



**Traffic and Parking Services  
Financial Statements  
June 30, 2011**

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2011**

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, 2011. Please read it in conjunction with the FAU Parking & Transportation's financial statements, which follows:

Parking & Transportation's operating revenues increased by \$312,074. During the fiscal year, the transportation access fees and decal revenue increased 6%. Traffic fines and parking fees and meters also contributed to the increase in revenues. Operating expenses increased by 40%. The \$1,067,875 increase is mainly due to the completion of required building maintenance for Parking Garage One, payment for a prior year and current year lease rental to Broward College, contributing toward the funding for the Campus Stadium project, and the expansion of the operations of the campus shuttle system. Expenses include both labor costs associated with student and OPS drivers as well as operational costs such as an additional bus, fuel, maintenance, and repairs.

An analysis and review of Parking & Transportation'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 Parking & Transportation's net assets are one indicator of whether its financial health is improving or deteriorating. We believe that the financial position of Parking & Transportation is healthy. The University's management, which oversees Parking & Transportation operations, has insured its financial strength through comprehensive and strategic planning for the next several years.

In August 2002, the first parking garage on the Boca Raton campus was opened. Immediately after opening, the garage reached its capacity. This was an indicator that additional parking facilities were necessary to accommodate the growth of Florida Atlantic University. The second parking garage opened in August 2003. The University's management has insured that sufficient cash has been 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 issues, management put into place the appropriate increase in the transportation access fee to assure that revenues are adequate for the parking system. During the 2010-11 fiscal year, the transportation access fee increased over the prior year's to \$76.90 for the fall and spring terms and to \$32.04 for the summer term. Faculty and staff decal fees also increased 4%. Future increases will assure that revenues are sufficient to pay all future expenses including debt service for the existing parking garages and future infrastructure.

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, contact Ms. Stacey Semmel CPA, CBM, Master of Accounting, Assistant Vice President for Financial Affairs and University Controller, Florida Atlantic University, 777 Glades Road, Boca Raton, Florida, (561) 297-3102.

**Florida Atlantic University  
Traffic And Parking Services  
Statement of Net Assets  
As of June 30, 2011**

**Assets**

Current Assets:

Cash	\$ 2,246,218
Special Investments -State Treasury	4,467,799
Adjustment to fair market value	44,231
Interest and dividends receivable	11,006
Accounts receivable (net)	684,518
Prepaid Items	87,097

**Total Current Assets** 7,540,870

Noncurrent Assets:

Buildings	18,373,267
Furniture and equipment	323,705
Vehicles	383,199
Improvements	2,314,588
Accumulated depreciation	(2,895,141)

**Total Noncurrent Assets** 18,499,618

**Total Assets** 26,040,488

**Liabilities**

Current Liabilities:

Accounts payable	28,316
Deferred revenue and unapplied exemption	93,890

**Total Current Liabilities** 122,206

Noncurrent Liabilities:

Capital improvement debt payable	10,880,000
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**Total Noncurrent Liabilities** 10,880,000

**Total Liabilities** 11,002,206

**Net Assets:**

Unrestricted	7,418,664
Invested in capital assets, net of related debt	7,619,618

**Total Net Assets** 15,038,282

**Total Liabilities and Net Assets:** \$ 26,040,488

**Florida Atlantic University**  
**Traffic And Parking Services**  
**Statement of Revenues, Expenses, and Change in Net Assets**  
**For the Year Ended June 30, 2011**

**Revenues**

Operating Revenues:

Transportation Access fees	\$ 2,361,570
Access fee - Decal revenue	2,228,359
Parking fees	157,568
Parking meters	231,387
Traffic fines	860,381
Sales and services	16,964

**Total Operating Revenues** **5,856,228**

**Expenses**

Operating Expenses:

Salaries & benefits	1,252,487
Other personal services	39,682
Contractual services	50,585
Telecommunication	29,783
Freight & postage	80,538
Printing	31,396
Repair and maintenance	219,126
Travel	2,067
Utilities	109,943
Materials & supplies	113,976
Insurance	13,292
Rental expense	1,264,407
Uniforms	7,803
Bad debt expense	37,113
Depreciation expense	488,003
Other expenses	19,488

**Total Operating Expenses** **3,759,689**

**Operating income** **2,096,540**

**Nonoperating Revenues (Expenses)**

Debt service-interest & related expenses	(484,027)
Investment income	140,113

**Net Nonoperating Revenues (Expenses)** **(343,914)**

**Income Before Transfers** **1,752,626**

**Transfers in (out)**

Administrative overhead	(349,475)
Total transfers in (out)	(1,261,748)

**Total Transfers in (out)** **(1,611,223)**

**Increase in Net Assets** **141,403**

Net Assets, Beginning of Year 14,896,879

**Net Assets - End of Year** **\$ 15,038,282**

**Florida Atlantic University  
Traffic And Parking Services  
Statement of Cash Flows  
For the Year Ended June 30, 2011**

**Cash Flows From Operating Activities:**

Receipt from customers	\$ 5,856,228
Payment to suppliers	(2,469,368)
Payment to Employees	(1,292,169)
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**Net Cash Provided by Operating Activities** **2,094,691**

**Cash Flows From Capital and Related Financing Activities:**

Interest paid on capital debt	(484,027)
Purchases of capital assets	(750,890)
Principal paid on capital debt	(780,000)
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**Net Cash Used By Capital and Related Financing Activities** **(2,014,917)**

**Cash Flows From Noncapital Financing Activities**

Administrative overhead	(349,475)
Other transfers	(1,261,748)
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**Net Cash Used By Noncapital Financing Activities** **(1,611,223)**

**Cash Flows From Investing Activities:**

Purchase of Investments	1,799,916
Interest and dividends	140,113
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**Net Cash Used by Investing Activities** **1,940,029**

**Net Increase in Cash** **408,580**

**Cash, Beginning of year** **1,837,638**

**Cash, End of Year** **\$ 2,246,218**

**Reconciliation of Operating Income to Net**

**Cash Provided by Operating Activities**

Operating income	\$ 2,009,443
Adjustments to Reconcile Income to	
Net Cash Provided by Operating Activities:	
Depreciation expense	488,003
Bad debt expense	37,113
Change in Assets and Liabilities:	
Receivables, net	(103,182)
Interest & dividends receivables	3,933
Accounts payable	(322,355)
Deferred revenue & unapplied exemption	(18,264)
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**Net Cash Provided by Operating Activities** **\$ 2,094,691**

**FLORIDA ATLANTIC UNIVERSITY  
TRAFFIC AND PARKING SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

To enhance the usefulness of the financial statements, the significant accounting policies followed by the Traffic and Parking Services 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 financial statements are reported on the State’s Comprehensive Annual financial Report by discrete presentation.

**FLORIDA ATLANTIC UNIVERSITY  
TRAFFIC AND PARKING SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

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

**FLORIDA ATLANTIC UNIVERSITY  
TRAFFIC AND PARKING SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

**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 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 are held in banks qualified in accordance with the provisions of Chapter 280, Florida Statutes, as



**FLORIDA ATLANTIC UNIVERSITY  
TRAFFIC AND PARKING SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

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.

**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. The University's investments at June 30, 2011 are reported at fair value, as follows:

**External Investment Pools**

The University reported investments at fair value totaling \$189,129,947 at June 30, 2011, in the State Treasury Special Purpose Investment Account (SPIA) investment pool, representing ownership of a share of the pool, not the underlying securities. The State Treasury has taken the position that participants in the pool should disclose information related to interest rate risk and credit risk. The SPIA carried a credit rating of A+F by Standard and Poor's and had an effective duration of 1.01 years at June 30, 2011. 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

**FLORIDA ATLANTIC UNIVERSITY  
TRAFFIC AND PARKING SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2011**

investments reported above, Traffic and Parking Services' investments at fair value totaled \$4,512,030.

**ACCOUNTS RECEIVABLE**

Accounts receivable reported in the Statement of Net Assets represent amounts due from students for services provided by Traffic and Parking Services. Accounts Receivable over one year old are considered as doubtful accounts. That amount as of June 30, 2011 is \$684,518.

**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