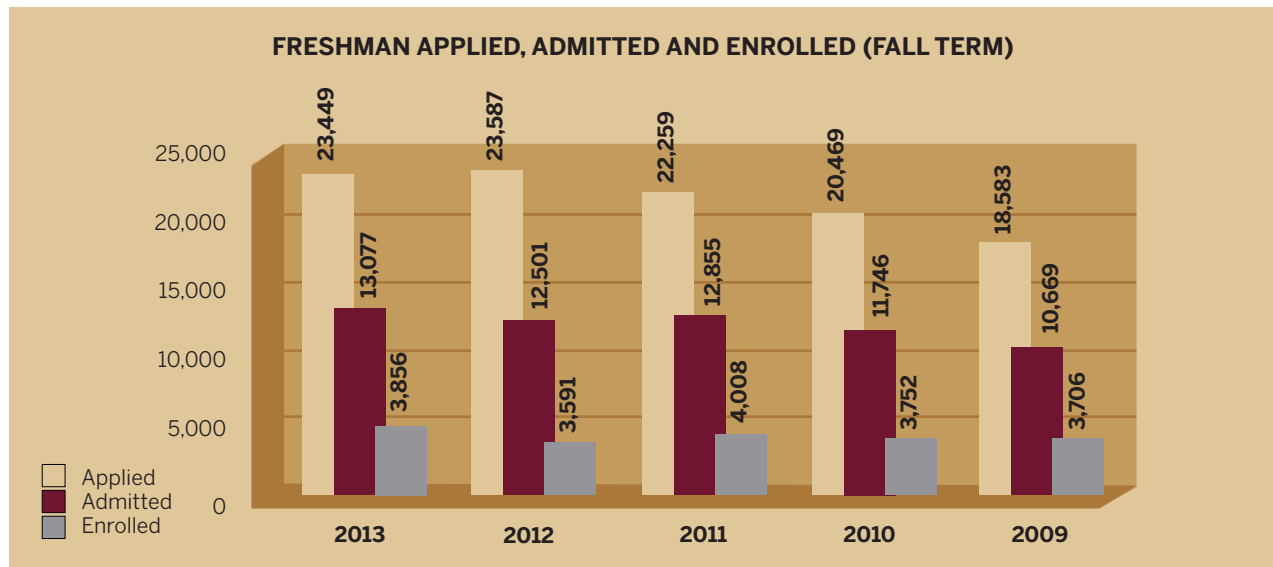
Through Academic and Professional Program Services, the University offers courses and degree programs online and at many off-campus sites around the state, non-credit programs, workshops, seminars, and conferences. The University also operates the John and Mable Ringling Museum of Art located in Sarasota,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

University Overview

STUDENTS

As a major comprehensive residential state university, the University attracts students from every county in Florida, every state in the nation and 140 foreign countries. The University is committed to high admission standards that ensure quality in its student body, which includes 91 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 19 percent of the student body and are enrolled in 136 graduate/specialist degree programs, 75 doctoral programs and 2 professional programs.



Headcount by School/College (Fall Term)	2013	2012	2011	2010	2009
Applied Studies	299	129	41	-	-
Arts and Sciences	10,696	10,593	10,712	10,046	9,507
Business	5,755	5,822	5,843	5,825	5,985
Communication and Information	2,479	2,531	2,614	2,701	2,702
Criminology and Criminal Justice	1,915	1,812	1,766	1,653	1,466
Education	2,127	2,187	2,221	2,377	2,642
Engineering	2,183	2,051	1,980	1,873	1,763
Fine Arts	1,419	1,479	1,540	1,576	1,535
The Graduate School	16	12	8	9	4
Human Sciences	3,280	3,246	3,021	2,962	3,098
Law	709	704	734	783	768
Medicine	527	521	519	517	490
Motion Picture Arts	211	220	174	182	188
Music	1,141	1,149	1,160	1,136	1,149
Nursing	406	451	670	856	902
Social Sciences and Public Policy	4,692	4,770	4,886	4,812	4,888
Social Work	842	894	815	741	675
Undecided/Special	2,780	2,730	3,006	2,789	2,493
Total	41,477	41,301	41,710	40,838	40,255

Degrees Awarded - Academic Year	2013-14	2012-13	2011-12	2010-11	2009-10
Bachelor's	8,011	7,889	7,860	7,818	7,927
Master's	2,060	2,311	2,142	2,210	2,203
Specialist	49	52	59	59	42
Juris Doctorate	252	239	288	268	249
Doctorate	436	385	444	429	340
M.D.	115	112	118	113	94
Total	10,923	10,988	10,911	10,897	10,855

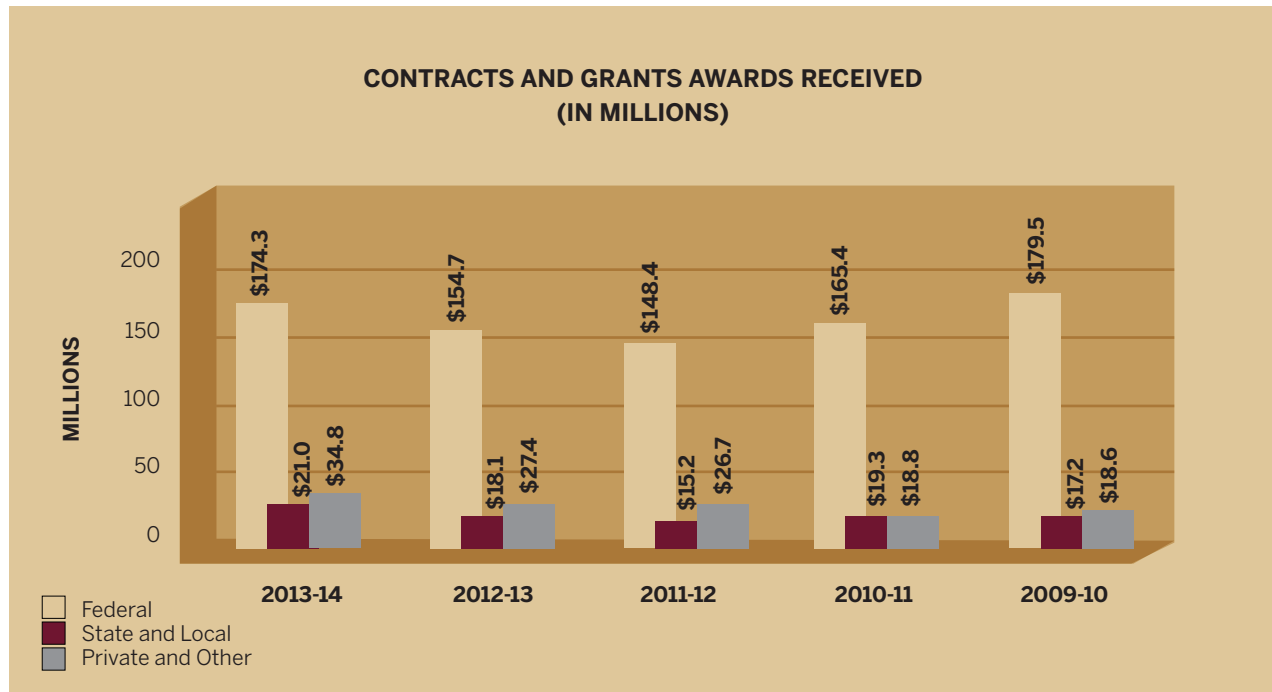
FACULTY

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.

Academic Year	Full-Time Faculty	Part-Time Faculty	Tenured Faculty	Faculty with Terminal Degrees	Faculty/Student Ratio
2009-10	1,835	59	825	1,742	22:1
2010-11	1,791	66	829	1,708	22:1
2011-12	1,779	65	812	1,696	26:1
2012-13	1,856	67	827	1,769	26:1
2013-14	1,899	67	822	1,809	26:1

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 2013-14 fiscal year, the University faculty and administrators generated more than \$230 million in external funding to supplement State funds used for research. These external funds, derived through contracts and grants from various private foundations, industries, and government agencies, are used to provide stipends for graduate students, to improve research facilities, and to support the research itself.



LIBRARIES

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 2.9 million volumes of books and periodicals. Also, access to 778 databases, 1,086,070 e-books and 80,758 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

Report on the 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, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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, 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 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 solely 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that **MANAGEMENT'S DISCUSSION AND ANALYSIS** and **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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Florida State University's basic financial statements. The Message from the President, the Introduction from the 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 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 do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report on our consideration of the 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 included under the heading **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and 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* in considering the Florida State University's internal control over financial reporting and compliance.

Respectfully submitted,



David W. Martin, CPA
Tallahassee, Florida
March 26, 2015
Audit Report No. 2015-172



Integration Statue

Management's Discussion and Analysis

The management's discussion and analysis (MD&A) provides an overview of the financial position and activities of the University for the fiscal year ended June 30, 2014, 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 \$2.6 billion at June 30, 2014. This balance reflects a \$92.7 million, or 3.7 percent, increase as compared to the 2012-13 fiscal year resulting from a \$31.8 million, or 1.8 percent, increase in net capital assets due to the addition of several new buildings and infrastructure. Total investments increased by \$50.4 million, or 8.5 percent, due to a \$26.6 million increase in unrestricted investments related to the increase of State noncapital appropriations, and a \$23.8 million increase in restricted investments related to new bonds issued during the year. Payments due from the State increased \$9 million, or 85.9 percent, primarily due to an increase in capital project funding. Liabilities also increased by \$74.2 million, or 17.7 percent, totaling \$495 million at June 30, 2014, as compared to \$420.8 million at June 30, 2013. Unearned Revenue increased \$17.1 million, or 68.1 percent, primarily due to an increase in both State sponsored capital appropriations and advanced ticket sales. As a result, the University's net position increased by \$18.5 million, resulting in a year end balance of \$2.1 billion.

The University's operating revenues totaled \$610.7 million for the 2013-14 fiscal year, representing a 5.6 percent increase over the 2012-13 fiscal year due mainly to an increases in both tuition and fees revenues and sales and services of auxiliary enterprises revenues. Operating expenses totaled \$1.1 billion for the 2013-14 fiscal year, representing an increase of 10.4 percent over the 2012-13 fiscal year primarily due to a \$62.9 million, or 10.9 percent, increase in compensation and employee benefits.

Net nonoperating revenues totaled \$443 million, representing an increase of \$114 million, or 34.6

percent, from the 2012-13 fiscal year. This increase is primarily due to the increase in State noncapital appropriations in the amount of \$111.1 million, or 50.4 percent. In addition, other nonoperating expenses increased by \$3.5 million, or 23.5 percent, and interest on capital asset-related debt increased \$4.1 million, or 54.9 percent. Further, Other Revenues, Expenses, Gains, or Losses decreased by \$26.5 million, or 53.7 percent, primarily due to a decreased in Capital Grants, Contracts, Donations, and Fees.

OVERVIEW OF FINANCIAL STATEMENTS

Pursuant to GASB Statement No. 35, the University's financial report includes three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; 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 reporting entity as a blended component unit. In addition, nine direct-support organizations and the Florida State University Schools, Inc., are included within the University reporting entity as discretely presented component units. Information regarding these component units, including summaries of the discretely presented component units' separately issued financial statements, is presented in the notes to 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.

Management's Discussion and Analysis

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the University, using the accrual basis of accounting, and presents the financial position of the University at a specified time. Assets, less liabilities, equals net position, which is one indicator of the University's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the University's financial condition.

The following summarizes the University's assets, liabilities and net position at June 30:

Condensed Statement of Net Position at June 30 (in thousands)

	2014	2013
Assets		
Current Assets	\$ 692,423	\$ 653,439
Capital Assets, Net	1,832,579	1,800,748
Other Noncurrent Assets	73,026	51,101
Total Assets	2,598,028	2,505,288
Liabilities		
Current Liabilities	126,339	103,994
Noncurrent Liabilities	368,704	316,781
Total Liabilities	495,043	420,775
Net Position		
Net Investment in Capital Assets	1,569,519	1,577,837
Restricted	185,871	169,895
Unrestricted	347,595	336,781
Total Net Position	\$ 2,102,985	\$ 2,084,513

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

The statement of revenues, expenses, and changes in net position 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.

The following summarizes the University's activity for the 2013-14 and 2012-13 fiscal years:

Condensed Statement of Revenues, Expenses, and Changes in Net Position For the Fiscal Years (in thousands)

	2013-14	2012-13
Operating Revenues	\$ 610,661	\$ 578,177
Less, Operating Expenses	(1,057,951)	(958,395)
Operating Loss	(447,290)	(380,218)
Net Nonoperating Revenues	442,955	328,978
Loss Before Other Revenues, Expenses, Gains, or Losses	(4,335)	(51,240)
Other Revenues, Expenses, Gains, or Losses	22,807	49,274
Net Increase (Decrease) in Net Position	18,472	(1,966)
Net Position, Beginning of Year	2,084,513	2,086,479
Net Position, End of Year	\$ 2,102,985	\$ 2,084,513

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 summarizes the operating revenues by source that were used to fund operating activities for the 2013-14 and 2012-13 fiscal years:

Operating Revenues (in thousands)

	2013-14	2012-13
Net Tuition and Fees	\$ 245,155	\$ 225,567
Grants and Contracts	195,892	195,818
Sales and Services of Educational Departments	591	365
Sales and Services of Auxiliary Enterprises (Net)	160,425	147,707
Other	8,598	8,720
Total Operating Revenues	\$ 610,661	\$ 578,177

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 position and has displayed the functional classification in the notes to financial statements.

The following summarizes the operating expenses by natural classifications for the 2013-14 and 2012-13 fiscal years:

Operating Expenses (in thousands)

	2013-14	2012-13
Compensation and Employee Benefits	\$ 640,071	\$577,137
Services and Supplies	226,947	200,290
Utilities and Communications	35,983	38,043
Scholarships, Fellowships, and Waivers	85,106	80,539
Depreciation	69,844	62,386
Total Operating Expenses	\$1,057,951	\$958,395

NONOPERATING REVENUES AND EXPENSES

Certain revenue sources that the University relies on to provide funding for operations, including State noncapital 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 summarizes the University's nonoperating revenues and expenses for the 2013-14 and 2012-13 fiscal years:

Nonoperating Revenues (Expenses) (in thousands)

	2013-14	2012-13
State Noncapital Appropriations	\$ 331,441	\$ 220,355
Federal and State Student Financial Aid	94,763	94,841
Noncapital Grants, Contracts, and Gifts	34,586	42,154
Investment Income	6,348	11,725
Net Increase (Decrease) in the Fair Value of Investments	6,019	(11,794)
Other Nonoperating Revenues	466	582
Loss on Disposal of Capital Assets	(755)	(6,580)
Interest on Capital Asset-Related Debt	(11,692)	(7,547)
Other Nonoperating Expenses	(18,221)	(14,758)
Net Nonoperating Revenues	\$ 442,955	\$ 328,978

OTHER REVENUES, EXPENSES, GAINS, OR LOSSES

This category is composed of State capital appropriations and capital grants, contracts, donations, and fees. The following summarizes the University's other revenues, expenses, gains, or losses for the 2013-14 and 2012-13 fiscal years:

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

	2013-14	2012-13
State Capital Appropriations	\$ 4,911	\$ 1,750
Capital Grants, Contracts, Donations, and Fees	17,896	47,524
Total	\$ 22,807	\$ 49,274

Management's Discussion and Analysis

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

The following summarizes cash flows for the 2013-14 and 2012-13 fiscal years:

Major sources of funds came from State noncapital appropriations (\$331.4 million), Federal and State student financial aid (\$94.8 million), net student tuition and fees (\$236.9 million), grants and contracts (\$203.8 million), and sales and services of auxiliary enterprises (\$158.1 million). Major uses of funds were for payments made to and on behalf of employees (\$620.1 million); payments to suppliers (\$269.1 million); payments to and on behalf of students for scholarships (\$85.1 million); and purchase or construction of capital assets (\$94.5 million).

Condensed Statement of Cash Flows

(in thousands)

	2013-14	2012-13
Cash Provided (Used) by:		
Operating Activities	\$(362,110)	\$(312,068)
Noncapital Financing Activities	456,537	359,666
Capital and Related Financing Activities	(58,881)	(110,229)
Investing Activities	(38,294)	71,517
Net Increase (Decrease) in Cash and Cash Equivalents	(2,748)	8,886
Cash and Cash Equivalents, Beginning of Year	23,728	14,842
Cash and Cash Equivalents, End of Year	\$ 20,980	\$ 23,728

CAPITAL ASSETS

At June 30, 2014, the University had \$2.6 billion in capital assets, less accumulated depreciation of \$0.8 billion, for net capital assets of \$1.8 billion. Depreciation charges for the current fiscal year totaled \$69.8 million. The following table summarizes the University's capital assets, net of accumulated depreciation, at June 30:

Capital Assets, Net at June 30

(in thousands)

	2014	2013
Land	\$ 73,441	\$ 62,562
Construction in Progress	81,772	82,691
Buildings	1,397,749	1,392,212
Infrastructure and Other Improvements	70,895	71,562
Furniture and Equipment	84,313	85,228
Library Resources	30,469	31,355
Works of Art and Historical Treasures	74,039	74,038
Computer Software and Other Capital Assets	19,901	1,100
Capital Assets, Net	\$ 1,832,579	\$ 1,800,748

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

CAPITAL EXPENSES AND COMMITMENTS

Major capital expenses through June 30, 2014, were incurred on the following projects: University Housing Expansion totaling \$30.2 million, the Asian Art Study Center totaling \$2.9 million, and Donald L. Tucker Civic Center Renovations totaling \$0.7 million. The University's major construction commitments at June 30, 2014, are as follows:

Major Capital Commitments at June 30
(in thousands)

	2014
Total Committed	\$ 172,239
Completed to Date	(81,772)
Balance Committed	\$ 90,467

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

DEBT ADMINISTRATION

As of June 30, 2014, the University had \$260.9 million in outstanding capital improvement debt payable and \$0.4 million in installment purchases payable, representing an increase of \$40.4 million, or 18.3 percent, from the prior fiscal year. The following table summarizes the outstanding long-term debt by type for the fiscal years ended June 30:

Long-Term Debt, at June 30
(in thousands)

	2014	2013
Capital Improvement Debt	\$ 260,909	\$ 220,407
Installment Purchases	401	519
Total	\$ 261,310	\$ 220,926

Additional information about the University's long-term debt is presented in the notes to financial statements.

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. The 2014 Florida Legislature approved a record-breaking budget of \$77 billion. For the 2014-15 fiscal year, the University received a \$5 million increase in preeminence funding and a \$21.1 million increase in performance funding. In addition, the University received \$20 million for the new Earth, Ocean, and Atmospheric Science Building and \$5.7 million for building maintenance.

The State funding has not been enough to keep pace with the growth of the University. Therefore, in October 2014 the University launched the public phase of its \$1 billion Raise the Torch Campaign, which is slated to conclude June 30, 2018. As of October 30, 2014 more than \$610 million in gift commitments had been received.

The University's undergraduate tuition levels remain relatively low and continue to attract top students. The ability to attract new research funding will benefit from the University's plan to increase the number of tenured faculty. In addition, the University's outstanding fundraising capability is another factor indicating a potential 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 Position

as of June 30, 2014 *(in thousands)*

	University	Component Units
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 20,723	\$ 41,859
Investments	583,429	133,573
Accounts Receivable, Net	42,663	38,149
Loans and Notes Receivable, Net	2,207	15,142
Due from State	19,427	-
Due from Component Units/University	13,636	12,126
Inventories	2,535	235
Other Current Assets	7,803	1,478
Total Current Assets	692,423	242,562
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	257	10,838
Restricted Investments	58,530	601,329
Loans and Notes Receivable, Net	11,005	-
Depreciable Capital Assets, Net	1,603,327	122,547
Nondepreciable Capital Assets	229,252	33,944
Other Noncurrent Assets	3,234	86,736
Total Noncurrent Assets	1,905,605	855,394
TOTAL ASSETS	2,598,028	1,097,956
DEFERRED OUTFLOWS OF RESOURCES		
	-	3,157
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 2,598,028	\$ 1,101,113
LIABILITIES		
Current Liabilities:		
Accounts Payable	\$ 19,393	\$ 9,990
Construction Contracts Payable	11,656	-
Salaries and Wages Payable	16,428	-
Deposits Payable	6,007	15
Due to Component Units/University	14,162	13,729
Unearned Revenue	42,329	31,741
Other Current Liabilities	1,437	1,279
Long-Term Liabilities - Current Portion:		
Capital Improvement Debt Payable	10,699	-
Bonds Payable	-	3,721
Loans and Notes Payable	-	2,496
Installment Purchases Payable	123	-
Accrued Self-Insurance Claims	118	-
Compensated Absences Payable	3,987	-
Total Current Liabilities	126,339	62,971
Noncurrent Liabilities:		
Capital Improvement Debt Payable	250,210	-
Bonds Payable	-	83,156
Loans and Notes Payable	-	13,209
Installment Purchases Payable	278	-
Accrued Self-Insurance Claims	544	-
Compensated Absences Payable	57,009	952
Unearned Revenue	-	25,712
Other Noncurrent Liabilities	16,384	7,776
Other Postemployment Benefits Payable	44,279	-
Total Noncurrent Liabilities	368,704	130,805
TOTAL LIABILITIES	\$ 495,043	\$ 193,776
NET POSITION		
Net Investment in Capital Assets	\$ 1,569,519	\$ 49,715
Restricted for Nonexpendable, Endowment	-	443,075
Restricted for Expendable:		
Debt Service	3,934	-
Loans	5,701	-
Capital Projects	37,359	-
Other	138,877	87,458
Endowment	-	184,577
Unrestricted	347,595	142,512
TOTAL NET POSITION	2,102,985	907,337
TOTAL LIABILITIES AND NET POSITION	\$ 2,598,028	\$ 1,101,113

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

Statement of Revenues, Expenses and Changes in Net Position for Fiscal Year Ended June 30, 2014 *(in thousands)*

	University	Component Units
OPERATING REVENUES		
Student Tuition and Fees, Net of Scholarship Allowances of \$118,985	\$ 245,155	\$ -
Federal Grants and Contracts	157,575	-
State and Local Grants and Contracts	20,272	-
Nongovernmental Grants and Contracts	18,045	-
Sales and Services of Educational Departments	591	-
Sales and Services of Auxiliary Enterprises	160,425	-
Sales and Services of Component Units	-	26,348
Royalties and Licensing Fees	-	14,841
Gifts and Donations	-	66,464
Interest on Loans and Notes Receivable	301	-
Other Operating Revenues	8,297	23,425
Total Operating Revenues	610,661	131,078
OPERATING EXPENSES		
Compensation and Employee Benefits	640,071	47,884
Services and Supplies	226,947	91,414
Utilities and Communications	35,983	535
Scholarships, Fellowships, and Waivers	85,106	-
Depreciation	69,844	5,126
Total Operating Expenses	1,057,951	144,959
OPERATING LOSS	(447,290)	(13,881)
NONOPERATING REVENUES (EXPENSES)		
State Noncapital Appropriations	331,441	-
Federal and State Student Financial Aid	94,763	237
Noncapital Grants, Contracts, and Gifts	34,586	-
Investment Income	6,348	16,383
Net Increase in the Fair Value of Investments	6,019	71,920
Investment Expense	-	(87)
Other Nonoperating Revenues	466	4,685
Gain (Loss) on Disposal of Capital Assets	(755)	510
Interest on Capital Asset-Related Debt	(11,692)	(625)
Other Nonoperating Expenses	(18,221)	(15,376)
NET NONOPERATING REVENUES	442,955	77,647
Income (Loss) Before Other Revenues, Expenses, Gains, or Losses	(4,335)	63,766
State Capital Appropriations	4,911	-
Capital Grants, Contracts, Donations, and Fees	17,896	5,699
Additions to Permanent Endowments	-	6,465
Increase in Net Position	18,472	75,930
Net Position, Beginning of Year	2,084,513	832,115
Adjustments to Net Position, Beginning of Year	-	(708)
Net Position, Beginning of Year (As Restated)	2,084,513	831,407
NET POSITION, END OF YEAR	\$ 2,102,985	\$ 907,337

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

Statement of Cash Flows

for Fiscal Year Ended June 30, 2014 *(in thousands)*

	University
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and Fees, Net	\$ 236,876
Grants and Contracts	203,821
Sales and Services of Educational Departments	591
Sales and Services of Auxiliary Enterprises	158,128
Interest on Loans and Notes Receivable	301
Other Operating Receipts	12,512
Payments to Employees	(620,133)
Payments to Suppliers for Goods and Services	(269,119)
Payments to Students for Scholarships and Fellowships	(85,106)
Payments on Self-Insurance Claims	(23)
Loans issued to Students	(3,201)
Collections on Loans to Students	3,243
Net Cash Used by Operating Activities	(362,110)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State Noncapital Appropriations	331,441
Noncapital Grants, Contracts and Gifts	33,288
Federal and State Student Financial Aid	94,763
Federal Direct Loan Program Receipts	202,289
Federal Direct Loan Program Disbursements	(202,131)
Net Change in Funds Held for Others	6,662
Other Nonoperating Receipts	384
Other Nonoperating Disbursements	(10,159)
Net Cash Provided by Noncapital Financing Activities	456,537
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Capital Debt	99,490
State Capital Appropriations	5,967
Capital Grants, Contracts, Donations, and Fees	2,456
Capital Subsidies and Transfers	375
Purchase or Construction of Capital Assets	(94,466)
Principal Paid on Capital Debt	(59,635)
Interest Paid on Capital Debt	(13,068)
Net Cash Used by Capital and Related Financing Activities	(58,881)
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Sales and Maturities of Investments	1,632,825
Purchase of Investments	(1,676,997)
Investment Income	5,878
Net Cash Used by Investing Activities	(38,294)
Net Decrease in Cash and Cash Equivalents	(2,748)
Cash and Cash Equivalents, Beginning of Year	23,728
Cash and Cash Equivalents, End of Year	\$ 20,980
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Loss	\$ (447,290)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation Expense	69,844
Change in Assets and Liabilities:	
Loans and Notes Receivable, Net	320
Other Receivables, Net	(5,640)
Inventories	276
Deferred Charges and Other Assets	(1,594)
Accounts Payable	(5,153)
Salaries and Wages Payable	2,181
Accrued Insurance Claims	(23)
Deposits Payable	111
Compensated Absences Payable	3,491
Postemployment Healthcare Benefits Payable	14,266
Unearned Revenue	7,097
Other Liabilities	4
NET CASH USED BY OPERATING ACTIVITIES	\$ (362,110)
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 position, but are not cash transactions for the statement of cash flows.	\$ 6,019
Losses from the write off of capital assets were recognized on the statement of revenues, expenses and changes in net position, but are not cash transactions for the statement of cash flows.	\$ (755)

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

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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. The University is directly governed by a Board of Trustees (Trustees) consisting of thirteen 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. 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

The Florida State University College of Medicine Self-Insurance Program was created on July 1, 2006, by the Board of Governors, pursuant to Section 1004.24, Florida Statutes. Although it is legally separate from the University, the Self-Insurance Program is included within the University's reporting entity as a blended component unit based on the application of the criteria for determining component units. Specifically, the Self-Insurance Program is organized exclusively to provide general and professional liability insurance coverage for the educational, research and service programs of the Colleges of Medicine and Nursing, and the Student Health Center. Condensed financial statements for the University's blended component unit are shown in a subsequent note.

DISCRETELY PRESENTED COMPONENT UNITS

Direct-support organizations of the University are legally separate, not for profit, corporations organized and operated exclusively to receive, hold, invest, and administer property and to make expenditures to or for the benefit of the University, as provided for in Section 1004.28, Florida Statutes, and Board of Governors Regulation 9.011. Based on the application of the criteria for determining component units, the following organizations met all of the financial accountability criteria necessary for inclusion as discretely presented component units and therefore are included within the University reporting entity.

The Florida State University Schools, Inc., (not a direct-support organization) is also included as a discretely presented component unit within the University reporting entity based on the nature and significance of its relationship with 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.

Notes to Financial Statements

- **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.
- **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-Abroad 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. (Ringling Museum Foundation)** - The Ringling 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.
- **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.
- **The Florida State University Real Estate Foundation, Inc. (Real Estate Foundation)** – The Real Estate Foundation was established to receive, hold, manage, lease, develop or sell real estate, and to make expenditures, grants, and contributions to or for the benefit of the University.

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. 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 Board of Trustees on September 19, 2008, to support a student managed investment fund and other FSU College of Business programs.
- The Florida State University Foundation for Innovation, Inc., was approved by the Board of Trustees on June 8, 2012, to assist student entrepreneurs.
- The Florida State University Athletics Association, Inc., was approved by the Board of Trustees on December 14, 2012, to provide supplemental contracts for athletics staff.

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 Position
 - Statement of Revenues, Expenses, and Changes in Net Position
 - 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 follows GASB standards of accounting and financial reporting.

Notes to Financial Statements

The University's blended and discretely presented component units use the economic resources measurement focus and 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.

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 University's principal operating activities consist of instruction, research, and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities as well as administration, operation and maintenance of capital assets, and depreciation on capital assets. Nonoperating revenues include State noncapital appropriations, Federal and State student financial aid, investment income, and revenues for capital construction projects. Interest on capital asset-related debt is a nonoperating expense.

The statement of net position 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 position 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. The University has a capitalization threshold of \$5,000 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 capital improvement debt payable, installment purchases payable, accrued self-insurance claims, compensated absences payable, other noncurrent liabilities, and other postemployment benefits payable that are not scheduled to be paid within the next fiscal year. Capital improvement debt payable is reported net of unamortized premium or discount. The University amortizes debt premiums and discounts over the life of the debt using the straight-line method. Deferred losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method. Issuance costs paid from the debt proceeds are reported as deferred charges and are amortized over the life of the debt using the straight-line method.

OPERATING REVENUES AND EXPENSES

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 – and 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.



2 INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds with the State Treasury and State Board of Administration (SBA), 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 Section 218.415(16), Florida Statutes, the University is authorized to invest in the Florida PRIME investment pool administered by the 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.

Investment Type	Fair Value
External Investment Pool:	
State Treasury Special Purpose Investment Account	\$ 633,115,971
State Board of Administration Debt Service Accounts	3,718,788
Mutual Funds:	
Equities	1,606,619
Bonds	3,518,015
Total University Investments	\$ 641,959,393

EXTERNAL INVESTMENT POOL

The University reported investments at fair value totaling \$633,115,971 at June 30, 2014, 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 A+f by Standard & Poor's and had an effective duration of 2.57 years and a fair value factor of 1.0074 at June 30, 2014. 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 \$3,718,788 at June 30, 2014, 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.

OTHER INVESTMENTS

The Florida State University College of Medicine Self-Insurance Program, a blended component unit (see Note 1), reported other investments at fair value totaling \$5,124,634 at June 30, 2014, in various debt and equity mutual funds. Bond mutual fund investments totaling \$3,518,015 consist of shares owned in Vanguard Short-Term Bond Index Fund and Vanguard Intermediate Term Bond Index Fund. Equity mutual fund investments totaling \$1,606,619 consist of shares owned in Vanguard International Stock Index Fund and Vanguard Total Stock Market Index Fund.

The following are required risk disclosures applicable to the Program's investments:

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Program does not have any investments subject to interest rate risk disclosure as of June 30, 2014.

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 (by the GASB) and do not require disclosure of credit quality. The Program held bond mutual funds which have underlying investments with quality ratings by nationally recognized rating agencies at June 30, 2014, as follows:

Investment Type	Fair Value	AA/Aa	A/Ba
Bond mutual funds	\$ 3,518,015	\$ 2,804,833	\$ 713,182

Custodial Credit Risk: Custodial credit risk is the risk that in the event of the failure of the counterparty to a transaction, the Program 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 Program and are not registered in the Program's name.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of the Program's investments in a single issuer. The Program places no limit on the amount it may invest in any one issuer. Individual investments that consist of more than 5 percent of the Program's total investments at June 30, 2014, are as follows:

Investments	Fair Value	Percentage of Total Investments
Short Term Bond Index Fund	\$ 2,804,833	55
Total Stock Market Index Fund	1,070,042	21
Intermediate Term Bond Index Fund	713,182	14
International Stock Index Fund	536,577	10
Total	\$ 5,124,634	100

The Program’s formal investment policy in place does not specifically address any of the types of risks identified above.

COMPONENT UNIT INVESTMENTS

Investments held by the University’s component units at June 30, 2014, are reported at fair value as follows:

Investment Type	Foundation	Boosters	Alumni Association	Research Foundation	Ringling Museum Foundation	Real Estate Foundation	Florida State University Schools	Fair Value
External Investment Pools:								
SBA - PRIME	\$ -	\$ -	\$ -	\$ 31,901,204	\$ -	\$ -	\$ -	\$31,901,204
SBA - Fund B	-	-	-	231,345	-	-	-	231,345
SBA - CAMPMM -Restricted	-	-	-	30,087	-	-	-	30,087
Certificates of Deposit	-	-	153,252	-	-	-	-	153,252
Money Market Funds	-	-	-	35,078,649	-	-	3,163,736	38,242,385
Domestic Bonds & Notes	-	-	-	-	402,862	-	-	402,862
Domestic Stocks	5,158	-	-	53,216,206	703,225	-	-	53,924,589
International Stocks	-	-	-	-	24,857	-	-	24,857
Real Estate Investments	-	12,046,723	-	-	-	516,001	-	12,562,724
Mutual Funds	394,774,562	27,565,526	-	-	1,955,604	-	-	424,295,692
Investment Agreements	171,589,280	1,543,507	-	-	-	-	-	173,132,787
Fair Value	\$566,369,000	\$41,155,756	\$ 153,252	\$120,457,491	\$3,086,548	\$516,001	\$3,163,736	\$734,901,784

COMPONENT UNIT EXTERNAL INVESTMENT POOLS

State Board of Administration Florida PRIME - The Research Foundation reported investments at fair value totaling \$31,901,204 at June 30, 2014, 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, 2014, 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 40 days as of June 30, 2014. 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 - The Fund B Surplus Funds Trust Fund (Fund B) is administered by the SBA pursuant to Sections 218.405 and 218.417, Florida Statutes, and 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 on December 4, 2007. One hundred percent of such distributions from Fund B are available as liquid balances within the Florida PRIME investment pool.

At June 30, 2014, the Research Foundation reported investments at fair value of \$231,345 in Fund B. The investments in Fund B are accounted for as a fluctuating net asset value pool, with a fair value factor of 1.84438408 at June 30, 2014. The weighted average life (WAL) of Fund B at June 30, 2014, was 2.86 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, 2014. WAL measures the sensitivity of Fund B to interest rate changes. The component units' investment in Fund B is unrated.

State Board of Administration Commingled Asset Management Program - The Research Foundation reported investments at fair value totaling \$30,087 at June 30, 2014, 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, 2014. 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, 2014, is estimated to be 3.55 years. However, because CAMPMM-Restricted pool consists of restructured or defaulted securities, there is considerable uncertainty regarding the weighted average life.

COMPONENT UNIT OTHER 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 high quality fixed income instruments. The endowment comprises approximately 45 percent of total investments. The Ringling Museum Foundation's investment policy does not limit the investment maturities of the remainder of its portfolio as a means of managing its exposure to fair value losses arising from increasing interest rates. The Research Foundation investment policy limits the weighted average maturity of its investment portfolio to less than eight years. The Boosters, the Real Estate Foundation, 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, 2014, as follows:

Investment Type	Fair Value	Investment Maturities	
		Daily	Less Than 1 Year
Ringling Museum Foundation			
Mutual Funds	\$ 1,955,604	\$ -	\$ 1,955,604
Domestic Bonds & Notes	402,862	-	402,862
Domestic Stocks	703,225	-	703,225
International Stocks	24,857	-	24,857
Total	\$ 3,086,548	\$ -	\$ 3,086,548
Research Foundation			
Money Market Funds	\$ 35,078,649	\$ -	\$ 35,078,649
Boosters			
Mutual Funds	\$ 27,565,526	\$ 27,565,526	\$ -
Alumni Association			
Certificates of Deposit	\$ 153,252	\$ -	\$ 153,252
Florida State University Schools			
Money Market Funds	\$ 3,163,736	\$ 3,163,736	\$ -

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, 2014, investment ratings were as follows:

Investment Type	Fair Value	Investment Ratings		
		AAAm	Aaa	Not Rated
Ringling Museum Foundation				
Mutual Funds	\$ 1,955,604	\$ -	\$ -	\$ 1,955,604
Research Foundation				
Money Market Funds	\$35,078,649	\$35,078,649	\$ -	\$ -
Boosters				
Mutual Funds	\$27,565,526	\$27,565,526	\$ -	\$ -
Alumni Association				
Certificates of Deposit	\$ 153,252	\$ -	\$ -	\$ 153,252
Florida State University Schools				
Money Market Funds	\$ 3,163,736	\$ -	\$ 3,163,736	\$ -

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 Ringling Museum Foundation, the Boosters, the Alumni Association, the Research Foundation, 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 component units manage their concentration of credit risk based on various investment policies, which may be obtained separately from the component units.

3

RECEIVABLES

Accounts Receivable - Accounts receivable represent amounts for student tuition and fees, grant and contract 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, 2014, the University reported the following amounts as accounts receivable:

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 Doubtful Receivables - Allowances for doubtful accounts, and loans and notes receivable, 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 \$2,385,457 and \$2,230,736, respectively, at June 30, 2014. No allowance has been accrued for grants and contracts receivable. University management considers these to be fully collectible.

Description	Amount
Student Tuition and Fees	\$ 9,217,397
Grants and Contracts	17,703,440
Sales and Services of Auxiliary Enterprises	12,536,471
Interest	797,283
Other	4,793,922
Total Accounts Receivable	<u><u>\$45,048,513</u></u>

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DUE FROM STATE

This amount consists of \$19,427,607 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, 2014. 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 position do not agree with amounts reported by the component units as due from and to the University.

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CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Land	\$ 62,561,695	\$ 11,039,550	\$ 160,371	\$ 73,440,874
Works of Art and Historical Treasures	74,038,103	792	-	74,038,895
Construction in Progress	82,690,523	89,439,751	90,357,861	81,772,413
Total Nondepreciable Capital Assets	\$ 219,290,321	\$ 100,480,093	\$ 90,518,232	\$229,252,182
Depreciable Capital Assets:				
Buildings	\$ 1,799,146,377	\$ 85,170,622	\$ 45,253,003	\$1,839,063,996
Infrastructure and Other Improvements	127,210,783	3,312,693	-	130,523,476
Furniture and Equipment	276,289,549	19,616,644	7,832,894	288,073,299
Library Resources	124,356,518	5,900,777	1,141,632	129,115,663
Computer Software and Other Capital Assets	29,800,397	24,216,707	42,016	53,975,088
Total Depreciable Capital Assets	2,356,803,624	138,217,443	54,269,545	2,440,751,522
Less, Accumulated Depreciation:				
Buildings	406,934,496	35,710,824	1,330,191	441,315,129
Infrastructure and Other Improvements	55,648,613	4,073,337	92,517	59,629,433
Furniture and Equipment	191,060,654	17,863,170	5,163,843	203,759,981
Library Resources	93,001,943	6,784,768	1,140,182	98,646,529
Computer Software and Other Capital Assets	28,699,980	5,411,635	37,930	34,073,685
Total Accumulated Depreciation	775,345,686	69,843,734	7,764,663	837,424,757
Total Depreciable Capital Assets, Net	\$ 1,581,457,938	\$ 68,373,709	\$ 46,504,882	\$1,603,326,765

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UNEARNED REVENUE

Unearned 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, 2014, to spend the funds, and grants and contracts, auxiliary sales and services, and other revenues received prior to fiscal year end related to subsequent accounting periods. As of June 30, 2014, the University reported the following amounts as unearned revenue:

Description	Amount
State Capital Appropriations	\$ 16,207,533
Grants and Contracts	3,938,891
Sales and Services of Auxiliary Enterprises	22,127,456
Other	55,502
Total Unearned Revenue	\$ 42,329,382

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LONG-TERM LIABILITIES

Long-term liabilities of the University at June 30, 2014, include capital improvement debt payable, installment purchases payable, accrued self-insurance claims, compensated absences payable, other noncurrent liabilities, and other postemployment benefits payable. 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, 2014, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Capital Improvement Debt Payable	\$ 220,406,913	\$ 99,490,288	\$58,988,114	\$ 260,909,087	\$ 10,698,694
Installment Purchases Payable	518,953	-	118,388	400,565	122,928
Accrued Self-Insurance Claims	685,017	409,802	432,819	662,000	118,365
Compensated Absences Payable	57,455,695	7,892,653	4,352,066	60,996,282	3,986,982
Other Noncurrent Liabilities	21,494,185	-	5,110,212	16,383,973	-
Other Postemployment Benefits Payable	30,013,000	18,449,000	4,183,000	44,279,000	-
Total Long-Term Liabilities	\$ 330,573,763	\$126,241,743	\$73,184,599	\$ 383,630,907	\$ 14,926,969

Capital Improvement Debt Payable

The University had the following capital improvement debt payable outstanding at June 30, 2014:

Capital Improvement Debt Type and Series	Amount of Original Issue	Amount Outstanding (1)	Interest Rates (Percent)	Maturity Date To
Auxiliary Revenue Debt:				
1993 Housing	\$ 3,500,000	\$ 1,265,000	3.0	2022
2004A Housing	23,145,000	2,537,501	3.375 - 4.5	2034
2005A Housing	71,285,000	24,335,738	5.0	2035
2010A Housing	18,910,000	17,349,093	2.5 - 4.75	2040
2011A Housing	27,745,000	25,235,852	2.0 - 4.125	2031
2013A Housing	42,495,000	45,353,877	4.0 - 5.0	2033
2014A Housing	46,085,000	53,985,944	3.0 - 5.0	2031
Total Student Housing Debt	233,165,000	170,063,005		
2003B Parking	15,645,000	8,457,800	3.7 - 4.5	2023
2005A Parking	11,270,000	7,381,835	4.0 - 5.0	2025
2007A Parking	13,230,000	9,398,431	4.0 - 4.625	2026
2011A Parking	22,145,000	18,659,938	2.5 - 5.25	2031
Total Student Parking Debt	62,290,000	43,898,004		
2005A Dining	10,000,000	6,775,000	2.29	2025
2010A Wellness Center	31,320,000	27,969,160	4.0 - 5.0	2030
Total Auxiliary Debt	336,775,000	248,705,169		
2012 Research Foundation Revenue Debt	11,920,000	12,203,918	3.0 - 4.0	2031
Total Capital Improvement Debt	\$ 348,695,000	\$ 260,909,087		

Note: (1) Amount outstanding includes unamortized bond discounts and premiums, deferred losses on refunding issues, and deferred charges.

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 \$336.8 million in capital improvement (housing, parking, etc.) revenue bonds issued by the Florida 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 \$346 million, and principal and interest paid for the current year totaled \$19.8 million.

During the 2013-14 fiscal year, housing rental income, traffic and parking fees, food service revenues, and assessed student transportation and student health fees were as follows:

Revenue Source	Amount
Housing Rental Income	\$ 42,043,160
Traffic, Parking and Transportation Fees	10,990,849
Food Service Revenues	1,832,685
Student Health Fees	13,851,304

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

On August 22, 2013, the Board of Governors issued \$42,495,000 of Florida State University Dormitory Revenue Bonds, Series 2013A, with interest rates varying from 4 percent to 5 percent. The capital improvement debt proceeds are being used to finance the cost of constructing a dormitory on the main campus of the University.

Notes to Financial Statements

On June 24, 2014, the Board of Governors issued \$46,085,000 of Florida State University Dormitory Revenue Refunding Bonds, Series 2014A with interest rates varying from 3 percent to 5 percent. The proceeds from this debt were used to defease \$12,455,000 and \$33,630,000 of outstanding State of Florida, Florida Education System, Florida State University Housing Facility Revenue Bonds, Series 2004A and 2005A, respectively. Securities were placed in an irrevocable trust with an escrow agent to provide for all debt service payments. As a result of the refunding, the University reduced its capital improvement debt service requirement by \$7,771,278 over the next seventeen years and obtained an economic gain of \$6,102,318.

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2014, are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2015	\$ 9,980,000	\$ 10,371,903	\$ 20,351,903
2016	11,405,000	10,331,635	21,736,635
2017	11,885,000	9,864,475	21,749,475
2018	12,350,000	9,388,654	21,738,654
2019	12,860,000	8,885,428	21,745,428
2020-2024	69,890,000	35,621,304	105,511,304
2025-2029	63,665,000	20,476,791	84,141,791
2030-2034	46,155,000	7,899,294	54,054,294
2035-2039	8,635,000	1,157,268	9,792,268
2040	1,100,000	52,250	1,152,250
Subtotal	247,925,000	114,049,002	361,974,002
Plus: Unamortized Premiums and Discounts, Net	12,984,087	-	12,984,087
Total	\$ 260,909,087	\$ 114,049,002	\$ 374,958,089

Installment Purchases Payable

The University has entered into several installment purchase agreements for the purchase of equipment reported at \$1,006,420. The stated interest rate is 3.78 percent. Future minimum payments remaining under installment purchase agreements and the present value of the minimum payments as of June 30, 2014, are as follows:

Fiscal Year Ending June 30	Amount
2015	\$ 134,412
2016	134,412
2017	100,809
2018	51,062
Total Minimum Payments	420,695
Less, Amount Representing Interest	20,130
Present Value of Minimum Payments	\$ 400,565

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 noncapital 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, 2014, the estimated liability for compensated absences, which includes the University's share of the Florida Retirement System and FICA contributions, totaled \$60,996,282. The current portion of the compensated absences liability, \$3,986,982, is the amount expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to total accrued leave liability.

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. For the 2013-14 fiscal year, 1,133 retirees received postemployment healthcare benefits. The University provided required contributions of \$4,183,000 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 \$5,646,000, which represents 1.4 percent of covered payroll.

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)	\$ 9,791,000
Amortization of Unfunded Actuarial Accrued Liability	7,794,000
Interest on Normal Cost and Amortization	703,000
Annual Required Contribution	18,288,000
Interest on Net OPEB Obligation	1,201,000
Adjustment to Annual Required Contribution	(1,040,000)
Annual OPEB Cost (Expense)	18,449,000
Contribution Toward the OPEB Cost	(4,183,000)
Increase in Net OPEB Obligation	14,266,000
Net OPEB Obligation, Beginning of Year	30,013,000
Net OPEB Obligation, End of Year	\$ 44,279,000

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, 2014, and for the two preceding fiscal years, were as follows:

Fiscal Year	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2011-12	\$ 11,692,000	30	\$ 21,662,000
2012-13	11,795,000	29	30,013,000
2013-14	18,449,000	23	44,279,000

Funded Status and Funding Progress - As of July 1, 2013, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$233,811,000, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability of \$233,811,000 and a funded ratio of 0 percent. The covered payroll (annual payroll of active participating employees) was \$389,854,458 for the 2013-14 fiscal year, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 60 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, 2013, used the entry-age cost actuarial method to estimate the actuarial accrued liability as of June 30, 2014, and the University's 2013-14 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 and an inflation rate of 3 percent. Initial healthcare cost trend rates were 7.4, 7, and 8.2 percent for the first three years, respectively, for all retirees in the Preferred Provider Option (PPO) Plan, and 3.9, 7.8, and 8.3 percent for the first three years for all retirees in the Health Maintenance Organization (HMO) Plan. The PPO and HMO healthcare trend rates both grade down to an ultimate rate of 5 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.

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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 the 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. The 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), with a Deferred Retirement Option Program (DROP), and a defined contribution plan, referred to as the FRS Investment Plan (Investment Plan).

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service, except for members classified as special risk who are eligible for normal retirement benefits at age 55 or at any age after 25 years

of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service, except for members classified as special risk who are eligible for normal retirement benefits at age 60 or at any age after 30 years of service. Members of both Plans may include up to 4 years of credit for military service toward creditable 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 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.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. University employees already participating in the State University System Optional Retirement Program or DROP are not eligible to participate in this program. Employer and employee contributions are defined by law, but the ultimate benefit depends in part on the performance of investment funds. The Investment Plan is funded by employer and employee contributions that are based on salary and membership class (Regular Class, Senior Management Service 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 the Investment Plan vest at one year of service.

The State of Florida establishes contribution rates for participating employers and employees. Contribution rates during the 2013-14 fiscal year were as follows:

Class or Plan	Percent of Gross Salary	
	Employee	Employer (A)
Florida Retirement System, Regular	3.00	6.95
Florida Retirement System, Senior Management Service	3.00	18.31
Florida Retirement System, Special Risk	3.00	19.06
Teachers' Retirement System, Plan E	6.25	11.44
Deferred Retirement Option Program - Applicable to Members from All of the Above Classes or Plan	0.00	12.84
Florida Retirement System, Reemployed Retiree	(B)	(B)

Notes: (A) Employer rates include 1.20 percent for the postemployment health insurance subsidy. Also, employer rates, other than for DROP participants, include .03 percent for administrative costs of the Investment Plan.

(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, 2012, June 30, 2013, and June 30, 2014, totaled \$11,319,743, \$12,084,114, and \$16,639,575, respectively, which were equal to the required contributions for each fiscal year.

There were 694 University participants in the Investment Plan during the 2013-14 fiscal year. The University's contributions including employee contributions to the Investment Plan totaled \$3,123,273, which was equal to the required contribution for the 2013-14 fiscal year.

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.

Notes to Financial Statements

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's Web site (www.frs.myflorida.com).

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 FRS for eight 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, 7.34 percent of the participant's salary, less a small amount used to cover administrative costs and employees contribute 3 percent of the employee's salary. Additionally, the employee may contribute, by payroll deduction, an amount not to exceed the percentage contributed by the University to the participant's annuity account. The contributions are invested in the company or companies selected by the participant to create a fund for the purchase of annuities at retirement.

There were 2,284 University participants during the 2013-14 fiscal year. The University's contributions to the Program totaled \$14,758,861 and employee contributions totaled \$10,546,679 for the 2013-14 fiscal year.

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CONSTRUCTION COMMITMENTS

The University's major construction commitments at June 30, 2014, are as follows:

Project Description	Total Commitment	Completed to Date	Committed Balance
Asian Art Study Center	\$ 10,752,070	\$ 2,879,241	\$ 7,872,829
Donald L. Tucker Civic Center Renovations	14,866,486	704,201	14,162,285
Student Union Expansion	8,218,342	-	8,218,342
University Housing Expansion	52,110,891	30,166,234	21,944,657
Other (1)	86,291,877	48,022,737	38,269,140
Total	\$ 172,239,666	\$ 81,772,413	\$ 90,467,253

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

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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 2013-14 fiscal year, for property losses, the State retained the first \$2 million per occurrence for

all perils except named windstorm and flood. The State retained the first \$2 million per occurrence with an annual aggregate retention of \$40 million for named windstorm and flood losses. After the annual aggregate retention, losses in excess of \$2 million per occurrence were commercially insured up to \$50 million for named windstorm and flood losses through February 15, 2014, and increased to \$54 million starting February 16, 2014. 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 \$200,000 per person, and \$300,000 per occurrence as set by Section 768.28(5), 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 resident 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.

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 \$200,000 for a claim arising from an occurrence for any one person, \$300,000 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 2013-14 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
2012-13	\$ 1,218,841	\$ (508,879)	\$ (24,945)	\$ 685,017
2013-14	685,017	409,802	(432,819)	662,000

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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 position are presented by natural classifications. The following are those same expenses presented in functional classifications as recommended by NACUBO:

Functional Classification	Amount
Instruction	\$ 325,724,829
Research	157,408,431
Public Service	31,581,404
Academic Support	69,268,804
Student Services	44,378,585
Institutional Support	57,327,440
Operation and Maintenance of Plant	67,310,024
Scholarships and Fellowships	85,105,945
Depreciation	69,843,734
Auxiliary Enterprises	149,573,292
Loan Operations	428,978
Total Operating Expenses	\$ 1,057,951,466

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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 Housing and Parking facilities represents identifiable activities for which one or more bonds are outstanding:

	<u>Parking Facility</u>	<u>Housing Facility</u>
Condensed Statement of Net Position		
Assets		
Current Assets	\$ 5,119,410	\$ 20,624,908
Capital Assets, Net	74,652,775	221,482,298
Other Noncurrent Assets	1,119,662	72,758,347
Total Assets	80,891,847	314,865,553
Liabilities		
Current Liabilities	3,320,469	18,202,679
Noncurrent Liabilities	40,904,151	165,454,372
Total Liabilities	44,224,620	183,657,051
Net Position		
Net Investment in Capital Assets	30,754,771	73,775,537
Restricted - Expendable	3,735,848	42,492,514
Unrestricted	2,176,608	14,940,451
Total Net Position	\$ 36,667,227	\$ 131,208,502
Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating Revenues	\$ 10,990,849	\$ 42,043,160
Depreciation Expense	(1,923,504)	(4,728,115)
Operating Expenses	(5,700,659)	(18,192,541)
Operating Income	3,366,686	19,122,504
Net Nonoperating Expenses	(2,437,300)	(9,783,084)
Income Before Other Revenues, Expenses, Gains, or Losses	929,386	9,339,420
Other Revenues, Expenses, Gains, or Losses	927,680	3,258,241
Increase in Net Position	1,857,066	12,597,661
Net Position, Beginning of Year	33,687,575	118,610,841
Adjustment to Net Position, Beginning of Year (1)	1,122,586	-
Net Position, Beginning of Year (As Restated)	34,810,161	118,610,841
Net Position, End of Year	\$ 36,667,227	\$ 131,208,502
Condensed Statement of Cash Flows		
Net Cash Provided (Used) by:		
Operating Activities	\$ 5,181,991	\$ 26,857,720
Noncapital Financing Activities	927,680	(411,409)
Capital and Related Financing Activities	(6,235,868)	10,700,652
Investing Activities	94,676	(36,470,693)
Net Increase (Decrease) in Cash and Cash Equivalents	(31,521)	676,270
Cash and Cash Equivalents, Beginning of Year	176,841	70,752
Cash and Cash Equivalents, End of Year	\$ 145,320	\$ 747,022

Note: (1) Net Position, Beginning of Year was restated to include additional Construction In Progress for Parking facilities related to the prior year.

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BLENDED COMPONENT UNIT

The University has one blended component unit as discussed in note 1. The following financial information is presented for the University's blended component unit:

	College of Medicine Self-Insurance Program	University	Eliminations	Total Primary Government
Condensed Statement of Net Position				
Assets				
Other Current Assets	\$ 6,578,179	\$ 685,844,921	\$ -	\$ 692,423,100
Capital Assets, Net	-	1,832,578,948	-	1,832,578,948
Other Noncurrent Assets	-	73,025,871	-	73,025,871
Total Assets	6,578,179	2,591,449,740	-	2,598,027,919
Liabilities				
Other Current Liabilities	131,020	126,208,633	-	126,339,653
Noncurrent Liabilities	543,635	368,160,303	-	368,703,938
Total Liabilities	674,655	494,368,936	-	495,043,591
Net Position				
Net Investment in Capital Assets	-	1,569,519,375	-	1,569,519,375
Restricted - Expendable	5,903,524	179,966,691	-	185,870,215
Unrestricted	-	347,594,739	-	347,594,739
Total Net Position	\$ 5,903,524	\$ 2,097,080,805	\$ -	\$ 2,102,984,329
Condensed Statement of Revenues, Expenses and Changes in Net Position				
Operating Revenues	\$ 871,568	\$ 609,690,039	\$ (99,968)	\$ 610,661,575
Depreciation Expense	-	(69,843,734)	-	(69,843,734)
Other Operating Expenses	(459,818)	(987,547,946)	99,968	(988,107,732)
Operating Income (Loss)	411,750	(447,701,641)	-	(447,289,891)
Nonoperating Revenues (Expenses)				
Nonoperating Revenue	-	472,867,433	-	472,867,433
Interest Expense	-	(11,691,768)	-	(11,691,768)
Other Nonoperating Expense	-	(18,220,987)	-	(18,220,987)
Net Nonoperating Revenues (Expenses)	-	442,954,678	-	442,954,678
Other Revenues, Expenses, Gains, and Losses	(409,802)	23,216,549	-	22,806,747
Increase in Net Position	1,948	18,469,586	-	18,471,534
Net Position, Beginning of Year	5,901,576	2,078,611,219	-	2,084,512,795
Net Position, End of Year	\$ 5,903,524	\$ 2,097,080,805	\$ -	\$ 2,102,984,329
Condensed Statement of Cash Flows				
Net Cash Provided (Used) by:				
Operating Activities	\$ (107,768)	\$ (362,002,793)	\$ -	\$ (362,110,561)
Noncapital Financing Activities	-	456,537,922	-	456,537,922
Capital and Related Financing Activities	-	(58,880,949)	-	(58,880,949)
Investing Activities	(5,026,667)	(33,267,289)	-	(38,293,956)
Net Increase (Decrease) in Cash and Cash Equivalents	(5,134,435)	2,386,891	-	(2,747,544)
Cash and Cash Equivalents, Beginning of Year	6,587,768	17,139,722	-	23,727,490
Cash and Cash Equivalents, End of Year	\$ 1,453,333	\$ 19,526,613	\$ -	\$ 20,979,946



DISCRETELY PRESENTED COMPONENT UNITS

The University has fourteen component units as discussed in note 1, ten of which had material activity during the 2013-14 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		International Programs Association	Alumni Association
	Foundation 6/30/2014	Boosters 6/30/2014	9/30/2013	6/30/2014
Condensed Statement of Net Position				
Assets:				
Current Assets	\$ 29,309,293	\$ 56,681,607	\$ 10,870,910	\$ 975,960
Capital Assets, Net	160,076	112,673,177	19,125,691	88,223
Other Noncurrent Assets	586,100,141	107,772,912	51,654	3,201
Total Assets	615,569,510	277,127,696	30,048,255	1,067,384
Deferred Outflows of Resources	-	3,156,597	-	-
Liabilities:				
Current Liabilities	6,130,597	32,660,394	3,914,725	118,140
Noncurrent Liabilities	8,226,718	100,784,176	6,857,245	1,599
Total Liabilities	14,357,315	133,444,570	10,771,970	119,739
Net Position:				
Net Investment in Capital Assets	160,076	31,558,402	9,971,868	88,223
Restricted	593,219,371	118,111,004	-	-
Unrestricted	7,832,748	(2,829,683)	9,304,417	859,422
Total Net Position	\$ 601,212,195	\$ 146,839,723	\$ 19,276,285	\$ 947,645
Condensed Statement of Revenues, Expenses, and Changes in Net Position				
Operating Revenues	\$ 41,888,847	\$ 31,392,228	\$ 14,753,545	\$ 2,241,699
Operating Expenses	61,041,408	38,372,668	12,092,918	2,723,659
Operating Income (Loss)	(19,152,561)	(6,980,440)	2,660,627	(481,960)
Net Nonoperating Revenues (Expenses)	77,363,699	1,924,720	(646,166)	542,642
Other Revenues, Expenses, Gains, and Losses	3,479,683	7,112,409	-	-
Increase (Decrease) in Net Position	61,690,821	2,056,689	2,014,461	60,682
Net Position, Beginning of Year	539,521,374	144,783,034	17,970,583	886,963
Adjustment to Beginning Net Position	-	-	(708,759)	-
Net Position, Beginning of Year (As Restated)	539,521,374	144,783,034	17,261,824	886,963
Net Position, End of Year	\$ 601,212,195	\$ 146,839,723	\$ 19,276,285	\$ 947,645

					Other	Total
Research Foundation	Ringling Museum Foundation	Florida Medical Practice Plan	Magnet Research and Development	Real Estate Foundation	Florida State University Schools	
6/30/2014	6/30/2014	6/30/2014	6/30/2014	6/30/2014	6/30/2014	
\$ 121,526,119	\$ 2,928,489	\$ 3,701,473	\$ 1,858,123	\$ 148,800	\$ 14,561,114	\$ 242,561,888
883,353	115,967	-	-	888,356	22,556,562	156,491,405
2,594,997	1,772,414	-	-	516,001	92,132	698,903,452
125,004,469	4,816,870	3,701,473	1,858,123	1,553,157	37,209,808	1,097,956,745
-	-	-	-	-	-	3,156,597
16,498,756	49,168	1,680,382	667,132	55,949	1,195,331	62,970,574
289,173	-	-	-	-	14,646,522	130,805,433
16,787,929	49,168	1,680,382	667,132	55,949	15,841,853	193,776,007
594,181	115,967	-	-	-	7,226,068	49,714,785
-	2,432,035	-	-	1,347,928	-	715,110,338
107,622,359	2,219,700	2,021,091	1,190,991	149,280	14,141,887	142,512,212
\$ 108,216,540	\$ 4,767,702	\$ 2,021,091	\$ 1,190,991	\$ 1,497,208	\$ 21,367,955	\$ 907,337,335
\$ 13,459,951	\$ 1,850,615	\$ 12,060,774	\$ 742,991	\$ 619,713	\$ 12,067,800	\$ 131,078,163
12,753,129	1,775,889	1,967,592	685,107	382,387	13,164,462	144,959,219
706,822	74,726	10,093,182	57,884	237,326	(1,096,662)	(13,881,056)
9,428,050	187,398	(10,415,445)	63	(555,000)	(182,789)	77,647,172
-	-	-	-	-	1,572,097	12,164,189
10,134,872	262,124	(322,263)	57,947	(317,674)	292,646	75,930,305
98,081,668	4,505,578	2,343,354	1,133,044	1,814,882	21,075,309	832,115,789
-	-	-	-	-	-	(708,759)
98,081,668	4,505,578	2,343,354	1,133,044	1,814,882	21,075,309	831,407,030
\$ 108,216,540	\$ 4,767,702	\$ 2,021,091	\$ 1,190,991	\$ 1,497,208	\$ 21,367,955	\$ 907,337,335

Other Required Supplementary Information

SCHEDULE OF FUNDING PROGRESS – OTHER POSTEMPLOYMENT BENEFITS PLAN

The July 1, 2013 unfunded actuarial accrued liability of \$233,811,000 was higher than the July 1, 2011 liability of \$137,982,000 primarily as a result of lower than expected increases in retiree contributions rates, an implicit subsidy resulting from less than the full cost of coverage now being paid by participants in four HMO plans, changes in demographic data and assumptions, and certain trend assumptions.

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) (1) (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a Percentage of Covered Payroll [(B-A)/C]
7/1/2009	-	\$ 107,457,000	\$107,457,000	0%	\$ 344,724,148	31.2%
7/1/2011	-	137,982,000	137,982,000	0%	355,518,953	38.8%
7/1/2013	-	233,811,000	233,811,000	0%	389,854,458	60.0%

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*

Report on the Financial Statements

We have audited, in accordance with the 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, 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, 2014, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated March 26, 2015, included under the heading **INDEPENDENT AUDITOR'S REPORT**. Our report includes a reference to other auditors who 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 of the financial statements, we considered the University's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, noncompliance with which 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. 2015-082.

Purpose of this Report

The purpose of the **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*** is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



David W. Martin, CPA
Tallahassee, Florida
March 26, 2015
Audit Report No. 2015-172

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FLORIDA STATE UNIVERSITY
2013-2014 Annual Report

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