



Item: AF: A-3

AUDIT AND FINANCE COMMITTEE

Thursday, June 5, 2014

SUBJECT: REQUEST FOR APPROVAL OF THE 2014-15 FLORIDA ATLANTIC UNIVERSITY FINANCE CORPORATION OPERATING BUDGET.

PROPOSED COMMITTEE ACTION

Review and recommend approval of the 2014-15 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 21, 2014 FAUFC Board meeting, this budget was approved.

IMPLEMENTATION PLAN/DATE

July 1, 2014.

FISCAL IMPLICATIONS

N/A.

Supporting Documentation: Proposed 2014-15 FAUFC Operating Budget.

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

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Florida Atlantic University Finance Corporation

Operating Budget FY 2015

	Housing	Administrative	Stadium	Total
Operating Revenues:				
Pledged Revenue	31,208,885	-	2,681,216	33,890,101
Operating Expenses:				
Lease Expense	-	400,000	-	400,000
Housing Operating Expenses	10,807,416	-	-	10,807,416
Other Operating Expenses	1,109,341	695,739	-	1,805,080
Total Operating Expenses	11,916,758	1,095,739	-	13,012,496
Net Operating Income	19,292,128	(1,095,739)	2,681,216	20,877,605
Nonoperating Revenues (Expenses):				
Investment Income	100,000	355,162	-	455,162
Depreciation	(5,392,315)	-	-	(5,392,315)
Bond Expenses:				
Bond Interest Expense	(10,432,195)	-	(3,492,357)	(13,924,552)
Babs Subsidy	2,669,421	-	811,142	3,480,563
Net Bond Interest Expense	(7,762,774)	-	(2,681,216)	(10,443,990)
Total Nonoperating Income (Expense)	(13,055,089)	355,162	(2,681,216)	(15,381,142)
Transfers:				
Transfer to FAU Foundation to Fund Scholarships	-	(2,000,000)	-	(2,000,000)
	-	(2,000,000)	-	(2,000,000)
Net Income (Financial Statement-accrual)	6,237,039	(2,740,577)	-	3,496,463

Florida Atlantic University

Stadium Operations

FY 2015

Pledged Revenues:

Ticket Sales/Other Event Tickets	700,000
Game Guarantees	1,000,000
Student Fees (5% of prior year)	535,370
Development/Corporate Sales	563,000
Catering/Concessions/Novelties	62,000
Facilities/Parking	400,000
Naming Rights	400,000
Premium/Priority Seating	400,000
Capital Gifts	1,100,000
University Support	1,890,000

Total Pledged Revenue 7,050,370

Operating Expenses:

Salaries and Benefits	220,445
Utilities/Maintenance/Facility Rental	528,653
Replacement/Repairs Fund	370,000
Rental Expenses	250,000
Game day Expenses	426,693
Equipment/Supplies/Memberships	54,848
Advertising/Promotions	250,000
Insurances	60,100
Other Expenses	433,898
Debt Service	2,681,216

Total Expenses 5,275,853

Total Revenue in excess of Expenses 1,774,517
25%

Debt Covenant:

Pledged Revenues	7,050,370
BABS	811,142
Gross Debt Service	3,492,358

Debt Coverage Ratio 2.25

Florida Atlantic University Finance Corporation

	Budget FY 2013				Budget FY 2014				Budget FY 2015			
	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
Operating Expenses:												
Lease Expense	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
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
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
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
Nonoperating Revenues (Expenses):												
Investment Income	30,000	-		30,000	1,428,405	325,000	-	1,753,405	355,162	100,000	-	455,162
Depreciation	-	(5,005,082)		(5,005,082)	-	(5,546,856)	-	(5,546,856)	-	(5,392,315)	-	(5,392,315)
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)
Build America Bonds Subsidy	-	-		-	-	2,876,531	893,766	3,770,297	-	2,669,421	811,142	3,480,563
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)
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)
Transfer:												
Transfer to FAU Foundation for Scholarships	-	-	-	-	-	-	-	-	(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

Note: The FAUFC was initially formed to issue the bond financing for the Innovation Village Resident Hall Project it was moved under the FAUFC in conjunction with the management of FAU and Capstone. Subsequently the FAUFC construction in November 2010.

Florida Atlantic University

Stadium Operations

	FY13	FY14	FY15
Pledged Revenues:			
Ticket Sales/Other Event-Tickets	2,195,394	600,000	700,000
Game Guarantees	1,000,000	1,000,000	1,000,000
Student Fees (5% of prior year)	535,370	535,370	535,370
Development/Corporate Sales	1,553,322	480,792	563,000
Catering/Concessions/Novelties	500,745	124,000	62,000
Facilities/Parking	581,728	200,000	400,000
Premium/Priority Seating	1,858,697	500,000	400,000
Naming Rights	400,000	-	400,000
Other	42,436	-	
University Support		2,619,850	1,890,000
Capital Gifts		970,000	1,100,000
Total Pledged Revenue	<u>8,667,692</u>	<u>7,030,012</u>	<u>7,050,370</u>
Operating Expenses:			
Salaries and Benefits	338,815	220,445	220,445
Utilities//Maintenance/Facility Rental	610,500	360,000	528,653
Replacement/Repairs Fund	350,000	557,289	370,000
Rental Expenses		197,310	250,000
Game day Expenses	721,750	543,271	426,693
Equipment/Supplies/Memberships	10,500	24,700	54,848
Advertising/Promotions	430,020	272,000	250,000
Insurances	56,650	60,100	60,100
Other Expenses	275,530	372,577	433,898
Debt Service	2,620,085	2,619,850	2,681,216
Total Expenses	<u>5,413,850</u>	<u>5,227,542</u>	<u>5,275,853</u>
Total Revenue in excess of Expenses	<u>3,253,842</u>	<u>1,802,470</u>	<u>1,774,517</u>
	38%	26%	25%
Debt Covenant:			
Pledged Revenues	8,667,692	7,030,012	7,050,370
Debt Service	2,620,085	2,619,850	2,681,216
 Debt Coverage Ratio	 3.31x	 2.68x	 2.63x