



FLORIDA ATLANTIC
UNIVERSITY

**Housing System
Financial Statements
June 30, 2021**

**FLORIDA ATLANTIC UNIVERSITY
HOUSING SYSTEM
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2021**

Our analysis of Florida Atlantic University's Department of Housing and Residential Education (Housing) financial performance is based on the Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets and provides an overview of the financial activities for the fiscal year ending June 30, 2021. Please read this in conjunction with Housing's financial statements.

Over time, increases or decreases in Housing's net assets are one indicator of whether its financial health is improving or deteriorating. Based on the representative financials, Housing Management believes that the financial position of Housing remains healthy. The University's Housing management team has ensured its financial strength through strategic and comprehensive planning for the future.

Housing's total operating revenues decreased \$2.8 million or 17% from approximately \$16.7 million for the fiscal year ended June 30, 2020, to \$13.9 million for the fiscal year ended June 30, 2021. The decrease in total operating revenues is due to a decline in occupancy from 100.6% in FY20 to 77.5% in FY21; the loss is attributed to the cancellation of on-campus courses and summer camps due to COVID-19, classes resumed in-person in spring 2021.

Total operating expenses decreased by \$(766K) or 7.35% from approximately \$10.4 million for the fiscal year ended June 30, 2020, to \$9.6 million for the fiscal year ended June 30, 2021. The decrease in operating expenses is due to a decline in salaries and wages by \$(283K) because of the University system's holdback requirement, in which as staff resigned, the University prohibited the re-hiring during the overall freeze. Also, we continue to use federal work-study students where permissible. Contractual Services decreased by \$(77K) due to a reduction in external cleaning services for summer camps. Material & Supplies increased by \$9K, Depreciation expense decreased by \$(14k). Also, repairs and maintenance decreased by \$(385K)

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due to the deferred maintenance items and the ability to internally complete repairs with modernization and repairs. Rental expense decreased by \$(383K) due to Housing no longer participating in the Student Affairs and Athletics agreements, Utilities decreased \$(52K) due to the occupancy being down in the buildings. Travel expense decreased by \$(21K) due to university travel restrictions during the COVID pandemic. Various other expenses contributed to an overall increase of \$460K. Our operating margin declined year over year from 37.56% in FY20 to 32.18% in FY21 due to the decrease in revenue caused by COVID-19.

For the seventh year in a row, Housing management implemented aggressive strategies to boost occupancy by enhancing housing amenities, increasing marketing to both parents and new/returning/transfer/International students, strengthening participation in new student orientation, increasing social media presence, and continuing a more comprehensive and cohesive new student on-boarding process (admissions, financial aid, registrar orientation, academic advising, immunization, and Housing).

As a result of these strategies, the university realized overwhelming occupancy figures; even with the new buildings (Residence Halls III and Apartment Park Towers), the university housing occupancy is just slightly under 100% for fall 2021, at 95.81%.

The Housing Management team is confident that the continued demand, especially on the Boca Raton campus, competitive rates, strong occupancy management, and prudent monitoring of expenditures, will continue to generate adequate cash flow to meet the annual debt service requirement of the overall system.

This Management Discussion and Analysis related to the financial information is designed to provide a general overview of Housing's financial condition. If you have questions about this

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report or need additional financial information, please contact Ms. Priscilla L Moxey, CPA, and Associate Director of Accounting & Finance, Florida Atlantic University, and 777 Glades Road, Boca Raton, Florida (561) 297-1424.

**Florida Atlantic University
Housing System
Statement of Net Position
As of June 30, 2021**

ASSETS:	6/30/2021
Current Assets:	
Cash	10,129,001
Investments	483,125
Accounts Receivable (net)	585,784
Due from University	316,646
Total Current Assets	<u>11,514,556</u>
Noncurrent Assets:	
Buildings & building improvements	100,349,796
Infrastructure and other improvements	9,704,144
Furniture and equipment	1,297,563
Computer software	104,500
Library Resources	325
Construction Work In Progress	1,206,954
Accumulated depreciation	(39,621,367)
Total Noncurrent Assets:	<u>73,041,915</u>
 TOTAL ASSETS	 <u>\$ 84,556,471</u>
 LIABILITIES:	
Current Liabilities:	
Accounts Payable	669,462
Due to Other Departments	113,542
Unearned Revenue	139,213
Total Current Liabilities	<u>922,217</u>
Noncurrent Liabilities:	
Capital improvement debt payable net	41,469,969
Total Noncurrent Liabilities	<u>41,469,969</u>
 TOTAL LIABILITIES	 <u>\$ 42,392,186</u>
 Net Position:	
Invested in capital assets, net of related debt	31,571,946
Unrestricted	10,592,339
Total Net Position	<u>42,164,285</u>
 Total Liabilities and Net Position	 <u>\$ 84,556,471</u>

Florida Atlantic University
Housing System
Statement of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2017 - June 30, 2021

Operating Revenues	2021
Housing Fees	13,287,243
Applications Revenue	339,000
Rental Income	287,828
Repairs and Maintenance Rev	8,910
Total Operating Revenues	<u>13,922,982</u>
 Expenses	
Operating Expenses:	
Salaries and Benefits	2,366,787
Other Personal Services	-
Contractual Services	1,440,435
Telecommunication	471,725
Freight & Postage	371
Printing	5,368
Repairs and Maintenance	272,320
Travel	1,387
Utilities	960,204
Materials & Supplies	578,230
Insurance	49,383
Scholarships and grants	0
Rental Expense	0
Other Expenses	389,224
Depreciation Expense	3,130,767
Total Operating Expenses	<u>9,666,202</u>
 Operating Income /(loss)	 4,256,780
 Nonoperating Revenues (Expenses)	
Interest Income	6,762
Unrealized Gains and Losses	74
Debt Service- Interest & Related Expenses	(1,846,938)
Other Non-Operating Expenses	-
Net Nonoperating Revenues (Expenses)	<u>(1,840,102)</u>
 Income Before Transfers	 2,416,678
 Contribution and Transfers In/(Out)	
Administrative Overhead	(334,956)
Gain or Loss Disposal-Fixed Assets	-
Transfers- Other	-
Total Contribution and Transfers In/(Out)	<u>(334,956)</u>
 Change in Net Position	 2,081,722
Net Position, Beginning of Year	40,082,563
 Net Position, End of Year	 <u><u>\$ 42,164,285</u></u>

**FLORIDA ATLANTIC UNIVERSITY
HOUSING SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED June 30, 2021**

	6/30/2021
Cash Flows From Operating Activities:	
Receipt from customers	\$ 15,709,231
Other Operating Receipts	296,738
Payment to suppliers	(3,704,731)
Payment to Employees	(2,366,787)
Net Cash Provided From Operating Activities	<u>9,934,452</u>
Cash Flows From Noncapital Financing Activities	
Administrative overhead	(334,956)
Transfers- Other	-
Net Cash Flows From Noncapital Financing Activities	<u>(334,956)</u>
Cash Flows From Capital and Related Financing Activities:	
Interest paid on capital debt	(2,021,800)
Debt Related Expenses Paid	(4,064)
Purchases of capital assets	(1,327,714)
Principal paid on capital debt	(3,365,000)
Net Cash Flows From Capital and Related Financing Activities	<u>(6,718,578)</u>
Cash Flows From Investing Activities:	
Net change in Investments	(5,335)
Interest and dividends	6,762
Net Cash Flows From Investing Activities	<u>1,427</u>
Net Change in Cash	2,882,344.70
Cash, Beginning of the year	<u>7,246,656</u>
Cash, End of Year	<u><u>\$ 10,129,001</u></u>
Reconciliation of Operating Cash Flows to Operating Income	
Cash Provided From Operating Activities:	
Operating income	\$ 4,256,780
Adjustments to Reconcile Income to	
Net Cash Provided by Operating Activities	
Depreciation expense	3,130,767
Amortization expense	-
Bad Debt expense	
Change in Assets and Liabilities:	
Accounts Receivables, net	487,601
Due from Component Units/Primary Govt.	1,515,066
Accounts payable	350,375
Due to other departments	113,542
Unearned revenue	80,321
Net Cash Provided From Operations	<u><u>\$ 9,934,452</u></u>

**FLORIDA ATLANTIC UNIVERSITY
HOUSING SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

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 nonexchange activities are generally recognized when all applicable eligibility requirements, include time requirements, are met. The University follows GASB standards of accounting and financial reporting. Auxiliary service departments account for interdepartmental

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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. Nonoperating revenues are State noncapital appropriations, Federal and State student financial aid, 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. 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.

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, 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

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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 \$312,867,324 at June 30, 2021, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. 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 in SPIA at fair value totaled \$483,125.

3. Receivables

Accounts receivable reported in the Statement of Net Position represent amounts due from students for services provided by Housing division. Accounts receivable over one year old are considered as doubtful accounts. Accounts receivable of \$585,784 are reported net of allowances of \$1,056,345 at June 30, 2021.

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4. Long Term Liabilities

On December 20, 2016 bond series 2016A has been issued to refund the outstanding 2003, 2006A and 2006B bonds. As of June 30, 2021, the Housing System's noncurrent liabilities reported as capital improvement debt payable on the Statement of Net Position amounted to \$41,469,969.