



**Traffic and Parking Services
Financial Statements
June 30, 2013**

**FLORIDA ATLANTIC UNIVERSITY
PARKING AND TRANSPORTATION SERVICES
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Our discussion and analysis of Florida Atlantic University's Parking & Transportation system financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the FAU Parking & Transportation's financial statements, which follows:

Parking & Transportation's operating revenues increased by \$582,965. During the fiscal year, the transportation access fees and decal revenue increased 2.5%. Traffic fines, parking fees and meters revenue also contributed to the increase in revenues. Operating expenses decreased by 16.6%. The \$665,045 decrease is mainly due to decrease in materials cost, personnel changes, and the rental expense. Expenses include both labor costs associated with student and OPS drivers as well as operational costs such as an additional bus, fuel, maintenance, and repairs.

An analysis and review of Parking & Transportation's net position - the difference between assets and liabilities - is one way to measure the financial health, or financial position of the Division. Over time, increases or decreases in Parking & Transportation's net position are one indicator of whether its financial health is improving or deteriorating. In March 2013, Parking Facility Revenue Bond, series 2013A was issued to finance parking garage III. We believe that the financial position of Parking & Transportation is healthy. The University's management, which oversees Parking & Transportation operations, has insured its financial strength through comprehensive and strategic planning for the next several years.

In August 2002, the first parking garage on the Boca Raton campus was opened. Immediately after opening, the garage reached its capacity. This was an indicator that additional parking facilities were necessary to accommodate the growth of Florida Atlantic University. The second parking garage opened in August 2003. A third parking garage is scheduled to open in January 2014. The University's management has insured that sufficient cash has been available and will continue to be maintained to meet the annual debt service requirements of Parking & Transportation. In the University's planning process for Parking & Transportation issues, management put into place the appropriate increase in the transportation access fee to assure that revenues are adequate for the parking system. Future increases in the transportation access fee and faculty and staff decal fees will assure that revenues are sufficient to pay all future expenses, including debt service, for the existing parking garages and future infrastructure.

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

**Florida Atlantic University
Traffic And Parking Services
Statement of Net Position
As of June 30, 2013**

Assets

Current Assets:

Cash	\$ 1,550,374
Special Investments -State Treasury -Construction Funds	12,106,119
Special Investments -State Treasury	11,499,049
Adjustment to fair market value	(59,013)
Interest and dividends receivable	3,973
Prepaid Items	87,097
Accounts receivable (net)	<u>247,662</u>

Total Current Assets **25,435,261**

Noncurrent Assets:

Deferred Fiscal Charges 143,060

Capital Assets:

Buildings	18,594,915
Furniture and equipments	255,465
vehicles	822,599
Computer Software	125,609
Improvements	2,331,738
Construction Work In Progress	134,821
Accumulated depreciation	<u>(4,186,689)</u>

Total Noncurrent Assets **18,078,458**

Total Assets **43,656,779**

Liabilities

Current Liabilities:

Accounts payable	17,123
Deferred revenue and unapplied exemption	<u>153,456</u>

Total Current Liabilities 170,579

Noncurrent Liabilities:

Capital improvement debt payable 23,052,817

Total Noncurrent Liabilities 23,052,817

Total Liabilities **23,223,396**

Net Position:

Invested in capital assets, net of related debt	(4,831,299)
Unrestricted	25,264,682

Total Net Position **20,433,383**

Total Liabilities and Net Position: **\$ 43,656,779**

Florida Atlantic University
Traffic And Parking Services
Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2013

Revenues

Operating Revenues:

Transportation Access fees	\$ 2,951,331
Access fee - Decal revenue	2,694,308
Parking fees	255,366
Parking meters	232,378
Traffic fines	623,635
Sales and services	<u>554,982</u>

Total Operating Revenues **7,312,000**

Expenses

Operating Expenses:

Salaries & benefits	1,268,546
Other personal services	56,859
Contractual services	168,691
Telecommunication	30,300
Freight & postage	2,553
Printing	62,131
Repair and maintenance	183,605
Travel	3,407
Utilities	124,891
Materials & supplies	143,789
Insurance	12,839
Rental expense	653,448
Uniforms	8,718
Bad debt expense	65,648
Depreciation expense	523,549
Other expenses	<u>35,327</u>

Total Operating Expenses **3,344,301**

Operating income **3,967,699**

Nonoperating Revenues (Expenses)

Debt service-interest & related expenses	(410,383)
Investment income	<u>12,419</u>

Net Nonoperating Revenues (Expenses) **(397,964)**

Income Before Transfers **3,569,735**

Contribution and Transfers

Administrative overhead	<u>(240,644)</u>
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Total Contribution and Transfers **(240,644)**

Increase in Net Position **3,329,091**

Net Position, Beginning of Year 17,104,292

Net Position - End of Year **\$ 20,433,383**

**Florida Atlantic University
Traffic And Parking Services
Statement of Cash Flows
For the Year Ended June 30, 2013**

Cash Flows From Operating Activities:	
Receipt from customers	\$ 7,445,068
Payment to suppliers	(1,674,008)
Payment to Employees	<u>(1,325,405)</u>
Net Cash Provided by Operating Activities	4,445,655
Cash Flows From Capital and Related Financing Activities:	
Bond Proceeds	13,716,043
Capital Subsidies and Transfers	(123,256)
Interest paid on capital debt	(410,383)
Purchases of capital assets	(246,321)
Principal paid on capital debt	<u>(835,000)</u>
Net Cash Flows From Capital and Related Financing Activities	12,101,083
Cash Flows From Noncapital Financing Activities	
Administrative overhead	<u>(240,644)</u>
Net Cash Flows from Noncapital Financing Activities	(240,644)
Cash Flows From Investing Activities:	
Purchase of Investments	(4,964,521)
Interest and dividends	<u>12,419</u>
Net Cash Flows From Investing Activities:	<u>(4,952,102)</u>
Net Change in Cash	11,353,992
Cash, Beginning of year	<u>2,272,236</u>
Cash, End of Year	<u>\$ 13,626,228</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 3,967,699
Adjustments to Reconcile Income to	
Net Cash Provided by Operating Activities:	
Depreciation expense	523,549
Bad debt expense	65,648
Change in Assets and Liabilities:	
Receivables, net	84,241
Interest & dividends receivables	7,202
Prepaid Items	(87,097)
Accounts payable	(164,414)
Deferred revenue & unapplied exemption	<u>48,827</u>
Net Cash Provided by Operating Activities	<u>\$ 4,445,655</u>

**FLORIDA ATLANTIC UNIVERSITY
TRAFFIC AND PARKING SERVICES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2013**

To enhance the usefulness of the financial statements, the significant accounting policies followed by the Traffic and Parking Services 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.

**FLORIDA ATLANTIC UNIVERSITY
TRAFFIC AND PARKING SERVICES
NOTES TO THE FINANCIAL STATEMENTS
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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

**FLORIDA ATLANTIC UNIVERSITY
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JUNE 30, 2013**

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, Traffic and Parking investments at fair value totaled \$23,546,155.

ACCOUNTS RECEIVABLE

Accounts receivable reported in the Statement of Net Position represent amounts due from students for services provided by Traffic and Parking Services. Accounts Receivable over one year old are considered as doubtful accounts. That amount as of June 30, 2013 is \$ 247,662.

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 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.