



---

FLORIDA ATLANTIC  
UNIVERSITY

**Parking And Transportation Services**

**Financial Statements**

**June 30, 2016**

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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, 2016. 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 increased \$258,645 or 3.9% from approximately \$6.68 million for the fiscal year ended June 30, 2015 to \$6.93 million for the fiscal year ended June 30, 2016. The increase in total operating revenues is primarily due to an increase in student enrollment and visitor traffic to University events coupled with additional campus requests for electric traffic boards to manage University events and bus charters to service various athletic teams and the College of Medicine. The components of operating revenue which reported revenue gains year over year included the transportation access fee which increased \$174,475 or 6.0%, decal revenue which increased \$49,279 or 1.8%, parking meter and fee revenue which increased \$23,409 or 10.6%, and other sales and service revenue which increased \$39,851 or 71.0%. The only component of total operating revenue that declined from FY15 to FY16 was traffic fine revenue which decreased \$28,369 or 4.7%. This decrease is attributable to less citations issued and the correlating decrease in late fees when such citations are paid in excess of fourteen days.

Total operating expenses increased \$115,699 or 2.3% from approximately \$4.96 million for the fiscal year ended June 30, 2015 to \$5.08 million for the fiscal year ended June 30, 2016. The increase in total operating expense (which includes salaries and benefits, contractual services,

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

repair and maintenance, rental expense, and material and supplies) is mainly attributable to the onboarding of seven full time equivalent positions and two student employees in FY16.

An analysis and review of Parking & Transportation's net position at June 30, 2016 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 that the financial position of Parking & Transportation is in good health as net position increased \$1.26 million or 5.5% from approximately \$22.80 million for the fiscal year ended June 30, 2015 to \$24.06 million for the fiscal year ended June 30, 2016. 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 were 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.

In the University's planning process for Parking & Transportation goals and objectives, management instituted the appropriate increase in the transportation access fee to assure that future revenues are adequate to support and maintain the parking system. Future increases in the transportation access fee and decal fees will assure that revenues are sufficient to meet future expenses, including debt service, for the existing parking garages and meters as well as any future infrastructure demands.

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2016**

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, Ms. Jessica Cohen CPA, Assistant Vice President for Financial Affairs and University Controller, Florida Atlantic University, 777 Glades Road, Boca Raton, Florida, (561) 297-1424.

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
STATEMENT OF NET POSITION  
AS OF JUNE 30, 2016**

**ASSETS**

**Current Assets**

Cash	\$ 600
Special Investments -State Treasury	12,377,331
Adjustment to fair market value	317,300
Interest and dividends receivable	42,627
Accounts receivable (net)	542,455
<b>Total Current Assets</b>	<b><u>13,280,313</u></b>

**Noncurrent Assets**

Buildings	31,389,078
Furniture and equipment	1,024,470
Vehicles	1,010,511
Computer Software	125,609
Improvements	2,409,306
Construction Work In Progress	351,623
Accumulated depreciation	(6,293,474)
<b>Total Noncurrent Assets</b>	<b><u>30,017,123</u></b>

**TOTAL ASSETS**

**43,297,436**

**LIABILITIES**

**Current Liabilities**

Accounts payable	374,015
Deferred revenue and unapplied exemption	43,910
<b>Total Current Liabilities</b>	<b><u>417,925</u></b>

**Noncurrent Liabilities**

Capital improvement debt payable	18,816,056
<b>Total Noncurrent Liabilities</b>	<b><u>18,816,056</u></b>

**TOTAL LIABILITIES**

**19,233,981**

**Net Position**

Invested in capital assets, net of related debt	11,201,067
Unrestricted	12,862,388

**Total Net Position**

**24,063,455**

**TOTAL LIABILITIES AND NET POSITION**

**\$ 43,297,436**

**FLORIDA ATLANTIC UNIVERSITY**  
**PARKING AND TRANSPORTATION SERVICES**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**REVENUES**

**Operating Revenues**

Transportation Access fees	\$	3,065,239
Access fee - Decal revenue		2,771,905
Parking fees		183,936
Parking meters		244,102
Traffic fines		572,458
Sales and Services		96,006
<b>Total Operating Revenues</b>		<b><u>6,933,646</u></b>

**EXPENSES**

**Operating Expenses**

Salaries & Benefits	2,234,754
Other personal services	81,029
Contractual services	335,736
Telecommunication	43,640
Freight & postage	3,066
Printing	62,487
Repair and maintenance	318,955
Travel	5,844
Utilities	125,888
Materials & supplies	146,524
Insurance	16,568
Rental expense	760,423
Uniforms	6,707
Bad debt expense	30,147
Depreciation expense	868,499
Other expenses	36,307
<b>Total Operating Expenses</b>	<b><u>5,076,574</u></b>

**OPERATING INCOME (LOSS)** **1,857,072**

**Nonoperating Revenues (Expenses)**

Investment income	343,831
Unrealized Gains and Losses	284,833
Debt service-interest & related expenses	(636,480)
Other Non-operating Expenses	(11,432)
<b>Net Nonoperating Revenues (Expenses)</b>	<b><u>(19,248)</u></b>

**INCOME BEFORE TRANSFERS** **1,837,824**

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

Administrative overhead	(426,613)
Transfers Other	(152,500)
<b>Total Contribution and Transfers In/(Out)</b>	<b><u>(579,113)</u></b>

**Increase in Net Position** **1,258,711**

Net Position, Beginning of Year 22,804,744

**NET POSITION, END OF YEAR** **\$ 24,063,455**

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>Cash Flows From Operating Activities</b>	
Receipt from customers	\$ 7,124,376
Payment to suppliers	(2,287,909)
Payment to Employees	(2,315,783)
<b>Net Cash Provided by Operating Activities</b>	<u><b>2,520,684</b></u>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Interest paid on capital debt	(636,480)
Purchases of capital assets	(497,581)
Principal paid on capital debt	(1,365,000)
<b>Net Cash Flows From Capital and Related Financing Activities</b>	<u><b>(2,499,061)</b></u>
<b>Cash Flows From Noncapital Financing Activities</b>	
Administrative overhead & transfers	(579,113)
<b>Net Cash Flows from Noncapital Financing Activities</b>	<u><b>(579,113)</b></u>
<b>Cash Flows From Investing Activities</b>	
Net change in Investments	246,221
Interest and dividends	311,269
<b>Net Cash Flows From Investing Activities</b>	<u><b>557,490</b></u>
<b>Net Change in Cash</b>	-
<b>Cash, Beginning of year</b>	<u>600</u>
<b>Cash, End of Year</b>	<u><b>\$ 600</b></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ 1,857,072
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities	
Depreciation expense	868,499
Bad debt expense	30,147
Change in Assets and Liabilities:	
Receivables, net	(190,730)
Interest & dividends receivables	(5,466)
Prepaid Items	133,041
Accounts payable	(175,398)
Deferred revenue & unapplied exemption	3,519
<b>Net Cash Provided by Operating Activities</b>	<u><b>\$ 2,520,684</b></u>

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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



**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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 Traffic and Parking 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. 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,

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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 \$230,726,758, at June 30, 2016, 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 2.67 years and had a fair value factor of 1.0013 at June 30, 2016. 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 in SPIA at fair value totaled \$12,694,631.

**3. Receivables**

Accounts receivable reported in the Statement of Net Position represent amounts due from students for services provided by Traffic and Parking Services. Allowances for doubtful accounts

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2016**

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 \$542,455 are reported net of allowances of \$608,661 at June 30, 2016.