



Housing Financial Statements
June 30, 2007

**Florida Atlantic University
Housing
Statement of Net Assets
As of June 30, 2007**

Assets

Current Assets:

Cash	\$ 6,878,068.95	
Investments	4,225,450.43	
Adjustment to Fair Market Value	(60,254.92)	
Accounts Receivable (Net)	321,418.98	
Deferred Fiscal Charges	1,719,824.00	
Prepaid Items	291,711.94	
		\$13,376,219.38

Capital Assets:

Buildings	58,364,763.70	
Furniture and Equipment	766,064.55	
Property Under Capital Lease	12,530,000.00	
Accumulated Depreciation	(9,420,555.22)	
		\$62,240,273.03

Total Assets

\$75,616,492.41

Liabilities

Current Liabilities:

Accounts Payable	\$ 218,843.52	
Deferred Revenue	593,262.93	
		\$ 812,106.45

Long Term Liabilities:

Bonds Payable	\$ 54,660,000.00	
Capital Leases	10,875,000.00	
		\$65,535,000.00

Total Liabilities

\$66,347,106.45

Net Assets

Unrestricted	\$ 12,564,112.93	
Invested in Capital Assets, net of Related Debt	(3,294,726.97)	
Total Net Assets		\$ 9,269,385.96

Total Liabilities And Net Assets

\$75,616,492.41

Florida Atlantic University
Housing
Statement Of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2007

Operating Revenues

Housing Fees	\$ 12,577,262.00	
Rental Income	117,865.00	
Repairs & Maintenance	64,945.00	
Total Operating Revenues		\$ 12,760,072.00

Operating Expenses

Salaries And Benefits	\$ 1,888,396.00	
Other Personal Services	271,558.00	
Contractual Services	116,070.00	
Telecommunication	563,827.00	
Freight And Postage	9,026.00	
Printing	40,146.00	
Repairs And Maintenance	833,536.00	
Travel	41,993.00	
Utilities	1,385,909.00	
Depreciation Expense	1,510,823.13	
Moving Expenses	3,301.00	
Materials & Supplies	179,727.00	
Insurance	12,655.00	
Other expense	603,453.00	
Total Operating Expenses		\$ 7,460,420.13

Operating Income / (Loss) \$ 5,299,651.87

Nonoperating Revenues/ (Expenses)

Interest Income	\$ 312,007.00	
Net Nonoperating Revenues / (Expenses)		312,007.00

Income/(Loss) Before Transfers \$ 5,611,658.87

Transfers In/Out

Debt Service - Interest	\$ (2,646,173.00)	
Administrative Overhead	(470,844.00)	
Total Transfers In / (Out)		\$ (3,117,017.00)

Change in Net Assets		2,494,641.87
Total Net Assets - Beginning		\$ 6,774,744.09
Total Net Assets - Ending		\$ 9,269,385.96

**Florida Atlantic University
Housing
Statement of Cash Flows
For the Year Ended June 30, 2007**

Cash Flow From Operating Activities

Receipts From Customers	\$ 12,760,072.00
Payments to Suppliers	(3,861,049.57)
Payments to Employees	<u>(2,159,954.00)</u>

Net Cash Provided By Operating Activities \$ 6,739,068.43

Cash Flows From Capital and Related Financing Activities

Interest Paid On Capital Debt	\$ (2,646,173.00)
Purchase of Capital Assets	(527,872.00)
Principal Paid On Capital Debt	<u>(2,245,000.00)</u>

Net Cash (Used) By Capital and Related Financing Activities \$ (5,419,045.00)

Cash Flows From Noncapital Financing Activities

Administrative Overhead Transfers	<u>(470,844.00)</u>
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Net Cash (Used) By Noncapital Financing Activities \$ (470,844.00)

Cash Flow From Investing Activities

Sale of Investments	634,706.65
Interest and Dividends	<u>\$ 312,007.00</u>

Net Cash From Investing Activities \$ 946,713.65

Net (decrease) in cash \$ 1,795,893.08

Balance - Beginning of Year 5,082,175.87

Balance - End of Year \$ 6,878,068.95

Reconciliation of Operating Income / (Loss) To Net Cash
Provided By Operating Activities

Operating Income	\$ 5,299,651.87
Add:	
Depreciation Expense	1,510,823.13
Change in Assets / Liabilities	
Receivables, net	(238,161.21)
Prepaid Items	(9,000.00)
Accounts Payable	(53,780.99)
Deferred revenue	<u>229,535.63</u>

Net Cash provided By Operating Activities \$ 6,739,068.43

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2007**

Our discussion and analysis of Florida Atlantic University's entire Housing Division's ("Housing") financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Housing's financial statements.

Operating revenues increased by 6.4 percent and operating expenses decreased by 5.6% when compared to the prior fiscal year. The increase in operating revenues was due to rate increases which averaged 3% for double rooms and 5% for single rooms with an annual average occupancy of 96% which was higher than budgeted. The decrease in operating expenses can be attributed to the large expense of demolishing Timucua Hall during Fiscal Year 2005-2006, and that expense not continuing into the next fiscal year.

The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets report Housing's net assets and changes in net assets, respectively. An analysis and review of Housing's net assets - 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 Housing's net assets 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, which oversees Housing operations, has insured its financial strength through comprehensive and strategic planning for the next several years.

On August 17, 2006, the University received the net proceeds from the issuance of \$27.6 million State of Florida, Board of Governors Florida Atlantic University Housing Revenue Bonds. These proceeds were used to construct a 600 bed residence that opened Fall 2007 semester at full occupancy. This is an indicator of both the student demand for housing and the university's commitment to accommodate the student body's needs. University management is confident that the continued demand along with competitive housing rates and continued monitoring of expenditures will generate adequate cash flow to meet the annual debt service requirements of Housing.

In the University's planning process for Housing issues, management put into place the appropriate housing fee to assure that revenues are adequate for the housing area.

This Management Discussion and Analysis related to the financial information are designed to provide a general overview of the entire Housing system's financial condition. If you have questions about this report or need additional financial information, contact Ms. Stacey Semmel CPA, CBM, Master of Accounting,

Accounting, Assistant Vice President for Financial Affairs and University Controller,
Florida Atlantic University, Controller's Office, 777 Glades Road, Boca Raton,
Florida, (561) 297-3102.

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007**

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. A constitutional amendment effective January 7, 2004 created a Board of Governors to be responsible for the management of the state university system. A separate Board of Trustees administers each university.

Florida Atlantic University Board of Trustees consists of 13 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 Florida law and rules of the State Board of Education and the Board of Governors. The Board of trustees selects the university President and the State board of Education must ratify the candidate selected. 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. Application of these criteria determines 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 exclusions 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

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financial statements are reported on the State's Comprehensive Annual financial Report by discrete presentation.

BASIS OF PRESENTATION

The University's accounting policies conform with generally accepted accounting principles applicable to colleges and universities as prescribed by the Governmental Accounting Standards Board (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).

In November 1999, GASB issued Statement No. 35 "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities". This Statement includes public colleges and universities within the financial reporting guidelines of GASB Statement No. 34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." GASB Statement No. 35 allows public colleges and universities the option of reporting as a special-purpose government either engaged in only business-type activities, engaged in only governmental activities, or engaged in both governmental and business-type activities. The universities of the state university system, including Florida Atlantic University, elected to report as entities 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 Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
- Notes to Financial Statements
- Required Supplementary Information (RSI) Other Than MD&A

**FLORIDA ATLANTIC UNIVERSITY
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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 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 follows FASB statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

CASH AND CASH EQUIVALENTS

The amount reported as cash and cash equivalents consist of cash on hand and cash in demand accounts. Cash set aside to make debt service payments, maintain sinking fund reserves, and to purchase or construct capital assets is classified as restricted. Banks qualified as public depositories under Florida law hold cash deposits of the University. Cash in demand accounts is held in banks qualified in accordance with the provisions of Chapter 280, Florida Statutes, as a public depository. Deposits are fully insured by Federal depository insurance or collateralized

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with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds awaiting clearing with the State Treasury and State Board of Administration, 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. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; 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 Government; 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. Section 17.61(1), Florida Statutes, also provides for University funds to be invested with the State Treasury. The University's investments at June 30, 2007, are reported at fair value, as follows.

External Investment Pools

The University reported investments at fair value totaling \$80,395,756 at June 30, 2007, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The State Treasury has taken the position that participants in the pool should disclose information related to interest rate risk and credit risk. The SPIA carried a credit rating of AA-f by Standard and Poor's and had an effective duration of 3.21 years at June 30, 2007. 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

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Comprehensive Annual Financial Report. Of the University's investments reported above, Housing's investments at fair value totaled \$4,225,450.43.

ACCOUNTS RECEIVABLE

Accounts receivable reported in the Statement of Net Assets represent amounts due from students for services provided by the Housing division. Accounts Receivable over one year old are considered as doubtful accounts. That amount as of June 30, 2007 was \$321,418.98.

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

LONG-TERM LIABILITES

Long term liabilities include bonds and capital leases. For the fiscal year ended June 30, 2007, the debt related to student housing is reported on the statement of net assets.

On August 17, 2006, the state of Florida, Board of Governors Florida Atlantic University issued Housing Revenue Bonds, Series 2006A, in the amount of \$27,640,000. The proceeds were used to finance the construction and equipping of a new 600-bed residence hall.

The University extinguished long-term debt obligations by the issuance of new long-term debt instruments as follows:

On November 02, 2006, the State Board of Education issued \$21,775,000 in Housing Facilities Revenue Bonds, Series 2006B, with interest rates ranging from 3.5 to 4.375 percent. The proceeds were used to defease \$20,060,000 of outstanding Housing Facility Revenue Bonds, Series 2000. Securities were placed in an irrevocable trust with an escrow agent to provide for all

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future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the University's statement of net assets. As a result of the refunding, the University reduced its debt service requirement by \$1,876,061 over the next 24 years and obtained an economic gain of \$1,191,303. At June 30, 2007, the outstanding balance of the defeased bonds was \$1,640,000.