



Item: BF: A-2a

## BUDGET AND FINANCE COMMITTEE

Tuesday, June 8, 2021

**SUBJECT: REQUEST FOR APPROVAL OF THE 2021-22 FLORIDA ATLANTIC UNIVERSITY FINANCE CORPORATION OPERATING BUDGET.**

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### PROPOSED COMMITTEE ACTION

Review and recommend approval of the 2021-22 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 6, 2021 FAUFC Board meeting, this budget was approved.

### IMPLEMENTATION PLAN/DATE

July 1, 2021.

### FISCAL IMPLICATIONS

N/A.

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**Supporting Documentation:** Proposed 2021-22 FAUFC Operating Budget

**Presented by:** Ms. Stacy Volnick, V.P. Administrative Affairs

**Phone:** 561-297-1455



## Florida Atlantic University Finance Corporation Proposed Operating Budget FY22

	Housing	Administrative	Stadium	Total
<b>Operating Revenues:</b>				
Pledged Revenue (90% Occupancy)	40,115,995	-	2,357,483	42,473,478
<b>Operating Expenses:</b>				
Lease Expense	-	368,889	-	368,889
Housing Operating Expenses	15,618,535	-	-	15,618,535
Other Operating Expenses	1,600,915	1,459,733	-	3,060,648
<b>Total Operating Expenses</b>	<b>17,219,450</b>	<b>1,828,622</b>	<b>-</b>	<b>19,048,072</b>
<b>Net Operating Income</b>	<b>22,896,545</b>	<b>(1,828,622)</b>	<b>2,357,483</b>	<b>23,425,406</b>
<b>Nonoperating Revenues (Expenses):</b>				
Investment Income	-	794,365	-	794,365
Depreciation	(6,100,000)	-	-	(6,100,000)
Bond Interest Expense	(10,753,157)	-	-	(10,753,157)
Bond Payment	-	-	(2,357,483)	(2,357,483)
<b>Total Nonoperating Income (Expense)</b>	<b>(16,853,157)</b>	<b>794,365</b>	<b>(2,357,483)</b>	<b>(18,416,275)</b>
<b>Institutional Support</b>				
FAU Police Salaries & Benefits	(1,200,000)	-	-	(1,200,000)
<b>Net Income (Financial Statement-Accrual)</b>	<b>\$ 4,843,388</b>	<b>\$ (1,034,257)</b>	<b>\$ -</b>	<b>\$ 3,809,131</b>
<b>Capital Expense</b>	<b>\$ 3,235,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,235,000</b>



## FAU Finance Corporation Budget & Actuals (FY20-FY22)

	FY20 Budget	FY20 Actuals	FY21 Budget	FY21 Projected	FY22 Budget
<b>Operating Revenues:</b>	<b>\$ 39,781,076</b>	<b>\$ 37,654,358</b>	<b>\$ 39,302,708</b>	<b>\$ 32,799,513</b>	<b>\$ 42,473,478</b>
<b>Operating Expenses:</b>					
Lease Expense	400,000	364,328	400,000	265,079	368,889
Housing Operating Expenses	14,567,413	11,539,643	13,222,625	11,459,884	15,618,535
Other Operating Expenses (R&R, Overhead)	3,753,782	3,150,468	3,292,102	1,301,547	3,060,648
Non-Operating (Cost of Issuance)*	-	551,155	-	-	-
<b>Total Operating Expenses</b>	<b>18,721,195</b>	<b>15,605,594</b>	<b>16,914,727</b>	<b>13,026,510</b>	<b>19,048,072</b>
<b>Net Operating Income</b>	<b>21,059,881</b>	<b>22,048,764</b>	<b>22,387,981</b>	<b>19,773,003</b>	<b>23,425,406</b>
<b>Non-Operating Revenues (Expenses):</b>					
Investment Income	838,696	1,826,388	794,365	425,000	794,365
Depreciation	(6,000,000)	(6,431,668)	(6,000,000)	(6,444,307)	(6,100,000)
Bond Expenses	(10,815,422)	(8,495,137)	(10,303,508)	(13,480,709)	(13,110,640)
<b>Total Non-Operating Income (Expense)</b>	<b>(15,976,726)</b>	<b>(13,100,417)</b>	<b>(15,509,143)</b>	<b>(19,500,016)</b>	<b>(18,416,275)</b>
Transfer:					
FAU Police Salaries and Benefits	(1,214,000)	(1,243,962)	(1,200,000)	(1,200,000)	(1,200,000)
Transfer to Fund Scholarships - UMI	(350,000)	(350,000)	(350,000)	(350,000)	-
	<b>(1,564,000)</b>	<b>(1,593,962)</b>	<b>(1,550,000)</b>	<b>(1,550,000)</b>	<b>(1,200,000)</b>
<b>Net Income (Financial Statement-Accrual)</b>	<b>\$ 3,519,155</b>	<b>\$ 7,354,385</b>	<b>\$ 5,328,838</b>	<b>\$ (1,277,013)</b>	<b>\$ 3,809,131</b>

\*Capital Expenses not included. In FY20, Capital Expenses totaled \$1,313,570. In FY21, it is projected to be \$2,425,008. FY22 has a Capital Expense budget of \$3,235,000.



# Five-Year Budget - FAUFC

	Budget FY 2018				Budget FY 2019				Budget FY 2020				Budget FY 2021				Budget FY 2022			
	Housing	Admin	Stadium	Total	Housing	Admin	Stadium	Total	Housing	Admin	Stadium	Total	Housing	Admin	Stadium	Total	Housing	Admin	Stadium	Total
<b>Operating Revenues:</b>																				
Pledged Revenue	35,847,575	-	2,671,122	38,518,697	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
<b>Operating Expenses:</b>																				
Lease Expense	-	400,000	-	400,000	-	400,000	-	400,000	-	400,000	-	400,000	-	400,000	-	400,000	-	368,889	-	368,889
Housing operating expenses	13,113,954	-	-	13,113,954	11,743,749	-	-	11,743,749	14,567,413	-	-	14,567,413	13,222,625	-	-	13,222,625	15,618,535	-	-	15,618,535
Other Operating Expenses (R&R, Overhead)	1,924,923	966,537	-	2,891,460	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
<b>Total Operating Expenses</b>	<b>15,038,877</b>	<b>1,366,537</b>	<b>-</b>	<b>16,405,414</b>	<b>13,406,624</b>	<b>1,362,100</b>	<b>-</b>	<b>12,143,749</b>	<b>17,420,930</b>	<b>1,300,265</b>	<b>-</b>	<b>18,721,195</b>	<b>15,111,996</b>	<b>1,802,731</b>	<b>-</b>	<b>16,914,727</b>	<b>17,219,450</b>	<b>1,828,622</b>	<b>-</b>	<b>19,048,072</b>
<b>Net Operating Income</b>	<b>20,808,698</b>	<b>(1,366,537)</b>	<b>2,671,122</b>	<b>22,113,282</b>	<b>22,936,668</b>	<b>(1,362,100)</b>	<b>2,360,714</b>	<b>23,935,281</b>	<b>20,001,899</b>	<b>(1,300,265)</b>	<b>2,358,247</b>	<b>21,059,880</b>	<b>21,831,182</b>	<b>(1,802,731)</b>	<b>2,359,530</b>	<b>22,387,981</b>	<b>22,896,545</b>	<b>(1,828,622)</b>	<b>2,357,483</b>	<b>23,425,406</b>
<b>Nonoperating Revenues (Expenses):</b>																				
Investment Income	50,000	747,026	-	797,026	200,000	742,936	-	942,936	54,231	784,465	-	838,696	-	794,365	-	794,365	-	794,365	-	794,365
Depreciation	(5,539,738)	-	-	(5,539,738)	(6,000,000)	-	-	(6,000,000)	(6,000,000)	-	-	(6,000,000)	(6,000,000)	-	-	(6,000,000)	(6,100,000)	-	-	(6,100,000)
<b>Bond Expenses:</b>																				
Bond Interest Expense	(12,400,532)	-	(3,425,689)	(15,826,221)	(12,031,444)	-	(2,360,714)	(14,392,158)	(8,457,175)	-	(2,358,247)	(10,815,422)	(7,943,978)	-	(2,359,530)	(10,303,508)	(10,753,157)	-	(2,357,483)	(13,110,640)
Build America Bonds Subsidy	2,632,689	-	754,567	3,387,256	2,576,044	-	-	2,576,044	-	-	-	-	-	-	-	-	-	-	-	-
Net Bond Interest Expense	<b>(9,767,843)</b>	<b>-</b>	<b>(2,671,122)</b>	<b>(12,438,965)</b>	<b>(9,455,400)</b>	<b>-</b>	<b>(2,360,714)</b>	<b>(11,816,114)</b>	<b>(8,457,175)</b>	<b>-</b>	<b>(2,358,247)</b>	<b>(10,815,422)</b>	<b>(7,943,978)</b>	<b>-</b>	<b>(2,359,530)</b>	<b>(10,303,508)</b>	<b>(10,753,157)</b>	<b>-</b>	<b>(2,357,483)</b>	<b>(13,110,640)</b>
<b>Total Non-Operating Income (Expense)</b>	<b>(15,257,580)</b>	<b>747,026</b>	<b>(2,671,122)</b>	<b>(17,181,675)</b>	<b>(15,255,400)</b>	<b>742,936</b>	<b>(2,360,714)</b>	<b>(16,873,178)</b>	<b>(14,402,943)</b>	<b>784,465</b>	<b>(2,358,247)</b>	<b>(15,976,725)</b>	<b>(13,943,978)</b>	<b>794,365</b>	<b>(2,359,530)</b>	<b>(15,509,143)</b>	<b>(16,853,157)</b>	<b>794,365</b>	<b>(2,357,483)</b>	<b>(18,416,275)</b>
<b>Transfer:</b>																				
FAU Police Salaries and Benefits	-	(2,100,000)	-	(2,100,000)	(900,000)	-	-	(900,000)	(1,214,000)	-	-	(1,214,000)	(1,200,000)	-	-	(1,200,000)	(1,200,000)	-	-	(1,200,000)
Transfer to Fund Scholarships - UMI	-	(2,100,000)	-	(2,100,000)	-	(4,275,000)	-	(4,275,000)	-	(350,000)	-	(350,000)	-	(350,000)	-	(350,000)	-	-	-	-
	-	(2,100,000)	-	(2,100,000)	(900,000)	(4,275,000)	-	(4,275,000)	(1,214,000)	(350,000)	-	(1,564,000)	(1,200,000)	(350,000)	-	(1,550,000)	(1,200,000)	-	-	(1,200,000)
<b>Net Income (Financial Statement-accrual)</b>	<b>\$5,551,118</b>	<b>(\$2,719,511)</b>	<b>\$0</b>	<b>\$2,831,607</b>	<b>\$6,781,268</b>	<b>(\$4,894,164)</b>	<b>\$0</b>	<b>\$2,787,103</b>	<b>\$4,384,956</b>	<b>(\$865,800)</b>	<b>\$0</b>	<b>\$3,519,155</b>	<b>\$6,687,204</b>	<b>(\$1,358,366)</b>	<b>\$0</b>	<b>\$5,328,838</b>	<b>4,843,388</b>	<b>(\$1,034,257)</b>	<b>\$0</b>	<b>\$3,809,131</b>
<b>Capital Expenses</b>	860,450	-	-	860,450	1,408,000	-	-	1,408,000	900,000	-	-	900,000	2,356,500	-	-	2,356,500	3,235,000	-	-	3,235,000