



Housing Financial Statements
June 30, 2004

**Florida Atlantic University
Housing
Statement of Net Assets
As of June 30, 2004**

Assets

Current Assets:

Cash	\$ 3,697,533.62	
Investments	4,520,394.15	
Accounts Receivable (Net)	404,641.94	
Interest Receivable	13,628.84	
	<u>13,628.84</u>	\$ 8,636,198.55

Capital Assets:

Buildings	\$ 60,520,704.87	
Property Under Capital Lease	12,530,000.00	
Accumulated Depreciation	(7,171,864.87)	
	<u>(7,171,864.87)</u>	<u>65,878,840.00</u>

Total Assets

\$74,515,038.55

Liabilities

Current Liabilities:

Accrued Salaries	\$ 23,008.11	
Accounts Payable	5,531.06	
	<u>5,531.06</u>	\$ 28,539.17

Long Term Liabilities:

Bonds Payable	\$ 58,105,000.00	
Capital Leases	11,640,000.00	
	<u>11,640,000.00</u>	<u>69,745,000.00</u>

Total Liabilities

\$69,773,539.17

Net Assets

Unrestricted	\$ 8,607,659.38	
Invested in Capital Assets, Net of Related Debt	(3,866,160.00)	
		<u>4,741,499.38</u>

Total Net Assets

Total Liabilities And Net Assets **\$ 74,515,038.55**

Florida Atlantic University
Housing
Statement Of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2004

Operating Revenues

Housing Fees	\$9,663,065.98	
Rental Income	12,110.35	
Repairs & Maintenance	164,725.50	
Total Operating Revenues		\$ 9,839,901.83

Operating Expenses

Salaries And Benefits	\$1,776,141.52	
Other Personal Services	178,991.97	
Contractual Services	25,894.27	
Telecommunication	283,097.48	
Freight And Postage	9,029.72	
Printing	25,651.42	
Repairs And Maintenance	387,262.40	
Travel	25,041.44	
Utilities	916,262.57	
Depreciation Expense	1,221,928.00	
Moving Expenses	532.93	
Materials & Supplies	139,551.01	
Insurance	17,816.70	
Other expense	1,072,330.42	
Total Operating Expenses		6,079,531.85
Operating Income / (Loss)		\$ 3,760,369.98

Nonoperating Revenues/ (Expenses)

Interest Income	\$ 164,837.76	
Net Nonoperating Revenues / (Expenses)		164,837.76
Income/(Loss) Before Transfers		\$ 3,925,207.74

Transfers In/Out

Debt Service - Interest	\$2,504,278.60	
Debt Service - Principal	950,000.00	
Transfers In / (Out)	(3,498,787.98)	
Administrative Overhead	245,898.07	
Total Transfers In / (Out)		\$ 201,388.69

Change in Net Assets		\$ 3,723,819.05
Total Net Assets - Beginning		3,661,912.33
Adjustments to Beginning Net Assets		(2,644,232.00)
Total Net Assets - Ending		\$ 4,741,499.38

**Florida Atlantic University
Housing
Statement of Cash Flows
For the Year Ended June 30, 2004**

<u>Cash Flow From Operating Activities</u>		
Receipts From Customers	\$ 9,839,901.83	
Payments to Suppliers	(2,772,979.58)	
Payments to Employees	<u>(1,955,133.49)</u>	
Net Cash Provided By Operating Activities		\$ 5,111,788.76
<u>Cash Flows From Capital and Related Financing Activities</u>		
Interest Paid On Capital Debt	\$ (2,504,278.60)	
Principal Paid On Capital Debt	<u>(950,000.00)</u>	
Net Cash (Used) By Capital and Related Financing Activities		\$(3,454,278.60)
<u>Cash Flows From Noncapital Financing Activities</u>		
Transfers In / Out	\$ 3,498,787.98	
Administrative Overhead Transfers	<u>(245,898.07)</u>	
Net Cash (Used) By Noncapital Financing Activities		\$ 3,252,889.91
<u>Cash Flow From Investing Activities</u>		
Purchases of Investments	\$ (1,381,676.99)	
Interest and Dividends	<u>164,837.76</u>	
Net cash (used) by investing activities		<u>(1,216,839.23)</u>
Net (decrease) in cash		\$ 3,693,560.84
Balance - Beginning of Year		<u>3,972.78</u>
Balance - End of Year		<u><u>\$ 3,697,533.62</u></u>
Reconciliation of Operating Income / (Loss) To Net Cash Provided By Operating Activities		
Operating Income	\$ 3,760,369.98	
Depreciation Expense	1,221,928.00	
Change in Assets / Liabilities		
Receivables, net	(170,970.03)	
Accrued Salaries	3,001.06	
Accounts Payable	(64,590.25)	
Deferred revenue	362,050.00	
Net Cash provided By Operating Activities		<u><u>\$ 5,111,788.76</u></u>

FLORIDA ATLANTIC UNIVERSITY
HOUSING
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2004

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.

A. REPORTING ENTITY

Although the University is considered a separate entity for financial reporting purposes, it is a part of the State University System and accordingly is regulated, and coordinated by the Florida Board of Education. The governing body of Florida Atlantic University is its Board of Trustees. The Board constitutes a body corporate and is composed of twelve (12) members appointed by the Governor and one student member. The Board of Trustees is under the general direction and control of the Commissioner of Education, the Chancellor of State Universities, and is governed by law and rules of the Florida Board of Education.

By statute, the Florida Board of Education appoints the University President. The University Board of Trustees adopts university rules and procedures and plans for the future needs of the university. The University President is responsible for the management of the university and has the ultimate responsibility for administering the policies prescribed by the Board of Trustees.

The primary obligations of reporting the Housing Division separately is to account for resources it received and used. When construction projects become substantially complete, they are included in the University's internal Investment in Plant Fund account which is then reported in the Capital Asset section of the University's published financial statements.

B. BASIS OF PRESENTATION

The University's fiscal and accounting operations are effectively structured around the Governmental Accounting Standard Board's (GASB) statements. The University also adheres to the recommendations of the National Association of College and University Business Officers (NACUBO). NACUBO's recommendations are prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board (FASB) and the Governmental Accounting Standards Board (GASB).

In November 1999, the Governmental Accounting Standard Board (GASB) issued GASB Statement # 35 "Basic Financial Statements and Management Discussion and Analysis for Public Colleges and Universities - an amendment of GASB Statement # 34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." GASB Statements #34 and #35" provide the most significant change in financial reporting for all governmental

institutions. Florida Atlantic University's reporting model under GASB Statement #35 is a Special-Purpose Government Entity engaged only in business-type activities (BTA).

GASB Statements #34 and #35 promulgate that a Special-Purpose Government Entity engaged only in business-type activities are to present only the financial statements required for Proprietary (enterprise) fund. Basic financial statements and required supplementary information (RSI) for the Proprietary fund consist of the following:

Management's discussion and analysis (MD&A)

Proprietary (enterprise) fund financial statements:

Statement of net assets or balance sheet

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

C. BASIS OF ACCOUNTING

Basis of accounting refers to when the effect of transactions or events should be recognized for financial reporting purposes. It relates to the timing of the measurements made, regardless of the measurement focus applied. The Statement of Net Assets (Balance Sheet) and the Statement of Revenues, Expenses, and Changes in Net Assets are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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 plant assets, and depreciation on capital assets. The financial information for Housing will be included in the University's financial statements.

The Statement of Revenues, Expenses, and Changes in Net Assets is presented by major sources. The Statement of Cash Flows is presented using the direct method and is in compliance with GASB Statement #9 "Reporting Cash Flow for Proprietary and Non-expendable Trust Funds."

The University follows FASB Statements and interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions; and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

D. CASH AND CASH EQUIVALENTS

The amount reported as cash and cash equivalents consist of cash on hand and cash in demand accounts held in the State Treasury. Cash in demand accounts is held in banks qualified in accordance with the provisions of Chapter 280, Florida Statutes, as a public depository.

E. 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

F. INVESTMENTS

Investments were made through the State Treasury and the State Board of Administration in accordance with the provisions of Section 215.515 and 215.49, Florida Statutes. The investments are recorded at market value.

G. 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, 2004 was \$ 404,642.

H. LONG-TERM LIABILITES

Long term liabilities include bonds and for the fiscal year ended June 30, 2004, the debt related to student housing is reported on the statement of net assets.

I. PRIOR PERIOD ADJUSTMENTS

Adjustments to beginning net assets were reported when amounts were considered material in accordance with Accounting Principles Board Opinions No. 9 and 20 and FASB Statement No. 16. The prior period adjustment of (\$ 1,865,898.66) represents the net effect of reporting the capital assets and the long term liability that were not reported in prior years.

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of Florida Atlantic University's Housing Division's ("Housing") financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Housing's financial statements.

Operating revenues decreased by 15 percent and operating expenses decreased by 19% when compared to the prior fiscal year. One reason for the decrease in operating revenues was the less than full occupancy of the newly constructed 600 bed dorm and another reason was the removal of several older dorms where the new Heritage Park residence hall will be constructed. The primary reason for the decrease in operating expenses was due to the reduction in repairs and maintenance expenses associated with the housing facilities.

The Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets report Housing's net assets and changes in net assets, respectively. An analysis and review of Housing's net assets - the difference between assets and liabilities - is one way to measure the financial health, or financial position of the Division. Over time, increases or decreases in Housing's net assets are one indicator of whether its financial health is improving or deteriorating. We believe that the financial position of Housing is healthy. The University's management, which oversees Housing operations, has insured its financial strength through comprehensive and strategic planning for the next several years.

In the Fall 2004 semester, the university will open its new Heritage Park residence hall. During the Fall 2004 semester, the expected usage of the residence hall will reach 90% of full capacity. This is an indicator of both the student demand for housing and the university's commitment to accommodate the student body's needs. University management is confident that the continued demand along with competitive housing rates and continued monitoring of expenditures will generate adequate cash flow to meet the annual debt service requirements of Housing.

In the University's planning process for Housing issues, management put into place the appropriate housing fee to assure that revenues are adequate for the housing area.

This Management Discussion and Analysis related to the financial information are designed to provide a general overview of Housing's financial condition. If you have questions about this report or need additional financial information, contact Ms. Stacey Medeiros CPA, CBM, Master of Accounting, University Controller, Florida Atlantic University, 777 Glades Road, Boca Raton, Florida, (561) 297-3102.