



**Housing
Financial Statements
June 30, 2011**

FLORIDA ATLANTIC UNIVERSITY
HOUSING SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS
June 30, 2011

Operating revenues for the Housing Department were up 8% and operating expenses went down 2% when compared to the previous fiscal year. The increase in revenue is due to an increase in Housing room rates and considerable increase in summer school occupancy, as well as increased camps and conferences business.

Overall the amount of total operating expenses was almost flat in comparison to the previous fiscal year. The department wasn't undertaking many major renovation projects in anticipation of maintenance outsourcing, but had to change a transformer in Algonquin Hall. The cost of the project was over \$425,000. Also, the department continued works on structural/safety improvements of a walkway at the University Village Apartments. The amount spent on this project just in FY 10-11 was over \$80,000. To keep our buildings attractive and in good shape the Housing department had the exterior of Indian River Towers painted. The cost of this project was \$160,000. There was a replacement of condenser coils in HPT at a cost of almost \$95,000 and carpeting for \$90,000.

There were spikes in some individual expense categories like Contractual Services, Travel, Rental Expense and Materials & Supplies. An 18 % increase in Contractual Services is due to the Greek Housing Market Analysis and the University's new requirement to charge departments for personnel background checks. The continuing "loosening" of the travel freeze meant students and staff had the ability to attend some professional development events and it is reflected in the increase in the Travel expense line. Also, in this year's financial statements the expense line Rental Expenses was added. In the previous year's financial statements these expenses were part of the category "Other Expenses", hence the 100% increase.

These increases in expenses were offset by considerable decrease in the category "Other Expenses" and minor decreases in the expense lines like salaries and benefits, telecommunication, postage, printing, repair and maintenance as well as utilities.

Demand for on campus housing continues as we had our 7th year of a waiting list for the 2010-2011 academic year. The summer of 2010 and 2011 saw waiting lists of 300 students despite the addition of 1200 beds for fall semester of 2011. Innovation Village Apartments North and South buildings opened in August 2011 for upper class and graduate students, however due to the increased freshman class approximately 300 freshman were assigned to the apartments.

University management is 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 requirements of the overall Housing system.

**Florida Atlantic University
Housing System
Statement of Net Assets
As of June 30, 2011**

Assets

Current Assets:

Investments	\$	7,957,455
Adjustment to fair market value		166,957
Interest and dividends receivable		18,843
Accounts receivable (net)		604,176
Due From Comp.Unit/Primary Govt.		30,123
		30,123

Total Current Assets 8,777,554

Noncurrent Assets:

Works of art, historical treas.- Depreciable		3,800
Buildings & building improvements		94,487,629
Furniture and equipment		1,228,332
Computer software		59,165
Infrastructure and other improvements		763,731
Accumulated depreciation		(15,738,032)
		80,804,625

Other Non-Current Assets:

Deferred fiscal charges		599,438
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Total Noncurrent Assets 81,404,063

Total Assets 90,181,617

Liabilities

Current Liabilities:

Accounts payable		101,747
Deposit payable		18,034
Deferred revenue		621,346
		621,346

Total Current Liabilities 741,127

Noncurrent Liabilities:

Capital improvement debt payable		71,131,373
		71,131,373

Total Noncurrent Liabilities 71,131,373

Total Liabilities 71,872,500

Net Assets:

Invested in capital assets, net of related debt		10,272,690
Unrestricted		8,036,427
		8,036,427

Total Net Assets 18,309,117

Total Liabilities and Net Assets: \$ 90,181,617

**Florida Atlantic University
Housing System
Statement of Revenues, Expenses, and Change in Net Assets
For the Year Ended June 30, 2011**

Revenues

Operating Revenues		
Housing fees	\$	15,223,997
Rental income		189,159
Repair & maintenance		84,519
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Total Operating Revenues		15,497,675

Expenses

Operating Expenses		
Salaries & benefits		2,136,082
Other personal services		518,927
Contractual services		62,681
Telecommunication		437,806
Freight & postage		10,259
Printing		40,585
Repair and maintenance		966,914
Travel		43,736
Utilities		1,281,859
Materials & supplies		210,570
Rental expenses		9,369
Insurance		27,802
Depreciation expense		1,962,694
Other expenses		240,459
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Total Operating Expenses		7,949,743
Operating income		7,547,932

Nonoperating Revenues (Expenses)

Debt service-interest & related expenses	(3,383,667)
Investment income	363,729
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Net nonoperating revenues (expenses)	(3,019,938)

Income Before Transfers 4,527,994

Contribution and Transfers

Distr & Trans-Inter-Fund	(7,325,306)
Administrative overhead	(455,402)
Capital Donations	6,962,603
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Total Contributions and Transfers in (out) **(818,105)**

Increase in Net Assets 3,709,889

Net Assets, Beginning of Year

14,599,228

Net Assets, End of Year **---

\$ 18,309,117**

**Florida Atlantic University
Housing System
Statement of Cash Flows
For the Year Ended June 30, 2011**

Cash Flows From Operating Activities:	
Receipt from customers	\$ 15,497,675
Payment to suppliers	(10,514,194)
Payment to Employees	<u>(2,655,009)</u>
Net Cash Provided by Operating Activities	\$ 2,328,472
Cash Flows From Noncapital Financing Activities	
Administrative overhead	(455,402)
Other Transfers	<u>(7,325,306)</u>
Net Cash Used By Noncapital Financing Activities	(7,780,708)
Cash Flows From Capital and Related Financing Activities:	
Interest paid on capital debt	(3,275,227)
Purchases of capital assets	(1,001,882)
Principal paid on capital debt	<u>(2,485,000)</u>
Net Cash Used By Capital and Related Financing Activities	(6,762,109)
Cash Flows From Investing Activities:	
Purchase of Investments	10,994,293
Interest and dividends	<u>363,729</u>
Net Cash Used by Investing Activities	<u>11,358,022</u>
Net Decrease in Cash	(856,323)
Cash, Beginning of year	<u>856,323</u>
Cash, End of Year	<u><u>\$ (0)</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 7,547,932
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities:	
Depreciation expense	1,962,694
Change in Assets and Liabilities	
Accounts Receivables, net	(284,627)
Interest & dividends receivables	23,473
Prepaid items	269
Due from Comp.Units/Primary Govt.	(30,123)
Accounts payable	(186,666)
Deposit payable	18,434
Deferred revenue	<u>(6,722,914)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 2,328,472</u></u>

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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 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 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
HOUSING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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 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

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

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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 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

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 are 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 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

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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(17), 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 (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, and Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. 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 \$189,129,947 at June 30, 2011, 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 1.01 years at June 30, 2011. 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 \$ 7,957,455.

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, 2011 is \$ 604,176.

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

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2011**

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

As of June 30, 2011, the Housing System's noncurrent liabilities reported as capital improvement debt payable on the Statement of Net Assets amounted to \$71,131,373.