



**Traffic and Parking Services  
Financial Statements  
June 30, 2012**

**FLORIDA ATLANTIC UNIVERSITY  
PARKING AND TRANSPORTATION SERVICES  
MANAGEMENT DISCUSSION AND ANALYSIS  
JUNE 30, 2012**

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, 2012. Please read it in conjunction with the FAU Parking & Transportation's financial statements, which follows:

Parking & Transportation's operating revenues increased by \$872,807. During the fiscal year, the transportation access fees and decal revenue increased 20%. Traffic fines and parking fees and meters also contributed to the increase in revenues. Operating expenses increased by 4.2%. The \$162,559 increase is mainly due to increases in materials costs, personnel changes, 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. Future increases in the transportation access fee and faculty and staff decal fees 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, 2012**

**Assets**

Current Assets:

Cash	\$ 2,272,236
Special Investments -State Treasury	6,396,401
Adjustment to fair market value	109,378
Interest and dividends receivable	11,175
Accounts receivable (net)	331,903

**Total Current Assets** 9,121,093

Noncurrent Assets:

Buildings	18,574,689
Furniture and equipments	255,466
Vehicles	748,089
Computer Software	136,942
Improvements	2,331,738
Accumulated depreciation	(3,702,559)

**Total Noncurrent Assets** 18,344,365

**Total Assets** 27,465,458

**Liabilities**

Current Liabilities:

Accounts payable	181,538
Deferred revenue and unapplied exemption	104,628

**Total Current Liabilities** 286,166

Noncurrent Liabilities:

Capital improvement debt payable	10,075,000
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**Total Noncurrent Liabilities** 10,075,000

**Total Liabilities** 10,361,166

**Net Assets:**

Invested in capital assets, net of related debt	8,269,365
Unrestricted	8,834,927

**Total Net Assets** 17,104,292

**Total Liabilities and Net Assets:** \$ 27,465,458

**Florida Atlantic University**  
**Traffic And Parking Services**  
**Statement of Revenues, Expenses, and Change in Net Assets**  
**For the Year Ended June 30, 2012**

**Revenues**

Operating Revenues:

Transportation Access fees	\$ 2,885,447
Access fee - Decal revenue	2,623,477
Parking fees	216,420
Parking meters	242,865
Traffic fines	733,896
Sales and services	26,930

**Total Operating Revenues** **6,729,035**

**Expenses**

Operating Expenses:

Salaries & benefits	1,333,264
Other personal services	37,468
Contractual services	85,933
Telecommunication	31,272
Freight & postage	3,532
Printing	112,942
Repair and maintenance	287,418
Travel	1,611
Utilities	106,189
Materials & supplies	177,176
Insurance	13,716
Rental expense	916,532
Uniforms	4,972
Bad debt expense	346,362
Depreciation expense	522,905
Other expenses	28,054

**Total Operating Expenses** **4,009,345**

**Operating income** **2,719,690**

**Nonoperating Revenues (Expenses)**

Debt service-interest & related expenses	(457,198)
Assets Threshold adjustments	(94,825)
Investment income	233,446

**Net Nonoperating Revenues (Expenses)** **(318,576)**

**Income Before Transfers** **2,401,114**

**Transfers in (out)**

Administrative overhead	(335,104)
Total transfers in (out)	-

**Total Transfers in (out)** **(335,104)**

**Increase in Net Assets** **2,066,010**

Net Assets, Beginning of Year 15,038,282

**Net Assets - End of Year** **\$ 17,104,292**

**Florida Atlantic University  
Traffic And Parking Services  
Statement of Cash Flows  
For the Year Ended June 30, 2012**

**Cash Flows From Operating Activities:**

Receipt from customers	\$ 6,745,926
Payment to suppliers	(1,616,293)
Payment to Employees	(1,370,732)
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**Net Cash Provided by Operating Activities** **3,758,901**

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

Interest paid on capital debt	(457,198)
Purchases of capital assets	(375,278)
Principal paid on capital debt	(805,000)
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**Net Cash Used By Capital and Related Financing Activities** **(1,637,476)**

**Cash Flows From Noncapital Financing Activities**

Administrative overhead	(335,104)
Other transfers	-
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**Net Cash Used By Noncapital Financing Activities** **(335,104)**

**Cash Flows From Investing Activities:**

Purchase of Investments	(1,993,750)
Interest and dividends	233,446
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**Net Cash Used by Investing Activities** **(1,760,304)**

**Net Increase in Cash** **26,018**

**Cash, Beginning of year** **2,246,218**

**Cash, End of Year** **\$ 2,272,236**

**Reconciliation of Operating Income to Net**

**Cash Provided by Operating Activities**

Operating income	\$ 2,719,690
Adjustments to Reconcile Income to Net Cash Provided by Operating Activities:	
Depreciation expense	522,905
Bad debt expense	346,362
Change in Assets and Liabilities:	
Receivables, net	6,153
Interest & dividends receivables	(169)
Accounts payable	153,222
Deferred revenue & unapplied exemption	10,738
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**Net Cash Provided by Operating Activities** **\$ 3,758,901**

**FLORIDA ATLANTIC UNIVERSITY  
TRAFFIC AND PARKING SERVICES  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2012**

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 which is under the general direction and control of the Florida Board of Governors. The University is directly governed by a Board of Trustees consisting 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 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.

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**BASIS OF PRESENTATION**

The University's accounting policies conform with generally accepted accounting principles applicable to public 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). 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 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

**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

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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 applies all applicable GASB pronouncements and FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with GASB pronouncements. In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the University has elected to apply those FASB pronouncements issued after November 30, 1989, not in conflict with GASB standards.

**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 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(17), 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 (SBA);



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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, and Securities and Exchange Commission registered money market funds with the highest credit quality rating from a nationally recognized rating agency. 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 Pools**

The University reported investments at fair value totaling \$183,889,266 at June 30, 2012, 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 2.38 years at June 30, 2012. 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 Services investments at fair value totaled \$ 6,505,779.

**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, 2012 is \$ 331,903.

**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