



Item: AF: A-4

Tuesday, May 17, 2016

SUBJECT: APPROVAL OF THE 2016-17 FLORIDA ATLANTIC UNIVERSITY FINANCE CORPORATION OPERATING BUDGET.

PROPOSED BOARD ACTION

Approval of the 2016-17 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 April 28, 2016 FAUFC Board meeting, this budget was approved.

IMPLEMENTATION PLAN/DATE

July 1, 2016.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: Proposed 2016-17 FAUFC Operating Budget

Presented by: Ms. Dorothy Russell, VP for Financial Affairs and CFO

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Florida Atlantic University Finance Corporation

Operating Budget FY 2017

	Housing	Administrative	Stadium	Total
Operating Revenues:				
Pledged Revenue (93% Occupancy)	35,247,894	-	2,672,562	37,920,456
Operating Expenses:				
Lease Expense	-	400,000	-	400,000
Housing Operating Expenses	12,589,342	-	-	12,589,342
Other Operating Expenses	1,597,024	790,685	-	2,387,709
Total Operating Expenses	14,186,365	1,190,685	-	15,377,051
Net Operating Income	21,061,530	(1,190,685)	2,672,562	22,543,406
Nonoperating Revenues (Expenses):				
Investment Income	78,000	469,205	-	547,205
Depreciation	(5,655,016)	-	-	(5,655,016)
Bond Expenses:				
Bond Interest Expense	(10,090,637)	-	(3,448,394)	(13,539,031)
Babs Subsidy	2,680,927	-	775,832	3,456,759
Net Bond Interest Expense	(7,409,710)	-	(2,672,562)	(10,082,272)
Total Nonoperating Income (Expense)	(12,986,725)	469,205	(2,672,562)	(15,190,082)
Transfers:				
Transfer to Fund Scholarships	-	2,000,000	-	2,000,000
Net Income (Financial Statement-accrual)	8,074,805	(2,721,480)	-	5,353,325

Florida Atlantic University Finance Corporation

	Budget FY 2013				Budget FY 2014				Budget FY 2015				Budget FY 2016				Budget FY 2017			
	Administrative	Housing	Stadium	Total	Administrative	Housing	Stadium	Total	Administrative	Housing	Stadium	Total	Administrative	Housing	Stadium	Total	Administrative	Housing	Stadium	Total
Operating Revenues:																				
Pledged Revenue	-	28,540,838	1,653,485	30,194,323	-	33,936,316	2,619,850	36,556,166	-	31,208,885	2,681,216	33,890,101	-	33,244,722	2,687,213	35,931,935	-	35,247,894	2,672,562	37,920,456
Operating Expenses:																				
Lease Expense	400,000	-	-	400,000	400,000	-	-	400,000	400,000	-	-	400,000	400,000	-	-	400,000	400,000	-	-	400,000
Housing operating expenses	-	10,736,814	-	10,736,814	-	12,675,823	-	12,675,823	-	10,807,416	-	10,807,416	-	11,441,876	-	11,441,876	-	12,589,342	-	12,589,342
Other operating expenses	40,000	986,828	-	1,026,828	259,260	1,189,885	-	1,449,145	695,739	1,109,341	-	1,805,080	624,624	1,411,979	-	2,036,603	790,685	1,597,024	-	2,387,709
Total Operating Expenses	440,000	11,723,642	-	12,163,642	659,260	13,865,708	-	14,524,968	1,095,739	11,916,757	-	13,012,496	1,024,624	12,853,856	-	13,878,480	1,190,685	14,186,365	-	15,377,051
Net Operating Income	(440,000)	16,817,196	1,653,485	18,030,681	(659,260)	20,070,608	2,619,850	22,031,198	(1,095,739)	19,292,128	2,681,216	20,877,605	(1,024,624)	20,390,867	2,687,213	22,053,456	(1,190,685)	21,061,530	2,672,562	22,543,406
Nonoperating Revenues (Expenses):																				
Investment Income	30,000	-	-	30,000	1,428,405	325,000	-	1,753,405	355,162	100,000	-	455,162	548,787	78,000	-	626,787	469,205	78,000	-	547,205
Depreciation	-	(5,005,082)	-	(5,005,082)	-	(5,546,856)	-	(5,546,856)	-	(5,392,315)	-	(5,392,315)	-	(5,294,897)	-	(5,294,897)	-	(5,655,016)	-	(5,655,016)
Bond Expenses:																				
Bond Interest Expense	-	(9,075,689)	(1,653,485)	(10,729,174)	-	(10,569,103)	(3,513,616)	(14,082,720)	-	(10,432,195)	(3,492,357)	(13,924,552)	-	(10,271,421)	(3,480,730)	(13,752,151)	-	(10,090,637)	(3,448,394)	(13,539,031)
Build America Bonds Subsidy	-	-	-	-	-	2,876,531	893,766	3,770,297	-	2,669,421	811,142	3,480,563	-	2,711,239	793,517	3,504,756	-	2,680,927	775,832	3,456,759
Net Bond Interest Expense	-	(9,075,689)	(1,653,485)	(10,729,174)	-	(7,692,572)	(2,619,850)	(10,312,423)	-	(7,762,774)	(2,681,216)	(10,443,989)	-	(7,560,182)	(2,687,213)	(10,247,395)	-	(7,409,710)	(2,672,562)	(10,082,272)
Total Non-Operating Income (Expense)	30,000	(14,080,771)	(1,653,485)	(15,704,256)	1,428,405	(12,914,429)	(2,619,850)	(14,105,874)	355,162	(13,055,089)	(2,681,216)	(15,381,142)	548,787	(12,777,078)	(2,687,213)	(14,915,504)	469,205	(12,986,725)	(2,672,562)	(15,190,082)
Transfer:																				
Transfer to Fund Scholarships	-	-	-	-	-	-	-	-	(2,000,000)	-	-	(2,000,000)	-	-	-	-	(2,000,000)	-	-	(2,000,000)
	-	-	-	-	-	-	-	-	(2,000,000)	-	-	(2,000,000)	-	-	-	-	(2,000,000)	-	-	(2,000,000)
Net Income (Financial Statement-accrual)	(410,000)	2,736,425	-	2,326,425	769,145	7,156,179	-	7,925,324	(2,740,577)	6,237,039	-	3,496,463	(475,837)	7,613,789	-	7,137,952	(2,721,480)	8,074,806	-	5,353,325