



Item: BF: A-2a

BUDGET AND FINANCE COMMITTEE

Tuesday, June 7, 2022

SUBJECT: REQUEST FOR APPROVAL OF THE 2022-23 FLORIDA ATLANTIC UNIVERSITY FINANCE CORPORATION OPERATING BUDGET.

PROPOSED COMMITTEE ACTION

Review and recommend approval of the 2022-23 FAU Finance Corporation's (FAUFC) Operating Budget; and, authorize the FAUFC Executive Director to amend this budget as appropriate during the fiscal year consistent with Board of Trustees' directives and guidelines.

BACKGROUND INFORMATION

The FAU Finance Corporation By-laws, adopted November 13, 2009 and amended November 17, 2011, require the preparation of an annual budget. The budget must be prepared before the beginning of the University's fiscal year, approved by the FAUFC Board of Directors and recommended by the University President to the Board of Trustees each year. The Board of Trustees must approve the Corporation's budget before it can be enacted.

During the May 25, 2022 FAUFC Board meeting, this budget was approved.

IMPLEMENTATION PLAN/DATE

July 1, 2022.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: Proposed 2022-23 FAUFC Operating Budget

Presented by: Mr. Greg DuBois, VP Financial Affairs and CFO

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Florida Atlantic University Finance Corporation Approve Operating Budget FY23

| | Housing (Approved 11/2/2022) | Administrative | Stadium | Total |
|---|------------------------------------|-----------------------|---------------------|---------------------|
| Operating Revenues: | | | | |
| Pledged Revenue (95% Occupancy) | \$ 42,335,502 | \$ - | \$ 2,359,509 | \$ 44,695,011 |
| Operating Expenses: | | | | |
| Lease Expense | - | 368,889 | - | 368,889 |
| Housing Operating Expenses | 17,571,294 | - | - | 17,571,294 |
| Other Operating Expenses | 1,726,799 | 1,750,332 | - | 3,477,131 |
| Total Operating Expenses | 19,298,093 | 2,119,221 | - | 21,417,314 |
| Net Operating Income | 23,037,409 | (2,119,221) | 2,359,509 | 23,277,697 |
| Nonoperating Revenues (Expenses): | | | | |
| Investment Income | - | 250,000 | - | 250,000 |
| Depreciation (non-cash) | (6,500,000) | - | - | (6,500,000) |
| Bond Interest Expense | (9,802,075) | - | (884,509) | (10,686,584) |
| Total Nonoperating Income (Expense) | (16,302,075) | 250,000 | (884,509) | (16,936,584) |
| Institutional Support | | | | |
| UMI | (350,000) | - | - | (350,000) |
| FAU Police Salaries & Benefits | (1,200,000) | - | - | (1,200,000) |
| Net Income (Financial Statement-Accrual) | \$ 5,185,334 | \$ (1,869,221) | \$ 1,475,000 | \$ 4,791,113 |
| Capital Expenses | \$ 1,810,311 | \$ - | \$ - | \$ 1,810,311 |
| Principal Payment (Reduction to Pledge revenue) | \$ 8,400,000 | \$ - | \$ 1,475,000 | \$ 9,875,000 |



FAU Finance Corporation Budget & Actuals (FY21-FY23)

| | FY21 Budget | FY21 Actuals | FY22 Budget | FY22 Projected | FY23 Budget |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Operating Revenues: | \$ 39,302,708 | \$ 35,059,602 | \$ 42,473,478 | \$ 42,605,830 | \$ 44,695,011 |
| Operating Expenses: | | | | | |
| Lease Expense | 400,000 | 368,889 | 368,889 | 368,889 | 368,889 |
| Housing Operating Expenses | 13,222,625 | 8,985,918 | 15,618,535 | 12,583,460 | 17,571,294 |
| Other Operating Expenses (R&R, Overhead) | 3,292,102 | 1,262,224 | 3,060,648 | 1,410,866 | 3,477,131 |
| Non-Operating (Cost of Issuance)* | - | - | - | 162,384 | - |
| Total Operating Expenses | 16,914,727 | 10,617,031 | 19,048,072 | 14,525,599 | 21,417,314 |
| Net Operating Income | 22,387,981 | 24,442,571 | 23,425,406 | 28,080,231 | 23,277,697 |
| Non-Operating Revenues (Expenses): | | | | | |
| Investment Income | 794,365 | 1,196,541 | 794,365 | 277,988 | 250,000 |
| Depreciation | (6,000,000) | (6,448,084) | (6,100,000) | (7,769,688) | (6,500,000) |
| Bond Expenses | (8,903,508) | (9,885,739) | (11,675,640) | (11,675,640) | (10,686,584) |
| Total Non-Operating Income (Expense) | (14,109,143) | (15,137,283) | (16,981,275) | (19,167,340) | (16,936,584) |
| Transfer: | | | | | |
| FAU Police Salaries and Benefits | (1,200,000) | (1,200,000) | (1,200,000) | (1,200,000) | (1,200,000) |
| Transfer to Fund Scholarships - UMI | (350,000) | (350,000) | - | - | (350,000) |
| Contributions to University | - | (50,000) | - | - | - |
| | (1,550,000) | (1,600,000) | (1,200,000) | (1,200,000) | (1,550,000) |
| Net Income (Financial Statement-Accrual) | \$ 6,728,838 | \$ 7,705,288 | \$ 5,244,131 | \$ 7,712,891 | \$ 4,791,113 |

*Capital Expenses excluded. FY23 capital expenses are \$1,810,311.
Principal Payment also excluded. Stadium Principal for FY23 is \$1,475,000. Housing Principal for FY23 is \$8,400,000.*



FAU Finance Corporation Five-Year Budget Overview

| | Budget FY 2019 | | | | Budget FY 2020 | | | | Budget FY 2021 | | | | Budget FY 2022 | | | | Budget FY 2023 | | | |
|---|---------------------|----------------------|--------------------|---------------------|---------------------|--------------------|--------------------|---------------------|---------------------|----------------------|--------------------|---------------------|---------------------|----------------------|--------------------|---------------------|---------------------|----------------------|------------------|---------------------|
| | Housing | Admin | Stadium | Total | Housing | Admin | Stadium | Total | Housing | Admin | Stadium | Total | Housing | Admin | Stadium | Total | Housing | Admin | Stadium | Total |
| Operating Revenues: | | | | | | | | | | | | | | | | | | | | |
| Pledged Revenue | 36,343,292 | - | 2,360,714 | 38,704,006 | 37,422,829 | - | 2,358,247 | 39,781,076 | 36,943,178 | - | 2,359,530 | 39,302,708 | 40,115,995 | - | 2,357,483 | 42,473,478 | 42,335,502 | - | 2,359,509 | 44,695,011 |
| Operating Expenses: | | | | | | | | | | | | | | | | | | | | |
| Lease Expense | - | 400,000 | - | 400,000 | - | 400,000 | - | 400,000 | - | 400,000 | - | 400,000 | - | 368,889 | - | 368,889 | - | 368,889 | - | 368,889 |
| Housing operating expenses | 11,743,749 | - | - | 11,743,749 | 14,567,413 | - | - | 14,567,413 | 13,222,625 | - | - | 13,222,625 | 15,618,535 | - | - | 15,618,535 | 17,571,294 | - | - | 17,571,294 |
| Other Operating Expenses (R&R, Overhead) | 1,662,875 | 962,100 | - | 2,624,975 | 2,853,517 | 900,265 | - | 3,753,782 | 1,889,371 | 1,402,731 | - | 3,292,102 | 1,600,915 | 1,459,733 | - | 3,060,648 | 1,726,799 | 1,750,332 | - | 3,477,131 |
| Total Operating Expenses | 13,406,624 | 1,362,100 | - | 14,768,724 | 17,420,930 | 1,300,265 | - | 18,721,195 | 15,111,996 | 1,802,731 | - | 16,914,727 | 17,219,450 | 1,828,622 | - | 19,048,072 | 19,298,093 | 2,119,221 | - | 21,417,314 |
| Net Operating Income | 22,936,668 | (1,362,100) | 2,360,714 | 23,935,281 | 20,001,899 | (1,300,265) | 2,358,247 | 21,059,880 | 21,831,182 | (1,802,731) | 2,359,530 | 22,387,981 | 22,896,545 | (1,828,622) | 2,357,483 | 23,425,406 | 23,037,409 | (2,119,221) | 2,359,509 | 23,277,697 |
| Nonoperating Revenues (Expenses): | | | | | | | | | | | | | | | | | | | | |
| Investment Income | 200,000 | 742,936 | - | 942,936 | 54,231 | 784,465 | - | 838,696 | - | 794,365 | - | 794,365 | - | 794,365 | - | 794,365 | - | 250,000 | - | 250,000 |
| Depreciation | (6,000,000) | - | - | (6,000,000) | (6,000,000) | - | - | (6,000,000) | (6,000,000) | - | - | (6,000,000) | (6,100,000) | - | - | (6,100,000) | (6,500,000) | - | - | (6,500,000) |
| Bond Expenses: | | | | | | | | | | | | | | | | | | | | |
| Bond Interest Expense | (12,031,444) | - | (1,030,714) | (13,062,158) | (8,457,175) | - | (998,247) | (9,455,422) | (7,943,978) | - | (959,530) | (8,903,508) | (10,753,157) | - | (922,483) | (11,675,640) | (9,802,075) | - | (884,509) | (10,686,584) |
| Build America Bonds Subsidy | 2,576,044 | - | - | 2,576,044 | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Bond Interest Expense | (9,455,400) | - | (1,030,714) | (10,486,114) | (8,457,175) | - | (998,247) | (9,455,422) | (7,943,978) | - | (959,530) | (8,903,508) | (10,753,157) | - | (922,483) | (11,675,640) | (9,802,075) | - | (884,509) | (10,686,584) |
| Total Non-Operating Income (Expense) | (15,255,400) | 742,936 | (1,030,714) | (15,543,178) | (14,402,944) | 784,465 | (998,247) | (14,616,726) | (13,943,978) | 794,365 | (959,530) | (14,109,143) | (16,853,157) | 794,365 | (922,483) | (16,981,275) | (16,302,075) | 250,000 | (884,509) | (16,936,584) |
| Transfer: | | | | | | | | | | | | | | | | | | | | |
| FAU Police Salaries and Benefits | (900,000) | - | - | (900,000) | (1,214,000) | - | - | (1,214,000) | (1,200,000) | - | - | (1,200,000) | (1,200,000) | - | - | (1,200,000) | (1,200,000) | - | - | (1,200,000) |
| Transfer to Fund Scholarships - UMI | - | (4,275,000) | - | (4,275,000) | - | (350,000) | - | (350,000) | - | (350,000) | - | (350,000) | - | - | - | - | (350,000) | - | - | (350,000) |
| | (900,000) | (4,275,000) | - | (5,175,000) | (1,214,000) | (350,000) | - | (1,564,000) | (1,200,000) | (350,000) | - | (1,550,000) | (1,200,000) | - | - | (1,200,000) | (1,550,000) | - | - | (1,550,000) |
| Net Income (Financial Statement-accrual) | \$6,781,268 | (\$4,894,164) | \$1,330,000 | \$3,217,103 | \$4,384,955 | (\$865,800) | \$1,360,000 | \$4,879,154 | \$6,687,204 | (\$1,358,366) | \$1,400,000 | \$6,728,838 | \$4,843,388 | (\$1,034,257) | \$1,435,000 | \$5,244,131 | \$ 5,185,334 | \$(1,869,221) | 1,475,000 | \$ 4,791,113 |
| Capital Expenses | 1,408,000 | - | - | 1,408,000 | 900,000 | - | - | 900,000 | 2,356,500 | - | - | 2,356,500 | 3,235,000 | - | - | 3,235,000 | 1,810,311 | - | - | 1,810,311 |
| Principal Payment (Reduction to Pledge Expenses) | 5,850,000 | - | 1,330,000 | 7,180,000 | 7,420,000 | - | 1,360,000 | 8,780,000 | 7,760,000 | - | 1,400,000 | 9,160,000 | 7,095,000 | - | 1,435,000 | 8,530,000 | 8,400,000 | - | 1,475,000 | 9,875,000 |