



Item: AF: A-2

Wednesday, June 15, 2011

**SUBJECT: REQUEST FOR APPROVAL OF THE FAU FINANCE CORPORATION'S 2011-12 OPERATING BUDGET.**

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**PROPOSED BOARD ACTION**

Provide approval of the 2011-12 FAU Finance Corporation's (FAUFC) Operating Budget; and, authorize the FAUFC Chairman 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 January 26, 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 June 14, 2011 FAUFC Board meeting this budget was approved for the fiscal year. On June 14, 2011 FAU President Saunders approved this budget.

This issue was reviewed and approved by the BOT Audit and Finance Committee on June 15, 2011.

**IMPLEMENTATION PLAN/DATE**

July 1, 2011.

**FISCAL IMPLICATIONS**

N/A.

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**Supporting Documentation:** Proposed 2011-12 FAUFC Operating Budget.

**Presented by:** Dennis Crudele, Senior Vice President for Financial Affairs

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**Florida Atlantic University Finance Corporation  
Operating Budget FY 2012**

	<u>Housing</u>	<u>Administrative</u>	<u>Total</u>
Pledged Revenue	27,521,023		27,521,023
Operating Expenses			
Lease expense		400,000	400,000
Housing operating expenses	11,287,617		11,287,617
Other operating expenses		30,000	30,000
Depreciation expense	4,356,983		4,356,983
Total Operating Expenses	<u>15,644,600</u>	<u>430,000</u>	<u>16,074,600</u>
<b>Net Operating Income (Deficit) Avail. for Debt Service</b>	<b>11,876,423</b>	<b>(430,000)</b>	<b>11,446,423</b>
Non-operating income (expenses)	-		
Investment Income		215,643	215,643
Total Non-operating income (expenses)	<u>-</u>	<u>215,643</u>	<u>215,643</u>
<b>Net Income</b>	<b>11,876,423</b>	<b>(214,357)</b>	<b>11,662,066</b>
Debt Service			
Debt Service - Existing Housing	5,761,936		5,761,936
Debt Service - Innovation Village	2,734,426		2,734,426
	<u>5,761,936</u>		<u>5,761,936</u>
<b>Net Income/(Loss)</b>	<b>3,380,061</b>	<b>(214,357)</b>	<b>3,165,704</b>
Depreciation	4,356,983		4,356,983
Lease expense		400,000	400,000
	<u>4,356,983</u>	<u>400,000</u>	<u>4,756,983</u>
<b>Cash Requirements</b>	<b>7,737,044</b>	<b>185,643</b>	<b>7,922,687</b>

**Housing  
Projected Budget for FY 11-12**

	<u>Algonquin</u>	<u>UVA</u>	<u>IRT</u>	<u>HPT</u>	<u>GPT</u>	<u>Admin.</u>	<u>IVAN</u>	<u>IVAS</u>	<u>TOTAL</u>
<b>OPERATING REVENUES:</b>									
Resident Housing Fees	581,665	3,672,127	4,384,103	3,746,348	3,384,531	350,000	5,699,234	5,455,015	27,273,023
Student Repair Fees	5,000	20,000	20,000	30,000	17,000		35,000	35,000	162,000
Conference/Guest Housing Fees	1,000	15,000	10,000	20,000			20,000	20,000	86,000
<b>TOTAL OPERATING REVENUES</b>	<b>587,665</b>	<b>3,707,127</b>	<b>4,414,103</b>	<b>3,796,348</b>	<b>3,401,531</b>	<b>350,000</b>	<b>5,754,234</b>	<b>5,510,015</b>	<b>27,521,023</b>
<b>OPERATING EXPENSES:</b>									
Salaries and Benefits	114,489	376,500	453,499	443,033	401,613	1,087,712	248,974	283,124	3,408,944
OPS	30,286	86,119	127,094	105,939	102,386	29,803	83,200	104,248	669,075
Utilities	75,000	463,210	516,654	402,552	365,052	85,500	542,280	529,760	2,980,008
Maintenance	45,880	132,000	103,000	116,100	83,100	50,400	124,125	124,125	778,730
Service Contracts	15,430	147,800	98,400	80,950	84,400	10,900	100,825	100,825	639,530
Admin and Supplies	32,215	94,847	164,470	142,694	145,394	114,448	299,992	314,320	1,308,380
Marketing and Printing	-	-	-	-	-	121,500	-	-	121,500
Training and Development	9,100	12,200	13,200	12,200	12,200	55,400	14,500	14,500	143,300
Repair and Replacement Fund	16,275	95,375	105,700	105,350	105,350		106,575	106,575	641,200
Special Projects (Technology)	16,000	-	-	-	7,000	2,800	-	-	25,800
Special Projects (Res. Life)	5,000	10,000	10,000	10,000	10,000	50,000	10,000	10,000	115,000
Director's Reserves	25,000	25,000	20,000	20,000	20,000	50,000	20,000	20,000	200,000
Overhead	8,496	21,458	31,728	28,702	26,872	97,744	18,711	22,439	256,150
<b>TOTAL OPERATING EXPENSES</b>	<b>393,171</b>	<b>1,464,509</b>	<b>1,643,745</b>	<b>1,467,520</b>	<b>1,363,367</b>	<b>1,756,207</b>	<b>1,569,182</b>	<b>1,629,916</b>	<b>11,287,617</b>
<b>DEBT SERVICE:</b>									
Existing Housing	-	1,000,979	1,578,357	1,467,527	1,715,073	-	-	-	5,761,936
IV - Senior Debt Interest							1,032,620	1,032,620	2,065,240
IV - Sinking Fund							45,510	45,510	91,020
IV - Series B Interest							289,083	289,083	578,166
<b>TOTAL DEBT SERVICE</b>	<b>-</b>	<b>1,000,979</b>	<b>1,578,357</b>	<b>1,467,527</b>	<b>1,715,073</b>	<b>-</b>	<b>1,367,213</b>	<b>1,367,213</b>	<b>8,496,362</b>
<b>TOTAL EXPENSES BEFORE DEPRECIATION</b>	<b>393,171</b>	<b>2,465,488</b>	<b>3,222,102</b>	<b>2,935,047</b>	<b>3,078,440</b>	<b>1,756,207</b>	<b>2,936,395</b>	<b>2,997,129</b>	<b>19,783,979</b>
<b>Depreciation Expense</b>									<b>4,356,983</b>
<b>TOTAL EXPENSE</b>									<b>24,140,962</b>
<b>TOTAL REVENUES OVER EXPENSES</b>									<b>3,380,061</b>
<b>Debt Service Coverage Ratio (DSCR)</b>	<b>N/A</b>	<b>2.24</b>	<b>1.76</b>	<b>1.59</b>	<b>1.19</b>		<b>3.06</b>	<b>2.84</b>	<b>1.91</b>
<b>No. of Beds</b>	<b>93</b>	<b>545</b>	<b>604</b>	<b>602</b>	<b>602</b>		<b>609</b>	<b>609</b>	<b>3,664</b>