



FLORIDA ATLANTIC
UNIVERSITY

Parking and Transportation Services

Financial Statements

June 30, 2020

**FLORIDA ATLANTIC UNIVERSITY
PARKING AND TRANSPORTATION SERVICES
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020. The following discussion should be read in conjunction with FAU Parking & Transportation's financial statements and notes thereto.

In accordance with the mission of the University, Parking & Transportation operates to provide and promote campus-wide efficient and safe transit and vehicular access to the University. Parking & Transportation seeks to identify, evaluate, and implement appropriate transit services; future land use for transportation and parking systems; and provide and support accessible parking facilities for students, faculty, staff, and visitors to the University.

Parking & Transportation's total operating revenues decreased by \$422,238 or 6%. The decrease in revenue is due to the negative economic impact of COVID-19 causing a halt in our operation during the last months of fiscal year 2020. The components of operating revenue which reported revenue loss year over year included Parking Meter revenues which decreased by \$43,071 or 14.6% due to the decrease of visitors on our campuses, traffic fines revenues decreased by \$359,751 or 46.7% due to the significant decrease on the number of motorists on our campuses. Sales and Service revenue decreased by \$30,932 or 22.1% year over year due to a decrease in request for our shuttle bus rentals, events on campus, and the rental of our message boards towards the end of the fiscal year.

Total operating expenses increased by \$5,873,361 or 146.1% from approximately \$4,019,131 million for the fiscal year ended June 30, 2019 to \$9,892,493 million for the fiscal year ended June 30, 2020. This increase is due to an adjustment of 6M to Depreciation Expense to account for the conversion of an operating lease to a capital lease as per GASB 62 guidance. Other components of operating expenses that increased are Contractual Services by \$34,891 or 9.6%, this increase is due to Parking and Transportation using services from Temporary Employment Services to work on short term projects on our parking lots. Repair and Maintenance increased by \$94,671 or 62% due to repair and maintenance in Parking Garage 3. The components that decreased year over

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year are Rental Expense by \$600,000 or 590.2%, Other Personal Services by \$89,864 or 51.9%, and Materials and Supplies by \$53,085 or 23.5%. The decrease in Other Personal Services is due to a reclassification of our shuttle drivers from hourly to salaried employees. The decrease in Materials and Supplies of 23.5% is due to the shutdown of our operation from end of March 2020 until the end of the fiscal year. An analysis and review of Parking & Transportation's net position at June 30, 2020 year-end, which represents the difference between assets and liabilities, provides a measure of the financial health, or financial position of the Division. The changes in net position that occur over time indicate improvement or deterioration in the Parking & Transportation's net position. The University believes the financial position of Parking & Transportation is in good health as net position increased by \$2.93 million or 9.55% from approximately \$30.69 million for the fiscal year ended June 30, 2019 to \$33.62 million for the fiscal year ended June 30, 2020. Further, the University's management, which oversees Parking & Transportation operations, has insured its financial strength through a multi-year comprehensive strategic plan.

In August 2002, the first parking garage on the Boca Raton campus was opened. The second parking garage opened in August 2003. A third parking garage was opened in January 2014. Immediately after opening, all three garages reached their capacities. This is an indicator that development of additional parking facilities was necessary to accommodate the University's increasing student enrollment. The University's management has insured that sufficient cash is available and will continue to be maintained to meet the annual debt service requirements of Parking & Transportation.

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, Mr. Philippe Dubois, MSF, Associate Director of Parking and Transportation, Florida Atlantic University, 777 Glades Road, Boca Raton, Florida, (561) 297-2771.

**FLORIDA ATLANTIC UNIVERSITY
PARKING AND TRANSPORTATION SERVICES
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020**

ASSETS

Current Assets

Cash	\$ -
Special Investments - State Treasury	17,206,574
Adjustment to fair market value	468,545
Interest and dividends receivable	59,428
Prepaid Items	-
Accounts receivable (net)	698,267
Total Current Assets	18,432,814

Noncurrent Assets

Property Under Capital Lease	11,400,000
Buildings	31,139,853
Furniture and equipment	1,320,547
Vehicles	1,639,028
Computer Software	125,609
Improvements	4,340,828
Construction Work In Progress	-
Accumulated Depreciation	(17,095,594)
Total Noncurrent Assets	32,870,270

TOTAL ASSETS

\$ 51,303,085

LIABILITIES

Current Liabilities

Accounts payable	294,806
Unearned Revenue	77,188
Capital Leases – Short-Term	600,000
Total Current Liabilities	971,994

Noncurrent Liabilities

Capital improvement debt payable	12,507,042
Capital Leases – Long-Term	4,200,000
Total Noncurrent Liabilities	16,707,042

TOTAL LIABILITIES

\$ 17,679,036

Net Position

Invested in capital assets, net of related debt	16,163,228
Unrestricted	17,460,820
Total Net Position	33,624,049

TOTAL LIABILITIES AND NET POSITION

\$ 51,303,085

FLORIDA ATLANTIC UNIVERSITY
PARKING AND TRANSPORTATION SERVICES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
AS OF JUNE 30, 2020

REVENUES

Operating Revenues

Transportation Access Fees	3,074,904
Access Fee - Decal Revenue	2,600,195
Parking Fees	152,338
Parking Meters	252,098
Traffic Fines	411,156
Sales and Services	108,988
Total Operating Revenues	6,599,678

EXPENSES

Operating Expenses

Salaries & Benefits	956,448
Other Personal Services	83,631
Contractual Services	399,029
Telecommunication	43,569
Freight & Postage	1,170
Printing	3,038
Repair and Maintenance	247,315
Travel	0
Utilities	72,418
Materials & Supplies	172,478
Insurance	16,989
Rental Expense	67,500
Uniforms	221
Bad Debt Expense	38,146
Depreciation Expense	7,745,028
Other Expenses	45,512
Total Operating Expenses	9,892,493

OPERATING INCOME (LOSS)

(3,292,814)

Nonoperating Revenues (Expenses)

Investment Income	485,311
Unrealized Gains and Losses	331,427
Debt Service - Interest & Related Expenses	(400,803)
Other Non-Operating Expenses	(17,604)
Net Nonoperating Revenues (Expenses)	398,331

INCOME BEFORE TRANSFERS

(2,894,483)

Contribution and Transfers In/(Out)

Administrative Overhead	(209,499)
Transfers Other	34,750
Total Contribution and Transfers In/(Out)	(174,749)

Increase in Net Position

(3,069,232)

Net Position, Beginning of Year	30,693,281
Adjustment to Beginning Net Position	6,000,000

NET POSITION, END OF YEAR

\$ 33,624,049

**FLORIDA ATLANTIC UNIVERSITY
PARKING AND TRANSPORTATION SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

Cash Flow From Operating Activities	
Receipt from customers	\$ 6,417,804
Payment to suppliers	(1,371,324)
payment to employees	(1,040,079)
Net cash Provided by Operating Activities	<u>4,006,401</u>
 Cash Flow From Capital and Related Financing Activities	
Interest paid on capital debt	(483,057)
Debt related expenses	
Purchases of capital assets	(216,684)
Principal paid on capital debt	(1,600,000)
Net Cash Flow From Capital and Related Financing Activities	<u>(2,299,741)</u>
 Cash Flows From Noncapital Financing Activities	
Administrative overhead & transfers	(174,749)
Other Expenses	(17,604)
Net Cash Flows From Noncapital Financing Activities	<u>(192,353)</u>
 Cash Flows From Investing Activities	
Net Change in Investment	(2,007,980)
Interest and Dividends	493,024
Net Cash Flows From Investing Activities	<u>(1,514,957)</u>
 Net Change in Cash	(650)
 Cash, Beginning of year	<u>650</u>
 Cash, End of Year	<u><u>\$ 0</u></u>
 Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	(\$3,292,814)
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities	
Depreciation Expenses	7,745,028
Bad Debt Expenses	38,146
Change in Assets and Liabilities	
Receivable, net	(181,874)
Capital Leases – Short Term	(600,000)
Prepaid items	-
Accounts payable	292,606
Deferred revenue & unapplied exemption	5,309
Net Cash Provided by Operating Activities	<u><u>\$ 4,006,401</u></u>

**FLORIDA ATLANTIC UNIVERSITY
PARKING AND TRANSPORTATION SERVICES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

1. Summary of Significant Accounting Policies

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 (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.

Basis of Presentation. The University's accounting policies conform with generally accepted accounting principles applicable to public colleges and universities as prescribed by the

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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. The 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 non-exchange activities are generally recognized when all applicable eligibility requirements, include time requirements, are met. The University follows GASB standards of

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accounting and financial reporting. 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. Non-operating revenues include State noncapital appropriations, investment income and revenues for capital construction projects. Interest on asset-related debts is a non-operating expense.

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.

Capital Assets. University capital assets related to Parking and Transportation consist of buildings and infrastructure and other improvements. These assets 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.

2. Adjustment to Beginning Net Position

The beginning net position was increased by \$6,000,000 due to the change in classification of a Parking Services lease from operating to capital under GASB 62, Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements. The change in classification represents a change in accounting principle.

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3. 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. 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 Pool

The University reported investments at fair value totaling \$270,076,891, at June 30, 2020, 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 AA-f by Standard and Poor's and had an effective duration of 0.43 years and had a fair value factor of 1.0291 at June 30, 2020. 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, Parking and Transportation investments in SPIA at fair value totaled \$16,569,015.

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4. Receivables

Accounts receivable reported in the Statement of Net Position represent amounts due from students for services provided by Parking and Transportation Services. Allowances for doubtful accounts are recorded based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. Accounts receivable greater than twelve months are considered as doubtful accounts. Accounts receivable of \$698,267 are reported net of allowances of \$856,519 at June 30, 2020.