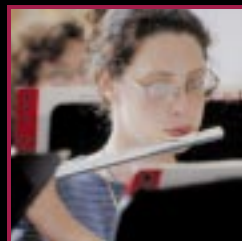




**SUMMARY
CONTINUED**



B. BASIS OF ACCOUNTING

The financial statements were prepared in accordance with generally accepted accounting principles and instructions provided by the Board of Regents pursuant to recommendations made by the National Association of College and University Business Officers, as published under the title of "College and University Business Administration."

The accrual basis of accounting was used to prepare the financial statements; however, depreciation of fixed assets is not recognized. The Reserve for Encumbrances portion of the Fund Balance is a representation of purchase commitments for which merchandise or services had not been received as of the end of the fiscal year. Notes and accounts receivable are reported at face value, less an allowance for uncollectible accounts.

Physical plant and equipment are recorded at cost at the date of acquisition or at appraised value at the date received. Likewise, improvements to existing property and apartments are recorded at cost at the time of completion.

Interdepartmental transactions of auxiliary service departments and other institutional departments have been accounted for as reductions of expenditures and not revenues of the auxiliary service departments.

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

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

C. FUND ACCOUNTING

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

Accordingly, all financial transactions have been recorded and reported by one of the following fund groups.

1. CURRENT FUNDS — This fund includes those economic resources of the University that are expendable for operational purposes in performing the primary objectives of the University (instruction, research and public

service). Resources restricted by donors or other outside agencies for specific current operating purposes are reported as Restricted Current Funds.

2. LOAN FUNDS — This fund group consists of loans to students and of resources available for such purposes. The terms of the loan agreements usually specify that the fund is to be managed on a revolving basis; i.e., repayments of principal and interest are returned to the fund and loaned to other eligible students.

3. PLANT FUNDS — Plant fund groups are used to account for the transactions relating to investment in University property. Plant fund sub-groups and their functions are:

(a) Unexpended Plant Funds account for the unexpended resources received directly by the University, from various sources, to finance the acquisition of long-lasting plant assets and associated liabilities.

(b) Renewal and Replacement Plant Funds provide for the renewal and replacement of Plant Fund Assets as distinguished from additions and improvements to plant.

(c) Retirement of Indebtedness Funds are used to account for the accumulation of resources received directly by the University for interest and principal payments and other debt service charges including contributions for sinking funds relating to plant fund indebtedness.

(d) Investment in Plant includes all long-lasting assets in the service of the University, as well as all associated liabilities.

4. AGENCY FUNDS — This fund group consists of funds held by the University as custodian or fiscal agent for others, such as student organizations and groups.

5. COMPONENT UNITS — This fund group consists of organizations for which the University is accountable or for which the nature and significance of their relationship with the University are such that exclusion would cause the financial statements to be misleading or incomplete.

In each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes. Externally restricted funds may be utilized only in accordance with the purposes established by the donors or grantors.

D. OTHER SIGNIFICANT ACCOUNTING POLICIES

Other significant accounting policies are set forth in the financial statements and notes thereto.

notes to the financial statements

FOR THE YEAR ENDED JUNE 30, 2001

1. CASH AND DEPOSITS

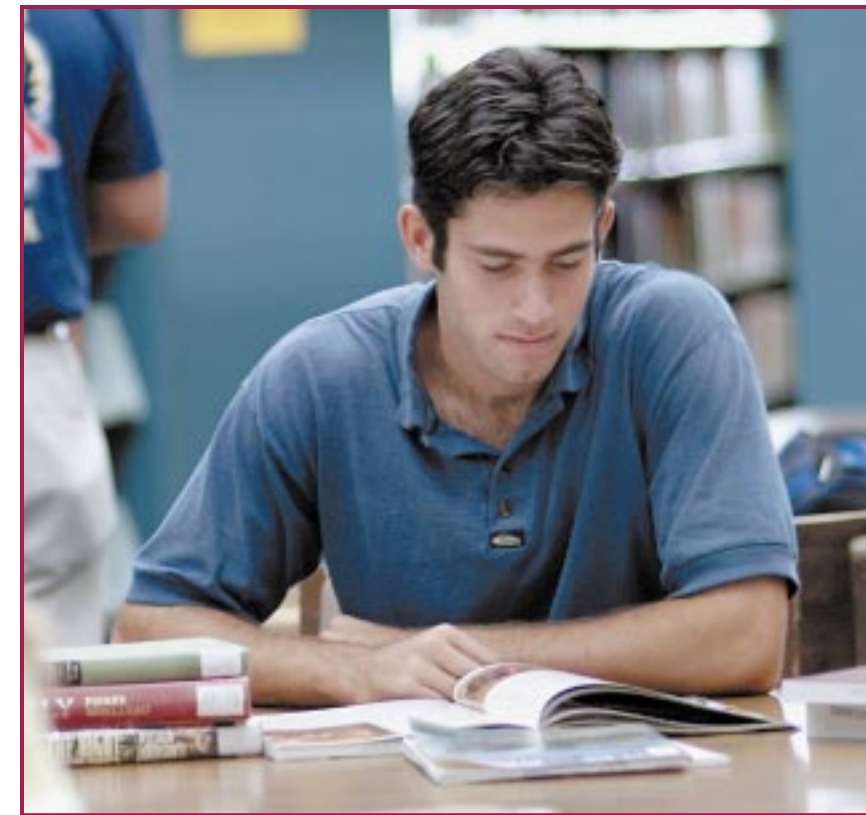
Amounts reported as cash consisted of cash on hand and cash in demand accounts. Cash in demand accounts is held in banks qualified as public depositories in accordance with the provisions of Chapter 280, Florida Statutes.

2. INVESTMENTS

Investments were made through the State Treasurer and the Board of Administration in accordance with the provisions of Section 215.515 and 215.49, Florida Statutes. Investments consisted of the instruments listed in Section 18.10, Florida Statutes. The investments are recorded at cost plus an adjustment of \$17,205 to reflect the carrying amount at market value.

Investment earnings, including interest earned on funds left on deposit with banks, was \$3,127,061 for the year ended June 30, 2001. Current unrestricted fund investment earnings include auxiliary enterprise investment earnings. Investment earnings by fund consisted of the following items:

	Year Ending June 30
Current Unrestricted Fund	\$ 2,571,181
Loan Fund	168,498
Plant Fund	387,382
Total	\$3,127,061



3. NET RECEIVABLES

Accounts and loans receivable are reported net of allowance for uncollectible accounts, which as of June 30, 2001 was estimated to be \$19,661,128. The recorded net receivables as of that date consisted of the following items:

	Current Funds	Loan Fund	Plant Fund	Agency Fund	University Funds	Components Units	Combined Totals
Accounts Receivable	\$2,290,652	\$ -	\$ -	\$505,236	\$2,795,888	\$15,495,070	\$18,290,958
Interest Receivable	223,376	98,441	9,586	12,768	344,171	2,380	346,551
Loans Receivable	-	2,558,398	-	-	2,558,398	-	2,558,398
Due from Other University Departments	-	-	-	-	-	-	-
Gross Receivables	\$2,514,028	\$2,656,839	\$ 9,586	\$518,004	\$5,698,457	\$15,497,450	\$21,195,907
Allowance for Uncollectible Accounts	1,006,588	285,624	-	242,567	1,534,779	-	1,534,779
Net Receivables	\$ 1,507,440	\$2,371,215	\$ 9,586	\$275,437	\$4,163,678	\$ 15,497,450	\$19,661,128

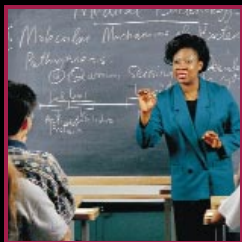
4. INVENTORIES

Merchandise inventories of \$2,952 reflected on the Balance Sheet consisted of goods purchased for resale. Inventories are valued at cost using the latest invoice price method.



NOTES

CONTINUED



5. LONG-TERM DEBT

The University's long-term indebtedness of \$52,557,234, as reported in the Investment in Plant Fund, consists of Revenue Certificates and Bonds which were issued to construct certain University facilities, including student housing and academic and student service facilities. The bonds and revenue certificates outstanding are secured by a pledge of housing rental revenues and various student fee assessments. The building fee and capital improvement fee collected as part of tuition and remitted to the Board of Regents is used to retire the revenue certificates for the academic and student service facilities.

A summary of pertinent information related to the University's indebtedness resulting from the issuance of certificates and bonds follows:

Bond Series Title	Amount of Original Issue	Interest Rate	Outstanding Principal	Maturity Date
1964 Dormitory	\$ 992,000	3.50%	\$ 103,000	2004
1966A Dormitory	1,130,000	3.00%	235,000	2006
1966B Dormitory	1,070,000	3.00%	220,000	2006
1991 Academic and Student Services	6,743,141	5.90% to 6.70%	50,262	2016
1993 Student Apartments	17,180,000	5.80%	14,870,000	2021
1993 Academic and Student Services	6,118,142	4.50% to 5.375%	4,199,196	2013
1997 Academic and Student Services	652,031	5.0% to 7.0%	571,605	2022
1997A Academic and Student Services	5,601,098	3.85% to 5.0%	5,374,752	2016
1998 Academic and Student Services	2,761,595	4.0% to 5.0%	2,533,419	2023
2000 Dormitory	24,400,000	4.4 to 5.4%	24,400,000	2030
Total	\$66,648,007		\$52,557,234	

Five-year maturities of these revenue certificates and bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2002	1,471,955	2,655,273	4,127,228
2003	1,563,982	2,589,570	4,153,552
2004	1,618,589	2,518,860	4,137,449
2005	1,688,137	2,455,833	4,143,970
2006	1,776,383	2,368,973	4,145,356
Subsequent Years	44,608,110	26,572,623	71,180,733
Subtotal	\$ 52,727,156	\$ 39,161,132	\$ 91,888,288
Less: Bond Discount	169,922	-	169,922
Total	\$ 52,557,234	\$ 39,161,132	\$ 91,718,366

6. COMPENSATED ABSENCES LIABILITY

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to Section 6C-5.920, Florida Administrative Code; and pursuant to bargaining agreements between the Board of Regents and the United Faculty of Florida. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. Consistent with GASB Statement 16, the University accrues a liability in the Current Fund for employees' right to receive compensation for future absences when certain conditions are met, although State appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the liability is expected to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. Consequently, the recording of the liability for compensated absences without the corresponding recognition of such future resources results in the appearance of a reduced ability to meet current obligations. At June 30, 2001, the estimated long-term liability for annual and sick leave was \$7,171,767 and \$7,185,350, respectively. The University's Unrestricted Current Fund Balance of \$22,389,486 as of June 30, 2001 would have been \$36,819,708 had such liability for compensated absences, including the current portion of \$73,105, not been applied against it.

7. OPERATING LEASES

The University has long-term commitments for assets leased under operating leases. These assets are not recorded on the balance sheet, and operating lease payments are recorded as expenditures or expenses of the related fund when paid or incurred. Future minimum lease commitments for non-cancelable leases as of June 30, 2001 were as follows:

Year Ending June 30	Operating Lease Commitments
2002	\$ 57,000
2003	.57,000
2004	.57,000
2005	.57,000
2006	.57,000
Subsequent Years	1,023,000
Total	\$ 1,308,000



8. CONSTRUCTION COMMITMENTS

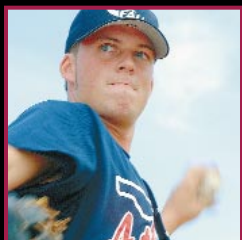
The major construction commitments of the University for those projects in which the estimated cost exceeds \$1,000,000 as of June 30, 2001 are:

Project Number	Project Name	Total Estimated Cost at Year End	Amount Expended at Year End	Amount Unexpended at Year End
BR-607	Davie Classroom Building II	14,383,638	14,124,061	259,577
BR-612	Student Activities Center – Boca	8,664,224	3,113,933	5,550,291
BR-617	Building Repairs – Building 10	3,419,500	2,912,688	506,812
BR-618	Land Acquisition – St. Lucie	8,334,900	8,076,444	258,456
BR-619	SeaTech Building – Renovation	7,643,985	7,598,624	45,361
BR-620	Humanities Remodeling	10,552,629	10,351,891	200,738
BR-624	Lifelong Learning Center	1,562,674	1,551,646	11,028
BR-629	Capital Renewal	5,300,000	2,584,755	2,715,245
BR-632	Central Utility Plant Upgrade	2,204,100	982,839	1,221,261
BR-635	Health Science Facility	19,310,000	6,170,191	13,139,809
BR-636	University Center Expansion	4,686,143	4,680,940	5,203
BR-638	Life Behavioral Science Complex	18,300,000	1,349,713	16,950,287
BR-642	Lifelong Learning Center Addition	1,000,000	985,254	14,746
BR-646	Critical Deferred Maintenance	1,397,840	1,202,454	195,386
BR-648	Undergraduate Student Housing	23,775,700	15,072,032	8,703,668
BR-650	Co-ed Multi-use Athletic Facility	8,801,000	8,094,396	706,604
BR-658	Davie Campus	16,128,121	16,125,916	2,205
BR-661	General Repairs and Remodeling	1,552,478	799,770	752,708
BR-663	Student Support Services Building	1,070,000	331	1,069,669
BR-667	Beach Tax District Project	2,263,000	2,259,198	3,802
BR-668	Gumbo Limbo	1,400,000	1,399,957	43
BR-670	University Tower II	21,463,743	16,618,477	4,845,266
BR-679	Physical Science Building	15,948,388	15,898,431	49,957
BR-680	North Palm Beach Campus	19,959,271	19,550,618	408,653
BR-685	Student Apartment Facility	18,634,375	15,043,430	3,590,945
BR-687	Developmental Research School	5,124,296	3,874,900	1,249,396
BR-688	School of Business Pavilion	2,000,000	190	1,999,810
BR-691	Hibel Museum	2,000,000	60,537	1,939,463
BR-695	Master Plan Update	1,041,586	999,468	42,118
BR-699	Health Services Facility	5,603,121	4,837,705	765,416
Total		\$253,524,712	\$186,320,789	\$67,203,923



NOTES

CONTINUED



9. STUDENT FEES AND OTHER COLLECTIONS

(A) STUDENT AND OTHER INCIDENTAL FEES TRUST FUND

Collections of student fees are remitted directly to the State Treasurer. Subsequently, these collections are returned to the University by state appropriation. Pursuant to generally accepted accounting principles, the total of budgeted revenues has been offset against total state appropriations reported for the Current Unrestricted Funds.

(B) CAPITAL IMPROVEMENT TRUST FUND AND BUILDING FEES

Capital Improvement and Building Fees are assessed and collected on behalf of the Board of Regents. Collections of these fees are as follows:

Capital Improvement Fee	\$ 1,096,851
Building Fee	1,043,144
Total	\$ 2,139,995

Tuition and fees totaling \$4,618,349 were waived as permitted by Board of Regents rules.

10. CONTINGENT LIABILITIES

The University, in its normal operations, is a defendant in various legal actions. Management and legal counsel are of the opinion that the outcome of these matters will not have a material adverse effect on the University's financial position.

11. SUBSEQUENT EVENTS

Effective July 1, 2001, the Florida Atlantic University Board of Trustees was established as a public body corporate in accordance with the Education Governance Reorganization Implementation Act of 2001. The Florida Atlantic University Board of Trustees was created to set policy for the University and ensure performance of all duties assigned by law, the Florida Board of Education and the Commissioner of Education. It consists of 13 members appointed by the Governor, one of whom is the Student Government President. In addition, the Florida Atlantic University President serves as the Executive Officer and Corporate Secretary of the Board of Trustees.





FLORIDA ATLANTIC UNIVERSITY

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