



Item: BF: A-2a

Tuesday, June 7, 2022

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

PROPOSED Board ACTION

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

Phone: 561-297-3267



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