

STATE OF FLORIDA

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Management's Discussion and Analysis

Governance

The University of South Florida (the "University" or "USF") is a public educational institution accredited by the Commission on Colleges of the Southern Association of Colleges and Schools. 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 Board of Trustees.

Financial Highlights

Operating revenues from sales and services of \$12,550,041 decreased 13 percent below prior year's sales and services of \$14,422,183, as a result of a significant reduction in the number of decals and permits sold, parking fines of \$1.5 million and lower transportation access fee revenue of \$451,679 due to the University's decision in March 2020 to convert all classes to remote instruction for the remainder of the spring 2020 semester.

Interest earnings decreased \$173,618, or 25.2 percent, due to decreased investment balances of \$1,045,562.

Analysis of Financial Statements

	<u>2020</u>	<u>2019</u>
Assets:		
Current assets	\$ 17,495,727	\$ 17,921,754
Included: cash and cash equivalents	1,889,742	1,179,076
Investments	15,479,210	16,524,771
Capital assets	34,934,853	35,584,295
Restricted cash and cash equivalents	1,300,587	770,018
Restricted Investments	10,654,218	10,797,315
Total Assets	<u>\$ 64,385,385</u>	<u>\$ 65,073,382</u>
Deferred Outflow s of Resources	<u>\$ 1,256,861</u>	<u>\$ 823,091</u>
Total Assets & Deferred Outflow s of Resources	<u>65,642,246</u>	<u>65,896,473</u>
Liabilities		
Current liabilities	\$ 2,832,032	\$ 2,967,859
Noncurrent liabilities	14,410,598	16,166,843
Total Liabilities	<u>\$ 17,242,630</u>	<u>\$ 19,134,702</u>
Deferred Inflow s of Resources	<u>\$ 562,879</u>	<u>\$ 546,806</u>
Total Liabilities & Deferred Outflow s of Resources	<u>\$ 17,805,509</u>	<u>\$ 19,681,508</u>
Net Positon:		
Invested in capital assets, net of related debt	\$ 22,598,978	\$ 20,649,941
Restricted	12,656,219	11,472,420
Unrestricted	12,581,540	14,092,604
Total net position	<u>\$ 47,836,737</u>	<u>\$ 46,214,965</u>
Total operating revenues	<u>\$ 12,550,041</u>	<u>\$ 14,422,183</u>
Total operating expenses	<u>\$ 11,097,334</u>	<u>\$ 10,798,575</u>
Operating income	<u>\$ 1,452,707</u>	<u>\$ 3,623,608</u>
Interest income	<u>\$ 515,694</u>	<u>\$ 689,311</u>
Interest/other expenses	<u>\$ (341,851)</u>	<u>\$ (397,951)</u>
Capital Appropriations	<u>\$ -</u>	<u>\$ -</u>
Transfers, net	<u>\$ -</u>	<u>\$ -</u>
Change in net position	<u>\$ 1,621,772</u>	<u>\$ 3,914,968</u>
Net cash provided by operating activities	<u>\$ 3,460,390</u>	<u>\$ 4,862,982</u>
Net cash provided/(used) by noncapital financing activities (transfers)	<u>\$ -</u>	<u>\$ -</u>
Net cash (used) by capital and related financing activities	<u>\$ (3,923,507)</u>	<u>\$ (3,400,058)</u>
Net cash provided (used) by investing activities	<u>\$ 1,704,352</u>	<u>\$ (4,050,054)</u>
Net change in cash and cash equivalents	<u>\$ 1,241,235</u>	<u>\$ (2,587,130)</u>

Revenue is derived from the student transportation access fee assessed on a per credit-hour basis, faculty/staff and student permit sales, citations, visitor vending/meter collections, and other miscellaneous income such as advertising revenues and charter fees. The Parking System uses the revenue to provide parking and transportation services to students and University employees. The Parking System must operate as efficiently as possible while still providing the University community with a superior level of service.

Over the past several years there has been a significant improvement in sales of services, revenue collection and budgetary controls. This has resulted in a very strong financial position for future capital expansion. The above improvements to sales, collections, and budgetary

**STATE OF FLORIDA,
UNIVERSITY OF SOUTH FLORIDA
PARKING FACILITY REVENUE BONDS
STATEMENT OF NET POSITION
JUNE 30,
Unaudited**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,889,742	\$ 1,179,076
Investments	15,479,210	16,524,771
Accounts receivable, net	125,760	216,494
Due from other funds	1,015	1,413
Total current assets	17,495,727	17,921,754
Noncurrent assets		
Restricted cash	1,300,587	770,018
Restricted Investments	10,654,218	10,797,315
Capital assets	34,934,853	35,584,295
Total noncurrent assets	46,889,658	47,151,628
Total assets	\$ 64,385,385	65,073,382
Deferred Outflows of Resources		
Deferred Outflows of Pension Resources	730,038	776,713
Deferred Outflows of Other Post Employment Benefits	526,823	46,378
Total Assets & Deferred Outflows of Resources	65,642,246	65,896,473
LIABILITIES		
Current liabilities		
Accounts payable	\$ 136,152	\$ 330,195
Bonds payable, current portion	2,653,479	2,598,479
Post Employment Health Care Benefits Payable, current portion	34,584	29,514
Pension Liability- HIS, current portion	7,817	9,671
Total current liabilities	2,832,032	2,967,859
Noncurrent liabilities		
Bonds payable	9,682,396	12,335,875
Post Employment Health Care Benefits payable	2,639,750	2,018,801
Pension liability	1,799,597	1,535,062
Compensated absences payable	288,855	277,105
Total noncurrent liabilities	14,410,598	16,166,843
Total liabilities	17,242,630	19,134,702
Deferred Inflows of Resources		
Deferred Inflows of Pension Resources	112,313	134,341
Deferred Inflows of Other Post Employment Benefits	450,566	412,465
Total Liabilities & Deferred Inflows of Resources	17,805,509	19,681,508
NET POSITION		
Invested in capital assets, net of related debt	22,598,978	20,649,941
Restricted for capital projects	8,585,757	8,231,001
Restricted for debt service	727,681	50,566
Restricted for renewal and replacement	3,342,781	3,190,853
Unrestricted	12,581,540	14,092,604
Total net position	47,836,737	46,214,965
Total liabilities and net position	\$ 65,642,246	\$ 65,896,473

The accompanying notes to financial statements are an integral part of this statement
Totals may not foot due to rounding.

**STATE OF FLORIDA,
UNIVERSITY OF SOUTH FLORIDA
PARKING FACILITY REVENUE BONDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30
Unaudited**

	<u>2020</u>	<u>2019</u>
Revenues		
Operating revenues		
Sales and services	\$ 12,550,041	\$ 14,422,183
Other revenues	-	-
Total operating revenues	<u>12,550,041</u>	<u>14,422,183</u>
Expenses		
Operating expenses		
Salaries and related benefits	4,848,276	4,290,938
Expenses	3,723,219	4,036,137
Overhead expense	897,998	829,459
Depreciation	1,627,841	1,642,041
Total operating expenses	11,097,334	

**STATE OF FLORIDA,
UNIVERSITY OF SOUTH FLORIDA
PARKING FACILITY REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets: Capital assets are stated at cost. Depreciation on buildings is computed using the straight-line method over an estimated useful life of the asset. The useful lives of the asset are as follows:

➤ Buildings	-	20 to 40 years
➤ Furniture, fixtures and equipment	-	5 to 15 years
➤ Vehicles	-	10 years
➤ Software	-	5 years

When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the results from operations in the period of disposal. Net interest costs are capitalized during the construction period.

Revenue Recognition:

Investment Income: Interest on investments is recorded as income when earned.

Sales and Services: Revenue is derived from the student transportation access fee assessed on a per credit-hour basis, faculty/staff and student permit sales, citations visitor vending/meter collections, and other miscellaneous income such as advertising revenues and charter fees. Revenue is recognized when earned.

Compensated Absences Liability: Employees earn the right to be compensated during absences for annual leave (vacation) and sick leave pursuant to the Florida Administrative Code, and to bargaining agreements between the State of Florida and the United Faculty of Florida.

Leave earned is accrued to the credit of the employee and records are kept on each employee's unpaid (unused) leave balances. GASB Statement No. 16, Accounting for Compensated Absences, requires that the University accrue a liability for employees' rights to receive compensation for future absences when certain c
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**STATE OF FLORIDA,
UNIVERSITY OF SOUTH FLORIDA
PARKING FACILITY REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 2 – CASH AND CASH EQUIVALENTS

Amounts reported as cash and cash equivalents consist of cash on hand and cash held in demand accounts. University cash deposits are held in banks qualified as public depositories under Florida law. All such deposits are insured.

**STATE OF FLORIDA,
UNIVERSITY OF SOUTH FLORIDA
PARKING FACILITY REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**STATE OF FLORIDA,
UNIVERSITY OF SOUTH FLORIDA
PARKING FACILITY REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

The following interest rate and credit risks apply to the University's investments in debt securities and money market mutual funds at June 30, 2020:

Investment Type	Weighted Average Maturities	Moody's	Standard and Poor's	Fair Value
United States Treasury Securities (2)	3.99 Years	(1)	(1)	\$ 21,009,224
Bonds and Notes (2)	4.06 Years	Aaa - A3	AAA - A-	24,921,835
Bond Mutual Funds (3)	3.03 Years	Not Rated	Not Rated	573,585,913
Money Market Mutual Funds (2)	48 Days	Aaa-mf	AAAm	788,802

**STATE OF FLORIDA,
UNIVERSITY OF SOUTH FLORIDA
PARKING FACILITY REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 was as follows:

	<i>July 1, 2019</i>	<i>Additions</i>	<i>Retirements</i>	<i>June 30, 2020</i>
Buildings	51,925,662	446,749	-	52,372,411
Construction in Progress	-	900,920	446,749	454,171
Furniture, Fixtures & Equipment	1,033,899	77,004	324,888	786,015
Software	6,000	-	-	6,000
Vehicles	3,859,550	70,269	221,392	3,708,427
Total	56,825,111	1,494,942	993,029	57,327,024
Less Accumulated Depreciation:				
Buildings	18,312,947	1,302,482	-	19,615,429
Furniture, Fixtures & Equipment	737,422	46,229	277,110	:

**STATE OF FLORIDA,
UNIVERSITY OF SOUTH FLORIDA
PARKING FACILITY REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Bonds were issued to construct University parking garages. Bonds outstanding are secured by a pledge of traffic and parking fees and various other student fee assessments. A summary of pertinent information related to the University's indebtedness resulting from the issuance of the bonds follows:

<u>Bond Type and Series</u>	<u>Amount of Original Issue</u>	<u>Amount Outstanding</u>		<u>Interest Rates</u>
		<u>Principal</u>	<u>Interest</u>	
2016A Parking	21,545,000	12,405,000	811,140	2.20
Less: Bond Discount/Premium		-		
Amt deferred on Refunding		(69,125)		
Total Bonds Payable	<u>21,545,000</u>	<u>12,335,875</u>	<u>811,140</u>	

Annual requirements to amortize all bonded 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	2,665,000	272,910	2,937,910
2022	2,715,000	214,280	2,929,280
2023	2,780,000	154,550	2,934,550
2024	1,950,000	93,390	2,043,390
2025	1,135,000	50,490	1,185,490
2026	1,160,000	25,520	1,185,520
subtotal	12,405,000	811,140	13,216,140
Less: Bond Discount/Premium	-		-
Amount Deferred on Refunding	(69,125)		(69,125)
Total (net of discount)	12,335,875	811,140	13,147,015

The bond resolutions provide for the establishment of Sinking Funds to be held and administered by the State Board of Administration (SBA) for the purpose of paying the principal and interest on the bonds as they become due. The bond resolutions provide for the establishment of a Reserve Account which is to be used for payments of debt service when amounts in the Sinking Fund are insufficient. The Reserve Account will be funded in an amount equivalent to Maximum Annual Debt Service by surety bond from Municipal Bond Investors Assurance Corporation.

The bond covenants require the establishment of facility maintenance and equipment reserve funds. Proposed annual operating budgets of the University shall provide for at least 3% of the total annual projected pledged revenues for each specific bond issue to be deposited into a reserve fund(s) for auxiliary facilities until an amount equal to at least 30% of the current year annual pledged revenue is reached. The required amount is currently 30% of the current year annual pledged revenue.

**STATE OF FLORIDA,
UNIVERSITY OF SOUTH FLORIDA
PARKING FACILITY REVENUE BONDS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

The monies in said Parking System Maintenance and Equipment Reserve Fund may be drawn on and used by the University for the purpose of paying the cost of unusual or extraordinary maintenance or repairs, renewals and replacements, and the renovating or replacement of the equipment and furnishings not paid as part of ordinary and normal expense of the operation and maintenance of the Parking System.

Interest paid on bonds for the fiscal year ended June 30, 2020 and 2019 respectively was \$330,330 and \$386,430.

STATISTICAL INFORMATION

I. Campus Population and Parking Spaces

**Tampa Campus
Population and Parking Spaces**

Fall Semester	Student Headcount Enrollment	Total Personnel Headcount*	Total Vehicle Spaces
2015-16	42,191	16,905	20,824
2016-17	42,925	17,344	20,708
2017-18	43,675	17,838	20,530
2018-19	43,967	18,087	20,370
2019-20	44,351	18,170	20,743

*Includes both full time and part-time personnel.

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III. Comparison of Budget to Actual for Fiscal Year

Comparison of Budget to Actual
For Fiscal Year ended June 30,
Accrual Basis^{1,2} (Unaudited)

	2015-16			2016-17			2017-18			2018-19			2019-20		
	Budget	Actual	Difference	Budget	Actual	Difference	Budget	Actual	Difference	Budget	Actual	Difference	Budget	Actual	Difference
Revenues															
Decal Sales ³	\$10,420,000	\$10,861,184	\$441,184	\$10,658,004	\$10,643,029	\$(14,975)	\$10,713,525	\$11,089,782	\$376,257	\$10,689,525	\$11,218,610	\$529,085	\$10,574,525	\$9,798,147	\$776,378
Transportation Access Fees	3,065,717	3,186,835	121,118	3,359,924	3,185,670	(174,254)	3,079,430	3,221,520	142,090	3,141,872	3,203,573	61,701	3,156,552	\$2,751,894	\$404,658
Nongovernmental Grants and Contracts		(765)	(765)		380	380		425	425						
Total Revenues	\$13,485,717	\$14,047,255	\$561,538	\$14,017,928	\$13,829,079	\$(188,849)	\$13,792,955	\$14,311,727	\$518,772	\$13,831,397	\$14,422,183	\$590,786	\$13,731,077	\$12,550,041	\$1,181,036
Operating Expenses															
Total Payroll	\$4,269,188	\$4,095,193	\$(173,995)	\$4,439,779	\$4,268,129	\$(171,650)	\$4,638,171	\$4,415,696	\$(222,475)	\$4,402,965	\$4,290,938	\$(112,027) ⁶	\$5,013,604	\$4,848,276	\$(165,328) ⁶
Regular Expenses	<u>4,832,300</u>	<u>4,826,883</u>	<u>(5,417)</u>	<u>6,555,530</u>	<u>4,443,719</u>	<u>(2,111,811)⁴</u>	<u>7,085,438</u>	<u>4,981,967</u>	<u>(2,103,471)⁵</u>	<u>6,765,171</u>	<u>4,865,596</u>	<u>(1,899,575)⁷</u>	<u>6,783,232</u>	<u>4,621,217</u>	<u>(2,162,015)⁹</u>
Total Expenses	\$9,101,488	\$8,922,077	\$(179,411)	\$10,995,309	\$8,711,848	\$(2,283,461)	\$11,723,609	\$9,397,662	\$(2,325,947)	11,168,136	\$9,156,534	\$(2,011,602)	11,796,836	\$9,469,493	\$(2,327,343)
Other Income (Expenses):															
Capital Outlay ¹	-	-	-												
Depreciation Expenses/Gain Loss on Disposal ¹	(1,597,120)	(1,597,120)	-	(1,582,838)	(1,582,838)	-	(1,564,871)	(1,564,871)	-	(1,642,041)	(1,642,041)	-	(1,632,619)	(1,632,619)	-
Interest Income	63,470	103,138	39,668	85,860	148,135	62,275	101,541	389,393	287,852	304,000	689,311	385,311	302,000	515,694	213,694
Interest Expense	(1,077,459)	(1,077,459)	-	(755,201)	(755,201)	-	(662,875)	(452,841)	210,034	(386,430)	(397,951)	(11,521)	(330,330)	(341,851)	(11,521)
Miscellaneous	-	-	-	<u>(147,389)</u>	<u>(149,389)</u>	<u>(2,000)</u>	-	<u>3,240</u>	<u>3,240</u>	-	-	-	-	-	-
Total Other Income	\$(2,611,109)	\$(2,571,441)	\$39,668	\$(2,399,568)	\$(2,339,293)	\$60,275	\$(2,126,205)	\$(1,625,078)	\$501,127	\$(1,724,471)	\$(1,350,681)	\$373,790	\$(1,660,949)	\$(1,458,776)	\$202,173
Net Revenue (Loss)	\$1,773,120	\$2,553,737	\$780,617	\$623,051	\$2,777,938	\$2,154,887	\$(56,859)	\$3,288,986	\$3,345,845	\$938,790	\$3,914,968	\$2,976,178	\$273,292	\$1,621,772	\$1,348,480

1 The University has an accrual basis system. Expenses for capital outlay are capitalized on the balance sheet and corresponding depreciation expense is reflected in this schedule.

2 Totals may not foot due to rounding

3 Also includes meter collections, citation collections, vending permit collections and transportation collections, which are not budgeted separately, but are combined with Decal Sales for budgeting purposes.

4 The large variance in budgeted versus actual Regular Expenses in 2016-17 was due to transit bus purchases and special projects that were deferred, a decrease in reimbursement to the University for cost of services, and budgeted expenses that were subsequently capitalized.

5 The large variance in budgeted versus actual Regular Expenses in 2017-18 was due to special projects that were deferred, utility savings, lower than anticipated Upass expenses, and budgeted expenses that were subsequently capitalized.

6 The large variance in budgeted versus actual Total Payroll in 2018-19 was due to an increase in vacant positions resulting in decreased expenses for other postemployment benefits, wages, and compensated absences

7 The large variance in budgeted versus actual Regular Expenses in 2018-19 was due to special projects that were deferred and budgeted expenses that were subsequently capitalized.

8 The large variance in budgeted versus actual Total Payroll in 2019-20 was due to increase in vacant positions resulting in decreased expenses and for other postemployment benefits, wages, and compensated absences

9 The large variance in budgeted versus actual Regular Expenses in 2019-20 was due to special projects that were budgeted but not undertaken during the year, and due to reduction in expenses resulting from the University's decision in March 2020 to convert all classes to remote instruction for the remainder of the spring 2020 semester.

IV. Admission and Registration Headcounts and percentages by Type of Student ¹

	Fall 2016	Fall 2017	Fall 2018	Fall 2019*	Fall 2020*
All Students					
Applicants	58,857	64,579	63,104	63,324	59,600
Admitted	23,918	26,926	25,295	27,116	25,450
% of Applicants Admitted	40.6%	41.7%	40.1%	42.8%	42.7%
Enrolled	11,177	11,856	11,632	11,614	10,860
% of Admitted Enrolled	46.7%	44.0%	46.0%	42.8%	42.7%
First-Time-in-College					
Applicants	25,810	29,132	30,833	32,220	28,107
Admitted	10,077	11,190	11,375	13,701	11,581
% of Applicants Admitted	39.0%	38.4%	36.9%	42.5%	41.2%
Enrolled	2,945	3,063	3,282	3,773	3,234
% of Admitted Enrolled	29.2%	27.4%	28.9%	27.5%	27.9%
Florida College System					
Applicants	5,896	6,992	6,191	5,935	5,886
Admitted	4,403	5,309	4,557	4,240	4,282
% of Applicants Admitted	74.7%	75.9%	73.6%	71.4%	72.7%
Enrolled	3,009	3,128	3,115	2,900	2,672
% of Admitted Enrolled	68.3%	58.9%	68.4%	68.4%	62.4%
Other Undergraduate Transfers					
Applicants	5,233	5,818	5,063	4,797	4,886
Admitted	2,548	2,986	2,606	2,241	2,394
% of Applicants Admitted	48.7%	51.3%	51.5%	46.7%	49.0%
Enrolled	1,464	1,629	1,550	1,238	1,237
% of Admitted Enrolled	57.5%	54.6%	59.5%	55.2%	51.7%
Other Transfers ¹					
Applicants	1,101	956	770	1,165	1,071
Admitted	782	691	534	804	752
% of Applicants Admitted	71.0%	72.3%	69.4%	69.0%	70.2%
Enrolled	285	269	241	268	251
% of Admitted Enrolled	36.4%	38.9%	45.1%	33.3%	33.4%
Graduate					
Applicants	12,496	13,010	12,513	12,137	13,068
Admitted	5,538	6,031	5,501	5,391	5,705
% of Applicants Admitted	44.3%	46.4%	44.0%	44.4%	43.7%
Enrolled	3,092	3,346	3,033	3,048	3,060
% of Admitted Enrolled	55.8%	55.5%	55.1%	56.5%	53.6%
Professional Schools					
Applicants	8,321	8,671	7,734	7,070	6,582
Admitted	570	719	722	739	736
% of Applicants Admitted	6.9%	8.3%	9.3%	10.5%	11.2%
Enrolled	382	421	411	387	406
% of Admitted Enrolled	67.0%	58.6%	56.9%	52.4%	55.2%

¹ Other Transfers include post Bachelor's degree seeking and non-degree seeking transfers.

*

V. Headcount and Full-Time Equivalent Enrollment (FTE) by Level

Headcount Enrollment by Level

<u>Fall</u>	<u>Undergraduate</u>	<u>Graduate</u>	<u>Annual Total</u>
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VI. Debt Service Coverage from Pledged Revenues

**Historical Debt Service Coverage¹
Fiscal Year Ended June 30,**

	Fiscal Years Ending June 30,
<u>2016</u>	<u>2017</u>