



Housing Financial Statements
June 30, 2005

**Florida Atlantic University
Housing
Statement of Net Assets
As of June 30, 2005**

Assets

Current Assets:

Cash	\$ 1,637,674.61	
Investments	7,570,774.39	
Adjustment to Fair Market Value	36,218.03	
Accounts Receivable (Net)	92,956.45	
Prepaid Items	300,180.69	
Interest Receivable	<u>25,341.09</u>	
		\$ 9,663,145.26

Capital Assets:

Buildings	\$ 59,738,952.79	
Property Under Capital Lease	12,530,000.00	
Accumulated Depreciation	<u>(7,731,368.76)</u>	
		\$ 64,537,584.03

Total Assets

\$ 74,200,729.29

Liabilities

Current Liabilities:

Accounts Payable	\$ 929.00	
Accrued Salaries	57,349.19	
Deferred Revenue	<u>66,313.51</u>	
		\$ 124,591.70

Long Term Liabilities:

Bonds Payable	\$ 56,538,500.00	
Capital Leases	<u>11,395,000.00</u>	
		\$ 67,933,500.00

Total Liabilities

\$ 68,058,091.70

Net Assets

Unrestricted	\$ 9,538,553.56	
Invested in Capital Assets, net of Related Debt	<u>(3,395,915.97)</u>	

Total Net Assets

\$ 6,142,637.59

Total Liabilities And Net Assets

\$ 74,200,729.29

**Florida Atlantic University
Housing
Statement Of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2005**

Operating Revenues

Housing Fees	\$ 10,991,138.15	
Rental Income	720.00	
Repairs & Maintenance	75,708.92	
Total Operating Revenues	75,708.92	
		\$ 11,067,567.07

Operating Expenses

Salaries And Benefits	\$ 1,773,099.05	
Other Personal Services	175,493.75	
Contractual Services	126,173.28	
Telecommunication	338,858.62	
Freight And Postage	8,264.60	
Printing	27,611.56	
Repairs And Maintenance	563,549.50	
Travel	32,375.68	
Utilities	1,122,376.34	
Depreciation Expense	1,462,260.77	
Loss on Disposal of Fixed Assets	234,887.47	
Moving Expenses	8,411.72	
Materials & Supplies	202,342.28	
Insurance	29,399.19	
Other expense	316,286.42	
Total Operating Expenses	6,421,390.23	
Operating Income / (Loss)		\$ 4,646,176.84

Nonoperating Revenues/ (Expenses)

Interest Income	\$ 710,984.83	
Net Nonoperating Revenues / (Expenses)		710,984.83

		\$ 5,357,161.67
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Transfers In/Out

Debt Service - Interest	\$ (2,962,011.24)	
Transfers In / (Out)	(621,387.72)	
Administrative Overhead	(372,624.50)	
Total Transfers In / (Out)	(3,956,023.46)	

Change in Net Assets		\$ 1,401,138.21
Total Net Assets - Beginning		4,741,499.38
Total Net Assets - Ending		\$ 6,142,637.59

**Florida Atlantic University
Housing
Statement of Cash Flows
For the Year Ended June 30, 2005**

<u>Cash Flow From Operating Activities</u>		
Receipts From Customers	\$ 11,067,567.07	
Payments to Suppliers	(2,771,731.76)	
Payments to Employees	<u>(1,948,592.80)</u>	
Net Cash Provided By Operating Activities		\$ 6,347,242.51
<u>Cash Flows From Capital and Related Financing Activities</u>		
Interest Paid On Capital Debt	\$ (2,962,011.24)	
Principal Paid On Capital Debt	<u>(1,810,000.00)</u>	
Net Cash (Used) By Capital and Related Financing Activities		\$ (4,772,011.24)
<u>Cash Flows From Noncapital Financing Activities</u>		
Transfers In / Out	\$ (1,704,537.40)	
Administrative Overhead Transfers	<u>372,624.50</u>	
Net Cash (Used) By Noncapital Financing Activities		\$ (1,331,912.90)
<u>Cash Flow From Investing Activities</u>		
Purchases of Investments	\$ (3,014,162.21)	
Interest and Dividends	<u>710,984.83</u>	
Net cash (used) by investing activities		<u>\$ (2,303,177.38)</u>
Net (decrease) in cash		\$ (2,059,859.01)
Balance - Beginning of Year		<u>3,697,533.62</u>
Balance - End of Year		<u>\$ 1,637,674.61</u>
Reconciliation of Operating Income / (Loss) To Net Cash Provided By Operating Activities		
Operating Income	\$ 4,646,176.84	
Add:		
Depreciation Expense	1,462,260.77	
Loss on Disposal of Capital Assets	234,887.47	
Change in Assets / Liabilities		
Receivables, net	276,727.75	
Prepaid Items	(300,180.69)	
Accrued Salaries	(34,341.08)	
Accounts Payable	(4,602.06)	
Deferred revenue	<u>66,313.51</u>	
Net Cash provided By Operating Activities		<u>\$ 6,347,242.51</u>

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2005

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.

REPORTING ENTITY

Florida Atlantic University is a separate public instrumentality that is part of a state university system of public universities. A constitutional amendment effective January 7, 2004 created a Board of Governors to be responsible for the management of the state university system. A separate Board of Trustees administers each university.

Florida Atlantic University Board of Trustees consists of 13 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 Florida law and rules of the State Board of Education and the Board of Governors. The Board of trustees selects the university President and the State board of Education must ratify the candidate selected. 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. Application of these criteria determines 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 exclusions 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

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
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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 colleges and universities as prescribed by the Governmental Accounting Standards Board (GASB). The National Association of College and University Business Officers (NACUBO) also provides the University with recommendations prescribed in accordance with generally accepted accounting principles promulgated by GASB and the Financial Accounting Standards Board (FASB).

In November 1999, GASB issued Statement No. 35 "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities". This Statement includes public colleges and universities within the financial reporting guidelines of GASB Statement No. 34 "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments." GASB Statement No. 35 allows public colleges and universities the option of reporting as a special-purpose government either engaged in only business-type activities, engaged in only governmental activities, or engaged in both governmental and business-type activities. The universities of the state university system, including Florida Atlantic University, elected to report as entities 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 Assets
 - Statement of Revenues, Expenses, and Changes in Net Assets
 - Statement of Cash Flows
- Notes to Financial Statements

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2005

- Required Supplementary Information (RSI) Other Than MD&A

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. 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. 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. Included in nonoperating revenues are State appropriations, investment income and revenues for capital construction projects. Interest on asset-related debts is a nonoperating expense.

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.

CASH AND CASH EQUIVALENTS

The amount reported as cash and cash equivalents consist of cash on hand and cash in demand accounts. Cash set aside to make debt service payments, maintain sinking fund reserves, and to

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
NOTES TO THE FINANCIAL STATEMENTS**

JUNE 30, 2005

purchase or construct capital assets is classified as restricted. Banks qualified as public depositories under Florida law hold cash deposits of the University. Cash in demand accounts is held in banks qualified in accordance with the provisions of Chapter 280, Florida Statutes, as a public depository. Deposits are fully insured by Federal depository insurance or collateralized with securities held in Florida's multiple financial institution collateral pool required by Chapter 280, Florida Statutes.

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

INVESTMENTS

Section 1011.42(5), Florida Statutes, authorizes universities to invest funds awaiting clearing with the State Treasury and State Board of Administration, 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. Pursuant to Section 218.415(16), Florida Statutes, the University is authorized to invest in the Local Government Surplus Funds Trust Fund investment pool administered by the State Board of Administration; 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 Government; 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. Section 17.61(1), Florida Statutes, also provides for University funds to be invested with the State Treasury.

ACCOUNTS RECEIVABLE

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
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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, 2005 was \$92,956.

LONG-TERM LIABILITES

Long term liabilities include bonds and for the fiscal year ended June 30, 2005, the debt related to student housing is reported on the statement of net assets.

**FLORIDA ATLANTIC UNIVERSITY
HOUSING
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2005**

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, 2005. Please read it in conjunction with the Housing's financial statements.

Operating revenues increased by 12 percent and operating expenses increased by 25% when compared to the prior fiscal year. One reason for the increase in operating revenues was the close to full occupancy of the newly constructed 600 bed dorm. The primary reason for the increase in operating expenses was the increase in depreciation expense and the non-cash loss associated with the disposal of fixed assets. Additionally, utilities and repairs and maintenance associated with the housing facilities increased.

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 opened its new Heritage Park residence hall. During the fiscal year, the usage of the residence hall was at 99%. 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.