



FLORIDA ATLANTIC
UNIVERSITY

Parking And Transportation Services

Financial Statements

June 30, 2017

**FLORIDA ATLANTIC UNIVERSITY
PARKING AND TRANSPORTATION SERVICES
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017. 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 \$157,933 or 2.3% from approximately \$6.93 million for the fiscal year ended June 30, 2016 to \$7.09 million for the fiscal year ended June 30, 2017. The increase in total operating revenues is primarily due to an increase in traffic tickets issued and 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 \$31,574 or 1.0%, decal revenue which increased \$18,504 or 0.7%, traffic fines revenue which increased \$110,346 or 19.3%, and other sales and service revenue which increased \$44,332 or 46.2%. The only components of total operating revenue that declined from FY16 to FY17 were parking fees revenue which decreased \$32,368 or 17.6%, and parking meters revenue which decreased \$14,455 or 5.9%. This decrease is attributable to less visitor parking decals issued and more Prometrix students using the daily decals rather than the parking meters.

Total operating expenses decreased \$970,452 or 19.1% from approximately \$5.08 million for the fiscal year ended June 30, 2016 to \$4.11 million for the fiscal year ended June 30, 2017. The decrease in total operating expense (which includes salaries and benefits, contractual services,

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repair and maintenance, rental expense, and utilities) is mainly attributable to the re-allocation of payroll expenses to an appropriate funding source in FY17.

An analysis and review of Parking & Transportation's net position at June 30, 2017 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 \$1.83 million or 7.6% from approximately \$24.06 million for the fiscal year ended June 30, 2016 to \$25.89 million for the fiscal year ended June 30, 2017. 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.

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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, 2017**

ASSETS

Current Assets

Cash	\$ 650
Special Investments -State Treasury	11,666,446
Adjustment to fair market value	(67,298)
Interest and dividends receivable	42,930
Prepaid Items	57,164
Accounts receivable (net)	589,324
Total Current Assets	<u>12,289,216</u>

Noncurrent Assets

Buildings	31,389,078
Furniture and equipment	1,468,097
Vehicles	1,238,944
Computer Software	125,609
Improvements	4,066,106
Construction Work In Progress	-
Accumulated depreciation	(7,221,588)
Total Noncurrent Assets	<u>31,066,246</u>

TOTAL ASSETS

\$ 43,355,462

LIABILITIES

Current Liabilities

Accounts payable	60,270
Deferred revenue and unapplied exemption	73,402
Total Current Liabilities	<u>133,672</u>

Noncurrent Liabilities

Capital improvement debt payable	17,328,803
Total Noncurrent Liabilities	<u>17,328,803</u>

TOTAL LIABILITIES

\$ 17,462,475

Net Position

Invested in capital assets, net of related debt	13,737,443
Unrestricted	12,155,544
Total Net Position	<u>25,892,987</u>

TOTAL LIABILITIES AND NET POSITION

\$ 43,355,462

FLORIDA ATLANTIC UNIVERSITY
PARKING AND TRANSPORTATION SERVICES
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

REVENUES

Operating Revenues

Transportation Access fees	\$	3,096,813
Access fee - Decal revenue		2,790,409
Parking fees		151,568
Parking meters		229,647
Traffic fines		682,804
Sales and Services		140,338
Total Operating Revenues		<u>7,091,579</u>

EXPENSES

Operating Expenses

Salaries & Benefits	1,072,011
Other personal services	111,729
Contractual services	318,978
Telecommunication	46,392
Freight & postage	3,181
Printing	79,542
Repair and maintenance	199,481
Travel	2,743
Utilities	85,815
Materials & supplies	329,931
Insurance	18,438
Rental expense	667,500
Uniforms	9,905
Bad debt expense	123,724
Depreciation expense	970,913
Other expenses	65,839
Total Operating Expenses	<u>4,106,122</u>

OPERATING INCOME (LOSS)

2,985,457

Nonoperating Revenues (Expenses)

Investment income	235,579
Unrealized Gains and Losses	(384,598)
Debt service-interest & related expenses	(595,915)
Other Non-operating Expenses	(28,615)
Net Nonoperating Revenues (Expenses)	<u>(773,549)</u>

INCOME BEFORE TRANSFERS

2,211,908

Contribution and Transfers In/(Out)

Administrative overhead	(435,226)
Transfers Other	52,850
Total Contribution and Transfers In/(Out)	<u>(382,376)</u>

Increase in Net Position

1,829,532

Net Position, Beginning of Year

24,063,455

NET POSITION, END OF YEAR

\$ 25,892,987

**FLORIDA ATLANTIC UNIVERSITY
PARKING AND TRANSPORTATION SERVICES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

Cash Flows From Operating Activities	
Receipt from customers	\$ 7,044,710
Payment to suppliers	(2,169,162)
Payment to Employees	(1,183,740)
Net Cash Provided by Operating Activities	<u>3,691,808</u>
Cash Flows From Capital and Related Financing Activities	
Interest paid on capital debt	(672,175)
Debt Related Expenses	76,260
Purchases of capital assets	(1,977,237)
Principal paid on capital debt	(1,405,000)
Net Cash Flows From Capital and Related Financing Activities	<u>(3,978,152)</u>
Cash Flows From Noncapital Financing Activities	
Administrative overhead & transfers	(382,376)
Net Cash Flows from Noncapital Financing Activities	<u>(382,376)</u>
Cash Flows From Investing Activities	
Net change in Investments	433,494
Interest and dividends	235,276
Net Cash Flows From Investing Activities	<u>668,770</u>
Net Change in Cash	50
Cash, Beginning of year	<u>600</u>
Cash, End of Year	<u><u>\$ 650</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ 2,985,457
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities	
Depreciation expense	970,913
Bad debt expense	123,724
Change in Assets and Liabilities:	
Receivables, net	(46,869)
Interest & dividends receivables	-
Prepaid Items	(57,164)
Accounts payable	(313,745)
Deferred revenue & unapplied exemption	29,492
Net Cash Provided by Operating Activities	<u><u>\$ 3,691,808</u></u>

**FLORIDA ATLANTIC UNIVERSITY
PARKING AND TRANSPORTATION SERVICES
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017**

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 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,

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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 \$244,809,246, at June 30, 2017, 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, 2017. 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 \$11,599,148.

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

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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 \$589,324 are reported net of allowances of \$622,847 at June 30, 2017.