

Florida International University

Parking System

Financial Statements

**For the Fiscal Years Ended
June 30, 2020 and June 30, 2019**

Unaudited

**Florida International University
Parking System
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**Florida International University
Parking System
Management's Discussion and Analysis**

The management's discussion and analysis (MD&A) introduces the Florida International University's Parking System Annual Financial Statements and provides an overview of the Parking System financial activities during the fiscal year ended June 30, 2020, and should be read in conjunction with the financial statements and notes hereto. This overview is required by the Governmental Accounting Standards Board (GASB) Statement No. 35. The MD&A, financial statements and notes hereto, are the responsibility of University Management. The MD&A contains financial activity of the University's Parking System for the fiscal years ended June 30, 2020, and June 30, 2019.

FINANCIAL HIGHLIGHTS

The Parking System's assets totaled \$105.3 million at June 30, 2020. This amount is reported net of accumulated depreciation of \$31.5 million. Total assets decreased \$6.1 million or 5.5 percent as compared to the 2018-19 fiscal year. The decrease resulted primarily from current year depreciation on capital assets of \$3 million and a \$4.5 million reduction of investments which was offset slightly by increases to furniture and equipment and construction in progress.

Total liabilities were \$54.9 million at June 30, 2020, compared to \$60.7 million at June 30, 2019. The decrease of \$5.8 million or 9.6 percent is mainly attributed to reductions of \$5.4 million principal payments on capital improvement debt payable. The principal payments reflect the payment of \$2.6 million associated with the refunding of the 2009B Parking Garage debt for the 2019A Parking Garage debt.

The Parking System's total net position balance of \$50.4 million at the end of the year represents a decrease of \$0.3 million or 0.6 percent from the total beginning net position balance of \$50.7 million. Total net position consisted of \$42.3 million in net investment in capital assets, \$7.7 million unrestricted and \$0.4 million restricted, expendable for debt service and capital projects.

THE STATEMENT OF NET POSITION

The statement of net position reflects the assets and liabilities of the Parking System, using the accrual basis of accounting, and presents the financial position of the System at a specified time. The difference between total assets and total liabilities, equals net position, which is one indicator of the Parking System's current financial condition. The changes in net position that occur over time indicate improvement or deterioration in the Parking System's financial condition.

**Florida International University
Parking System
Management's Discussion and Analysis**

The following summarizes the Parking System's assets, liabilities, and net position at June 30:

**Condensed Statements of Net Position at June 30
(In Millions)**

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets	\$ 8.1	\$ 9.3
Capital Assets, Net	96.8	98.6
Other Noncurrent Assets	<u>0.4</u>	<u>3.5</u>
Total Assets	<u>105.3</u>	<u>111.4</u>
Liabilities		
Current Liabilities	3.3	3.7
Noncurrent Liabilities	<u>51.6</u>	<u>57.0</u>
Total Liabilities	<u>54.9</u>	<u>60.7</u>
Net Position		
Net Investment in Capital Assets	42.3	39.3
Restricted	0.4	3.5
Unrestricted	<u>7.7</u>	<u>7.9</u>
Total Net Position	<u>\$ 50.4</u>	<u>\$ 50.7</u>

THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the Parking System's revenue and expense activity, categorized as operating and nonoperating. Revenues and expenses are recognized when earned or incurred, regardless of when cash is received or paid.

**Florida International University
Parking System
Management's Discussion and Analysis**

The following summarizes the Parking System's activity for the 2019-20 and 2018-19 fiscal years:

**Condensed Statements of Revenues, Expenses, and Changes in Net Position
For the Fiscal Years Ended June 30
(In Millions)**

	<u>2020</u>	<u>2019</u>
Operating Revenues	\$ 13.7	\$ 15.9
Less, Operating Expenses	<u>11.7</u>	<u>11.8</u>
Operating Income	2.0	4.1
Net Nonoperating Expenses	<u>(2.2)</u>	<u>(2.9)</u>
(Loss) Income Before Other Revenues and Transfers	(0.2)	1.2
Other Revenues and Transfers	<u>(0.1)</u>	<u>0.4</u>
(Decrease) Increase in Net Position	(0.3)	1.6
Net Position, Beginning of Year	<u>50.7</u>	<u>49.1</u>
Net Position, End of Year	<u>\$ 50.4</u>	<u>\$ 50.7</u>

Operating Revenues

GASB Statement No. 35 categorizes revenues as either operating or nonoperating. Operating revenues generally result from exchange transactions where each of the parties to the transaction either give up or receive something of equal or similar value.

The following summarizes the operating revenues by source that were used to fund operating activities for the 2019-20 and 2018-19 fiscal years:

**Operating Revenues
For the Fiscal Years Ended June 30
(In Millions)**

	<u>2020</u>	<u>2019</u>
Parking Decal and Fees	\$ 11.6	\$ 13.3
Visitor Parking	0.5	0.8
Traffic Fines and Other Operating	<u>1.6</u>	<u>1.8</u>
Total Operating Revenues	<u>\$ 13.7</u>	<u>\$ 15.9</u>

Operating revenues were \$13.7 million for the fiscal year 2019-20, representing a significant \$2.2 million decrease from 2018-19 fiscal year. Revenues derived from parking decals and fees, totaling \$11.6 million, were the largest components of operating revenues. The decreases in operating revenues are comprised of a \$1.7 million decrease in parking decal and fees revenue, \$0.3 million decrease to visitor parking revenues, and \$0.2 million decrease in traffic fines and other operating revenues. These revenue decreases were prompted by measures taken in response to the COVID-19 pandemic including the issuance of waivers to students for a portion of the parking access fee combined with a reduction visitor parking and traffic fines due to a considerably diminished presence on campus from the implementation of remote learning and work environment during March 2020 through Fall 2020 that resulted in the reduction of visitor parking traffic fines..

**Florida International University
Parking System
Management's Discussion and Analysis**

Operating Expenses

Expenses are categorized as operating or nonoperating. The majority of the Parking System expenses are operating expenses as defined by GASB Statement No. 35. GASB gives financial reporting entities the choice of reporting operating expenses in the functional or natural classifications. The Parking System has chosen to report the expenses in their natural classification on the statement of revenues, expenses, and changes in net position.

The following summarizes the operating expenses by natural classifications for the 2019-20 and 2018-19 fiscal years:

Operating Expenses For the Fiscal Years Ended June 30 (In Millions)		<u>2020</u>	<u>2019</u>
Compensation and Employee Benefits	\$	3.5	\$ 3.1
Services and Supplies		4.4	5.2
Utilities and Communications		0.5	0.4
Scholarships, Fellowships, and Waivers		0.3	0.2
Depreciation		<u>3.0</u>	<u>2.9</u>
Total Operating Expenses		<u><u>\$ 11.7</u></u>	<u><u>\$ 11.8</u></u>

Operating expenses totaled \$11.7 million, representing a decrease of \$0.1 million from the 2018-19 fiscal year, primarily due to an increase in compensation and employee benefits of \$0.4 million and which was offset by a decrease in services and supplies of \$0.8 million. The decrease in services and supplies was primarily the result of the transition to remote learning and the work environment due to COVID-19. Operating expenses include depreciation expense of \$3.0 million.

Nonoperating Revenues and Expenses

Nonoperating revenues and expenses reported during fiscal year 2019-20 consist of noncapital donations, investment income, other nonoperating revenues, loss on disposal of capital assets, interest expense and other nonoperating expense. The fluctuation in nonoperating revenues and expenses is mainly attributable to interest on capital asset-related debt and investment income and the payment of bond issuance costs associated with the refunding of the 2009B Parking debt for the 2019A Parking Refunding debt.

Capital Grants and Donations

The Parking System refunded the 2009B Build America Bonds, therefore the annual interest subsidy from the Federal Government for the Build America Bonds reflected in capital grant revenue in prior years was significantly reduced from \$0.6 million to a minimal amount. The Parking System will not receive this revenue in subsequent years.

**Florida International University
Parking System
Management's Discussion and Analysis**

THE STATEMENT OF CASH FLOWS

The statement of cash flows provides information about the Parking System's financial results by reporting the major sources and uses of cash and cash equivalents. This statement will assist in evaluating the Parking System's ability to generate net cash flows, its ability to meet its financial obligations as they come due, and its need for external financing. Cash flows from operating activities show the net cash provided by the operating activities of the Parking System. Cash flows from capital financing activities include all plant funds and related long-term debt activities. Cash flows from investing activities show the net source and use of cash related to purchasing or selling investments, and earning income on those investments. Cash flows from noncapital financing activities include those activities not covered in other sections.

The following summarizes cash flows for the 2019-20 and 2018-19 fiscal years:

**Condensed Statements of Cash Flows
For the Fiscal Years Ended June 30
(In Millions)**

	2020	2019
Cash Provided (Used) by:		
Operating Activities	\$ 4.6	\$ 7.2
Capital and Related Financing Activities	(9.1)	(7.4)
Investing Activities	4.8	(0.6)
Net Increase (Decrease) in Cash and Cash Equivalents	0.3	(0.8)
Cash and Cash Equivalents, Beginning of Year	1.4	2.2
Cash and Cash Equivalents, End of Year	\$ 1.7	\$ 1.4

Major sources of funds were Parking decals and fees (\$11.6 million) and traffic fines, towing and other operating revenues (\$1.6 million). Major uses of funds were disbursements for payments to suppliers (\$5.5 million), payments for principal on capital improvement debt payable (\$5.4 million), payments made to and on behalf of employees (\$3.4 million), interest on capital debt (\$2.5 million), and purchases of capital assets (\$1.4 million).

CAPITAL ASSETS

At June 30, 2020 the Parking System had \$128.3 million in capital assets, less accumulated depreciation of \$31.5 million, for net capital assets of \$96.8 million. Depreciation charges for the current fiscal year totaled \$3.0 million.

**Capital Assets, Net at June 30
(In Millions)**

	2020	2019
Construction in Progress	\$ 5.1	\$ 4.3
Buildings	90.5	93.2
Infrastructure and Other Improvements	0.4	0.5
Furniture and Equipment	0.8	0.6
Capital Assets, Net	\$ 96.8	\$ 98.6

**Florida International University
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Management's Discussion and Analysis**

DEBT ADMINISTRATION

As of June 30, 2020 the Parking System had \$54.6 million in outstanding capital improvement debt payable.

The following table summarizes the outstanding long-term debt by type at June 30:

**Long-Term Debt, at June 30
(In Millions)**

	<u>2020</u>	<u>2019</u>
Capital Improvement Debt Payable	<u>\$ 54.6</u>	<u>\$ 60.0</u>

In a continuous effort to provide better customer service to all constituents, the Parking System will continue to look into new strategies and develop services to provide improved access to educational and research programs, services, and activities to all students, faculty, staff, and visitors.

REQUESTS FOR INFORMATION

Questions concerning information provided in the MD&A, financial statements and notes thereto, or requests for additional financial information should be addressed to the Chief Financial Officer and Senior Vice President for Finance and Administration, Dr. Kenneth Jessell, at Florida International University, 11200 Southwest 8th Street, Miami, Florida 33199.

**Florida International University
Parking System
Statements of Net Position (Unaudited)
June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 1,321,850	\$ 1,263,592
Investments	6,278,357	7,550,334
Accounts Receivable, Net	481,068	521,364
Due from Component Units	<u>-</u>	<u>2,756</u>
Total Current Assets	<u>8,081,275</u>	<u>9,338,046</u>
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	337,743	144,380
Restricted Investments	78,710	3,362,250
Furniture and Equipment	2,018,617	1,622,949
Infrastructure and Other Improvements	1,024,526	1,024,526
Buildings	120,207,464	120,207,464
Construction in Progress	5,092,814	4,341,498
Accumulated Depreciation	<u>(31,545,147)</u>	<u>(28,599,548)</u>
Total Noncurrent Assets	<u>97,214,727</u>	<u>102,103,519</u>
Total Assets	<u>105,296,002</u>	<u>111,441,565</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	55,727	513,254
Construction Contracts Payable	4,000	28,086
Salaries and Wages Payable	115,124	73,000
Long-Term Liabilities - Current Portion		
Capital Improvement Debt Payable	3,175,046	3,113,466
Compensated Absences Payable	<u>13,352</u>	<u>10,692</u>
Total Current Liabilities	<u>3,363,249</u>	<u>3,738,498</u>
Noncurrent Liabilities:		
Capital Improvement Debt Payable	51,399,584	56,874,607
Compensated Absences Payable	<u>174,757</u>	<u>133,894</u>
Total Noncurrent Liabilities	<u>51,574,341</u>	<u>57,008,501</u>
Total Liabilities	<u>54,937,590</u>	<u>60,746,999</u>
NET POSITION		
Net Investment in Capital Assets	42,261,364	39,289,049
Restricted for Expendable		
Debt Service	2,966	2,858,934
Capital Projects	409,487	619,608
Unrestricted	<u>7,684,595</u>	<u>7,926,975</u>
TOTAL NET POSITION	<u>\$ 50,358,412</u>	<u>\$ 50,694,566</u>

The accompanying notes are an integral part of the financial statements.

**Florida International University
Parking System
Statements of Revenues, Expenses, and Changes in Net Position (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
REVENUES		
Operating Revenues:		
Parking Decal and Fees	\$ 11,618,515	\$ 13,279,148
Visitor Parking	531,941	780,234
Traffic Fines, Towing, and Other Operating Revenue	<u>1,535,017</u>	<u>1,841,544</u>
Total Operating Revenues	<u>13,685,473</u>	<u>15,900,926</u>
EXPENSES		
Operating Expenses:		
Compensation and Employee Benefits	3,468,623	3,039,082
Services and Supplies	4,511,874	5,142,064
Utilities and Communications	489,148	434,795
Scholarships, Fellowships, and Waivers	268,971	230,964
Depreciation	<u>2,956,308</u>	<u>2,915,382</u>
Total Operating Expenses	<u>11,694,924</u>	<u>11,762,287</u>
Operating Income	<u>1,990,549</u>	<u>4,138,639</u>
NONOPERATING REVENUES (EXPENSES)		
Noncapital Donations	11,390	10,025
Investment Income	227,513	337,567
Other Nonoperating Revenues	25,546	-
Loss on Disposal of Capital Assets	(4,165)	-
Interest on Capital Asset-Related Debt	(2,233,850)	(3,296,170)
Other Nonoperating Expenses	<u>(190,975)</u>	<u>-</u>
Net Nonoperating Expenses	<u>(2,164,541)</u>	<u>(2,948,578)</u>
(Loss) Income Before Other Revenues and Transfers	(173,992)	1,190,061
Capital Grants, Contracts, Donations, and Fees	1,504	557,137
Transfers Out	<u>(163,666)</u>	<u>(121,144)</u>
(Decrease) Increase in Net Position	(336,154)	1,626,054
Net Position, Beginning of Year	<u>50,694,566</u>	<u>49,068,512</u>
Net Position, End of Year	<u>\$ 50,358,412</u>	<u>\$ 50,694,566</u>

The accompanying notes are an integral part of the financial statements.

**Florida International University
Parking System
Statements of Cash Flows (Unaudited)
For the Fiscal Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Sales and Services of Parking System	\$ 13,683,863	\$ 15,899,560
Changes in Other Accounts Receivable	44,662	(54,762)
Payments to Employees	(3,382,976)	(3,027,972)
Payments to Suppliers for Goods and Services	(5,458,548)	(5,472,310)
Other Operating Disbursements	(268,971)	(230,964)
Net Cash Provided by Operating Activities	<u>4,618,030</u>	<u>7,113,552</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Noncapital Donations	11,390	10,025
Net Cash Provided by Noncapital Financing Activities	<u>11,390</u>	<u>10,025</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants, Contracts, Donations, and Fees	27,050	557,137
Purchase or Construction of Capital Assets	(1,349,611)	(1,096,277)
Principal Paid on Capital Debt	(5,349,373)	(3,430,000)
Interest Paid on Capital Debt	(2,488,896)	(3,449,644)
Net Cash Used by Capital and Related Financing Activities	<u>(9,160,830)</u>	<u>(7,418,784)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Change in Investments	4,555,564	(901,777)
Investment Income	227,467	337,877
Net Cash Provided (Used) by Investing Activities	<u>4,783,031</u>	<u>(563,900)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	251,621	(859,107)
Cash and Cash Equivalents, Beginning of Year	1,407,972	2,267,079
Cash and Cash Equivalents, End of Year	<u>\$ 1,659,593</u>	<u>\$ 1,407,972</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	\$ 1,990,549	\$ 4,138,639
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation Expense	2,956,308	2,915,382
Change in Assets and Liabilities		
Accounts Receivable, Net	40,296	(53,879)
Due from Component Units	2,756	(2,249)
Accounts Payable	(457,526)	104,549
Accrued Salaries and Wages	42,124	12,610
Accrued Compensated Absences Current & Noncurrent	43,523	(1,500)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 4,618,030</u>	<u>\$ 7,113,552</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND CAPITAL FINANCING ACTIVITIES		
Unrealized gains (losses) on investments were recognized as an increase (reduction) to investment income on the statements of revenues, expenses, and changes in net position, but are not cash transactions for the statements of cash flows.	<u>\$ 45</u>	<u>\$ (310)</u>
Losses from the disposal of capital assets were recognized on the statements of revenues, expenses, and changes in net position, but are not cash transactions for the statements of cash flows.	<u>\$ (4,165)</u>	<u>\$ -</u>
The Florida Board of Governors issued \$19,805,000 of Capital Improvement Parking Revenue Refunding Bonds, Series 2019A, to defease \$25,110,000 of outstanding Capital Improvement Parking Revenue Bonds, Series 2009B. The new debt and defeasance of the old debt were recorded as an increase and a decrease, respectively, to capital improvement debt payable on the statement of net position; however, because the proceeds of the new debt were immediately placed into an irrevocable trust for the defeasance of the Series 2009B debt, the transaction did not affect cash and cash equivalents.	<u>\$ 5,305,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

Florida International University
Parking System
Notes to Financial Statements (Unaudited)
June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The financial statements of the Parking System are an integral part of the financial statements of Florida International University (the University). The University is a part of the State University System and accordingly, the University is governed, regulated, and coordinated by the Florida Board of Governors and the University's Board of Trustees.

Basis of Presentation

The Parking System's accounting policies conform with accounting principles generally accepted in the United States of America applicable to public colleges and universities as prescribed by 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. GASB allows public universities various reporting options. The Parking System 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 entitywide reporting including the following components:

- Management's Discussion and Analysis
- Basic Financial Statements:
 - Statements of Net Position
 - Statements of Revenues, Expenses, and Changes in Net Position
 - Statements of Cash Flows
 - Notes to Financial Statements

Basis of Accounting

Basis of accounting refers to when revenues, expenses, and related assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 Parking System's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from nonexchange activities are generally recognized when all applicable eligibility requirements, including time requirements, are met. The University and the Parking System follow GASB standards of accounting and financial reporting.

The statement of net position is presented in a classified format to distinguish between current and noncurrent assets and liabilities. When both restricted and unrestricted resources are available to fund certain programs, it is the University's policy to first apply the restricted resources to such programs, followed by the use of the unrestricted resources.

The statement of cash flows is presented using the direct method in compliance with GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

Florida International University
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Notes to Financial Statements (Unaudited)
June 30, 2020 and 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The Parking System's capital assets consist of buildings, infrastructure and improvements, furniture and equipment, and construction in progress. These assets 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. The University has a capitalization threshold of \$5,000 for tangible personal property and \$100,000 for buildings, leasehold improvements and other improvements. Depreciation is computed on the straight-line basis over the following estimated useful lives:

- Buildings – 20 to 50 years
- Infrastructure and Other Improvements – 15 years
- Furniture and Equipment – 3 to 20 years

Noncurrent Liabilities

Noncurrent liabilities include capital improvement debt payable and compensated absences payable. Capital improvement debt is reported net of unamortized premium and deferred losses on refunding. The University amortizes debt premiums over the life of the debt using the straight-line method. Deferred losses on refundings are amortized over the life of the old debt or new debt (whichever is shorter) using the straight-line method.

2. INVESTMENTS

Investments for the Parking System are reported at the market value of \$6,357,067 and \$10,912,584 at June 30, 2020 and 2019, respectively.

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 Board of Trustees has adopted a written investment policy providing that surplus funds of the University shall be invested in those institutions and instruments permitted under 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 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.

The Parking System's investments consists of money market funds reported at amortized cost totaling \$6,354,101 and \$8,053,650 at June 30, 2020 and 2019, respectively, and SBA Debt Service Accounts totaling \$2,966 and \$2,858,934 at June 30, 2020 and 2019, respectively reported as Level 1 inputs at fair value according to GASB No. 72.

Florida International University
Parking System
Notes to Financial Statements (Unaudited)
June 30, 2020 and 2019

2. INVESTMENTS (Continued)

State Board of Administration Debt Service Accounts

The Parking System reported investments totaling \$2,966 and \$2,858,934 at June 30, 2020 and 2019 respectively, in the SBA Debt Service Accounts. These investments are used to make debt service payments on bonds issued by the State Board of Education for the benefit of the Parking System. The Parking System's investments consist of United States Treasury securities, with maturity dates of six months or less, and are reported at fair value (Level 1 inputs). The Parking System relies on policies developed by the SBA for managing interest rate risk or credit risk for these accounts. Disclosures for the Debt Service Accounts are included in the notes to financial statements of the State's Comprehensive Annual Financial Report.

3. RECEIVABLES

Accounts Receivable

Accounts receivable represent amounts for parking fees and citations due to the Parking System. The Parking System's accounts receivable totaled \$1,380,831 and \$1,792,909 at June 30, 2020 and 2019, respectively.

Allowance for Doubtful Receivables

Allowances for doubtful accounts are reported based on management's best estimate as of fiscal year-end considering type, age, collection history, and other factors considered appropriate. The Parking System's accounts receivable are reported net of allowances of \$12,408,038 and \$1,271,545, at June 30, 2020 and 2019, respectively.

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, is shown below:

Description	Beginning Balance	Additions	Reductions	Ending Balance
Nondepreciable Capital Assets:				
Construction in Progress	\$ 4,341,498	\$ 751,316	\$ -	\$ 5,092,814
Depreciable Capital Assets:				
Buildings	\$ 120,207,464	\$ -	\$ -	\$ 120,207,464
Infrastructure and Other Improvements	1,024,526	-	-	1,024,526
Furniture and Equipment	1,622,949	468,155	72,487	2,018,617
Total Depreciable Capital Assets	122,854,939	468,155	72,487	123,250,607
Less, Accumulated Depreciation:				
Buildings	26,966,134	2,716,040	-	29,682,174
Infrastructure and Other Improvements	575,076	39,449	-	614,525
Furniture and Equipment	1,058,338	200,819	10,709	1,248,448
Total Accumulated Depreciation	28,599,548	2,956,308	10,709	31,545,147
Total Depreciable Capital Assets, Net	\$ 94,255,391	\$ (2,488,153)	\$ 61,778	\$ 91,705,460

Florida International University
Parking System
Notes to Financial Statements (Unaudited)
June 30, 2020 and 2019

5. LONG-TERM LIABILITIES

Long-term liabilities of the Parking System at June 30, 2020, include capital improvement debt payable and compensated absences payable.

Capital Improvement Debt Payable

The University issued, through the Division of Bond Finance, capital improvement debt payable totaling \$65,220,000 from the 2013A and 2019A capital improvement debt payable series amounting to \$45,415,000 and \$19,805,000, respectively. The purpose of this capital improvement debt payable is to finance the construction of six parking garages on the Modesto A. Maidique Campus. This capital improvement debt payable is secured by traffic and parking fees and other revenue generated through parking operations.

The State Board of Administration administers the principal and interest payments, investment of sinking fund resources, and compliance with reserve requirements.

The Parking System had the following capital improvement debt payable outstanding at June 30, 2020:

Capital Improvement Debt			Interest	
Type and Series	Amount of	Amount	Rates	Maturity
	Original Debt	Outstanding (1)	(Percent)	Date To
Parking Garage Debt				
2013A Parking Garage	\$ 45,415,000	\$ 32,599,608	3.00 - 5.25	2043
2019A Parking Garage	<u>19,805,000</u>	<u>21,975,022</u>	4.00 - 5.00	2039
Total Parking Garage Debt	<u>\$ 65,220,000</u>	<u>\$ 54,574,630</u>		

Note: (1) Amount outstanding includes unamortized premiums, and deferred losses on refunding issues.

The Parking System has pledged a portion of future parking fees, and an assessed transportation fee per student to repay \$65,220,000 of capital improvement revenue bonds issued by the Florida Board of Governors on behalf of the University. Proceeds from the bonds provided financing to construct parking garages. The bonds are payable solely from parking fees and assessed transportation fees per student and are payable through 2043. The Parking System has committed to appropriate each year from parking fees and assessed transportation fees per student amounts sufficient to cover the principal and interest requirements on the debt. Total principal and interest remaining on the debt is \$83,943,043, and principal and interest paid for the current year totaled \$7,838,269. Parking fees totaled \$2,177,198 and \$4,990,003 and assessed transportation fees totaled \$11,508,275 and \$10,910,923 for fiscal years June 30, 2020 and 2019, respectively.

The University extinguished long-term capital improvement debt obligations by the issuance of new long-term capital improvement debt instruments as follows:

- ▶ On July 2, 2019, the Florida Board of Governors issued \$19,805,000 of Capital Improvement Parking Revenue Bonds, Series 2019A. The capital improvement debt proceeds were used to defease \$25,110,000 of outstanding Capital Improvement Parking Revenue Bonds, Series 2009B. Securities were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the defeased bonds. The trust assets and the liability for the defeased bonds are not included in the Parking statement of net position. As a result of the refunding, the Parking System reduced its capital improvement debt service requirement by \$8,757,972 over the next 19 years and obtained an economic gain of \$4,122,977. At June 30, 2020, there was no outstanding balance of the defeased debt.

**Florida International University
Parking System
Notes to Financial Statements (Unaudited)
June 30, 2020 and 2019**

5. LONG-TERM LIABILITIES (Continued)

Annual requirements to amortize all capital improvement debt outstanding as of June 30, 2020, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,920,000	\$ 2,352,056	\$ 5,272,056
2022	3,030,000	2,251,556	5,281,556
2023	1,535,000	2,100,056	3,635,056
2024	1,600,000	2,035,607	3,635,607
2025	1,665,000	1,964,107	3,629,107
2026-2030	9,550,000	8,612,231	18,162,231
2031-2035	11,960,000	6,205,100	18,165,100
2036-2040	13,415,000	3,253,700	16,668,700
2041-2043	5,845,000	594,000	6,439,000
Subtotal	<u>51,520,000</u>	<u>29,368,413</u>	<u>80,888,413</u>
Plus: Net Premiums and Losses on Bond Refundings	<u>3,054,630</u>	<u>-</u>	<u>3,054,630</u>
Total	<u>\$ 54,574,630</u>	<u>\$ 29,368,413</u>	<u>\$ 83,943,043</u>

Compensated Absences Payable

Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave earned pursuant to Board of Governors regulations, University regulations, and bargaining agreements. Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balance. The University reports a liability for the accrued leave; however, State noncapital appropriations fund only the portion of accrued leave that is used or paid in the current fiscal year. Although the University expects the liability to be funded primarily from future appropriations, generally accepted accounting principles do not permit the recording of a receivable in anticipation of future appropriations. The Parking System's estimated liability for compensated absences, which includes the Parking System's share of the Florida Retirement System and FICA contributions, was \$188,109 and \$144,586 at June 30, 2020 and 2019, respectively. The current portion of the compensated absences liability is based on the amount expected to be paid in the coming fiscal year, and represents a historical percentage of leave used applied to total accrued leave liability.

6. RISKS AND UNCERTAINTIES - COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", was classified as a global pandemic in March 2020. This pandemic resulted in governments enacting emergency measures such as travel bans, quarantine periods, and social distancing requirements to combat the spread of the virus. These measures caused a material disruption to businesses globally resulting in an economic shutdown. The Federal Government reacted with significant monetary and fiscal interventions such as the Coronavirus Aid, Relief, and Economic Security (CARES) act grants, investments designed to stabilize economic conditions. At the request of the Board of Governors, beginning March 2020, the University moved to a remote learning and work environment for the remainder of the academic year and returned in the Fall 2020 semester with a mixture of in-person and online courses and staggered campus repopulation plan for employees. Parking operations were impacted by COVID-19 related measures taken, including the issuance of waivers to students for a portion of the parking access fee combined with a considerably diminished presence on campus from the implementation of remote learning and work environment which resulted in a loss of revenues for the Parking System. The duration of the pandemic and economic impacts are uncertain at this time, and may potentially impact future Parking System operations.