



**Housing System  
Financial Statements  
June 30, 2013**

FLORIDA ATLANTIC UNIVERSITY  
HOUSING SYSTEM  
MANAGEMENT DISCUSSION AND ANALYSIS  
June 30, 2013

Our discussion and analysis of Florida Atlantic University's Housing Division's (Housing) financial performance provides an overview of the financial activities for the fiscal year ending June 30, 2013. Please read this in conjunction with Housing's financial statements.

The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net Position report Housing's net position and changes in net position respectively. Over time, increases or decreases in Housing's net position are one indicator of whether its financial health is improving or deteriorating. We believe that the financial position of Housing is healthy. The University's management has insured its financial strength through comprehension and strategic planning for the future.

Overall operating revenues remained about the same. Operating expenses were up 23% over the last fiscal year.

As the co-managers review expenses, there are several projects, activities, or change in climate that contributed to the increase:

- continuing infrastructure repairs in University Village Apartments and the Housing Administration Office
- HVAC repair was not originally in the budget for Indian River Towers
- Housing's contribution towards the Stadium
- increased financial support of programming for students – bigger and better events to build and celebrate community

Demand for on campus housing continues to be a priority for the University. In our efforts to maintain occupancy at or above 95%, we continue to dialogue with our students, both verbally and with written surveys on amenities that they would like to see in the residence halls.

The co-managers of University Housing are confident that the continued demand, especially on the Boca Raton campus along with competitive rates and prudent monitoring of expenditures will generate adequate cash flow to meet the annual debt service requirement of the overall system.

FLORIDA ATLANTIC UNIVERSITY  
HOUSING SYSTEM  
MANAGEMENT DISCUSSION AND ANALYSIS  
June 30, 2013

This Management Discussion and Analysis related to the financial information is designed to provide a general overview of Housing's financial condition. If you have questions about this report or need additional financial information, please contact Ms. Stacey Semmel CPA, CBM, Master of Accounting, Assistant Vice President for Financial Affairs & University Controller, Florida Atlantic University, 777 Glades Road, Boca Raton, Florida (561) 297-3102.

**Florida Atlantic University  
Housing System  
Statement of Net Position  
As of June 30, 2013**

**ASSETS:**

**Current Assets:**

|                           |              |
|---------------------------|--------------|
| Cash                      | \$ 3,645,847 |
| Investments               | 8,036,426    |
| Accounts Receivable (net) | 576,752      |
| Due from University       | 1,235,754    |
| Prepaid Items             | 1,434        |
|                           | <hr/>        |

**Total Current Assets** 13,496,213

**Noncurrent Assets:**

|                                       |              |
|---------------------------------------|--------------|
| Buildings & building improvements     | 95,803,162   |
| Infrastructure and other improvements | 888,268      |
| Furniture and equipment               | 783,174      |
| Computer software                     | 50,000       |
| Accumulated depreciation              | (19,829,073) |
|                                       | <hr/>        |

**Total Noncurrent Assets:** 

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77,695,531

**Other Non-Current Assets:**

Deferred Fiscal Charges 543,735

**TOTAL ASSETS** **\$ 91,735,479**

**LIABILITIES:**

**Current Liabilities:**

|                          |            |
|--------------------------|------------|
| Accounts payable         | \$ 534,105 |
| Due to Other Departments | 265,310    |
| Deferred Revenue         | 87,302     |
|                          | <hr/>      |

**Total Current Liabilities** 

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886,717

**Noncurrent Liabilities:**

Capital improvement debt payable net 

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66,017,548

**TOTAL LIABILITIES** **\$ 66,904,265**

**Net Position:**

|   |                                 |
|---|---------------------------------|
| Unrestricted                                    | 12,609,496                      |
| Invested in capital assets, net of related debt | 12,221,718                      |
|   | <hr/>                           |
| <b>Total Net Position</b>                       | <b><u><u>24,831,214</u></u></b> |

**Total Liabilities and Net Position** **\$ 91,735,479**

**Florida Atlantic University**  
**Housing System**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2013**

**Revenues:**

**Operating Revenues**

|                       |    |            |
|-----------------------|----|------------|
| Housing Fees          | \$ | 16,094,129 |
| Rental Income         |    | 280,654    |
| Repairs & Maintenance |    | 122,893    |

**Total Operating Revenues** 16,497,676

**Expenses:**

**Operating Expenses**

|                         |           |
|-------------------------|-----------|
| Salaries & Benefits     | 2,670,167 |
| Contractual Services    | 432,914   |
| Telecommunication       | 453,641   |
| Freight & Postage       | 17,021    |
| Printing                | 39,184    |
| Repairs & Maintenance   | 2,275,896 |
| Travel                  | 91,135    |
| Utilities               | 1,177,830 |
| Materials & Supplies    | 498,530   |
| Insurance               | 15,919    |
| Scholarships and Grants | 1,000     |
| Rental Expense          | 44,919    |
| Other Expense           | 836,166   |
| Depreciation Expense    | 2,227,871 |

**Total Operating Expenses** \$ 10,782,193

**Operating Income / (Loss)** 5,715,483

**Nonoperating Revenues / (Expenses)**

|  |             |
|--|-------------|
| Interest Income                          | 135,864     |
| Debt Service-interest & related expenses | (3,082,879) |

**Net Nonoperating Revenues / (Expenses)** (2,947,015)

**Income / (Loss) Before Transfers** 2,768,468

**Contribution and Transfers In /(Out)**

|                         |           |
|-------------------------|-----------|
| Administrative Overhead | (212,362) |
|-------------------------|-----------|

**Total Contribution and Transfers In / (Out)** (212,362)

**Change in Net Position** 2,556,106

Net Position, Beginning of Year 22,275,108

**Net Position, End of Year** \$ 24,831,214

**Florida Atlantic University  
Housing System  
Statement of Cash Flows  
For the Year Ended June 30, 2013**

|   |                            |
|---|----------------------------|
| <b>Cash Flows From Operating Activities:</b>                        |                            |
| Receipt from customers  | \$ 16,555,235              |
| Other Operating Receipts  | (5,978,210)                |
| Payment to suppliers  | (5,704,551)                |
| Payment to Employees  | <u>(2,670,167)</u>         |
| <b>Net Cash Provided From Operating Activities</b>                  | <b>2,202,307</b>           |
| <b>Cash Flows From Noncapital Financing Activities</b>              |                            |
| Administrative overhead   | <u>(212,362)</u>           |
| <b>Net Cash Flows From Noncapital Financing Activities</b>          | <b>(212,362)</b>           |
| <b>Cash Flows From Capital and Related Financing Activities:</b>    |                            |
| Interest paid on capital debt                                       | (3,082,879)                |
| Purchases of capital assets   | (247,615)                  |
| Principal paid on capital debt                                      | <u>(2,690,000)</u>         |
| <b>Net Cash Flows From Capital and Related Financing Activities</b> | <b>(6,020,494)</b>         |
| <b>Cash Flows From Investing Activities:</b>                        |                            |
| Interest and dividends  | <u>135,864</u>             |
| <b>Net Cash Flows From Investing Activities</b>                     | <u>135,864</u>             |
| <b>Net Change in Cash</b>   | <b>(3,894,685)</b>         |
| <b>Cash, Beginning of the year</b>                                  | <u>7,540,532</u>           |
| <b>Cash, End of Year</b>  | <u><b>\$ 3,645,847</b></u> |
| <b>Reconciliation of Operating Cash Flows to Operating Income</b>   |                            |
| <b>Cash Provided From Operating Activities:</b>                     |                            |
| Operating income  | 5,715,483                  |
| Adjustments to Reconcile Income to                                  |                            |
| Net Cash Provided by Operating Activities:                          |                            |
| Depreciation expense  | 2,227,871                  |
| Change in Assets and Liabilities                                    |                            |
| Accounts Receivables, net   | 594,440                    |
| Prepaid Items   | (1,434)                    |
| Due from Component Units/Primary Govt.                              | (6,798,283)                |
| Due from US bank  | 416,526                    |
| Accounts payable  | 359,495                    |
| Due to other departments  | (178,457)                  |
| Deferred revenue  | <u>(133,334)</u>           |
| <b>Net Cash Provided From Operations</b>                            | <u><b>\$ 2,202,307</b></u> |

**FLORIDA ATLANTIC UNIVERSITY  
HOUSING SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2013**

To enhance the usefulness of the financial statements, the significant accounting policies followed by the Housing Division of Florida Atlantic University (“University”) are described below.

**REPORTING ENTITY**

Florida Atlantic University is a separate public instrumentality that is part of a 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 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 each university also are members. The Board of Governors establishes the powers and duties of the Trustees. The trustees are responsible for setting policies for the university, which provides governance in accordance with State law and Board of Governors’ Regulations. The Board of trustees selects 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 Board of Trustees.

Criteria for defining the reporting entity are identified and described in the Governmental Accounting Standards Board’s (GASB) *Codification of Governmental Accounting and Financial Reporting Standards*, Sections 2100 and 2600. These criteria were used to evaluate potential component units for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the primary government’s financial statements to be misleading or incomplete. Based on the application of these criteria the University is a component of the State of Florida and its financial balances and activities included in these financial statements are reported on the State’s Comprehensive Annual Financial Report by discrete presentation.

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**BASIS OF PRESENTATION**

The University's accounting policies conform with generally accepted accounting principles applicable to public colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provide 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 colleges and 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 entity-wide reporting including the following components:

- Management's Discussion and Analysis (MD&A)
- 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. 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



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eligibility requirements, include time requirements, are met. Auxiliary service departments account for interdepartmental transactions as reductions of expenditures and not revenues of those departments.

The University's principal operating activities consist of instruction, research and public service. Operating revenues and expenses generally include all fiscal transactions directly related to these activities plus administration, operation and maintenance of capital assets, and depreciation on capital assets. Included in nonoperating revenues are State appropriations, investment income and revenues for capital construction projects. Interest on asset-related debts is a nonoperating expense.

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

**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.

**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.

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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.

**External Investment Pools**

The University reported investments at fair value totaling \$197,667,396 at June 30, 2013, 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 and Poor's and had an effective duration of 2.65 years at June 30, 2013. 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 the financial statements of the State's Comprehensive Annual Financial Report. Of the University's investments reported above, Housing's investments at fair value totaled \$8,036,426.

**ACCOUNTS RECEIVABLE**

Accounts receivable reported in the Statement of Net Position represent amounts due from students for services provided by Housing division. Accounts Receivable over one year old are considered as doubtful accounts. That amount as of June 30, 2013 is \$ 576,752.

**CAPITAL ASSETS**

Capital Assets consist of buildings that are capitalized and recorded at cost at the date of acquisition. Additions, improvements, and other outlays that significantly extend the useful life of an asset are

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capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is computed on the straight-line basis over the estimated useful life of the related assets.

**LONG-TERM LIABILITES**

As of June 30, 2013, the Housing System's long-term liabilities reported as capital improvement debt payable on the Statement of Net Position amounted to \$66,017,548.