



Item: AF: I-3

AUDIT AND FINANCE COMMITTEE

Wednesday, February 20, 2008

SUBJECT: SECOND QUARTER STATUS OF FLORIDA ATLANTIC UNIVERSITY'S 2007-2008 OPERATING BUDGET, JULY 1 – DECEMBER 31, 2007.

PROPOSED BOARD RECOMMENDATION

Information Only.

BACKGROUND INFORMATION

To keep the Board of Trustees fully aware of the financial condition of the University, quarterly reports on the University's operating budget will be presented. This report will present year-to-date expenditures for each of the budgetary components of the University: Educational and General; Auxiliary Enterprises; Sponsored Research/Grants and Contracts; Financial Aid; Student Government/Student Activities; Athletics; and, Concessions. Budgetary comparison with the prior year will also be presented.

IMPLEMENTATION PLAN/DATE

Not Applicable.

FISCAL IMPLICATIONS

Not Applicable.

Supporting Documentation:

PowerPoint Presentation: Second Quarter Status of FAU's 2007-2008 Operating Budget, July 1 – December 31, 2007.

Presented by: Dr. Kenneth A. Jessell, Vice President for Financial Affairs

Phone: 561-297-3266

FLORIDA ATLANTIC UNIVERSITY 2007-2008 UNIVERSITY OPERATING BUDGET JULY 1, 2007 TO DECEMBER 31, 2007 SECOND QUARTER REPORT

- *Educational and General Operating Budget*
- *Student Financial Aid Operating Budget*
- *Grants and Contracts-Sponsored Research Operating Budget*
- *Auxiliary Enterprises Operating Budget*
- *Athletics Local Operating Budget*
- *Student Government-Student Activities Operating Budget*
- *Concessions Operating Budget*

THE EDUCATIONAL AND GENERAL BUDGET

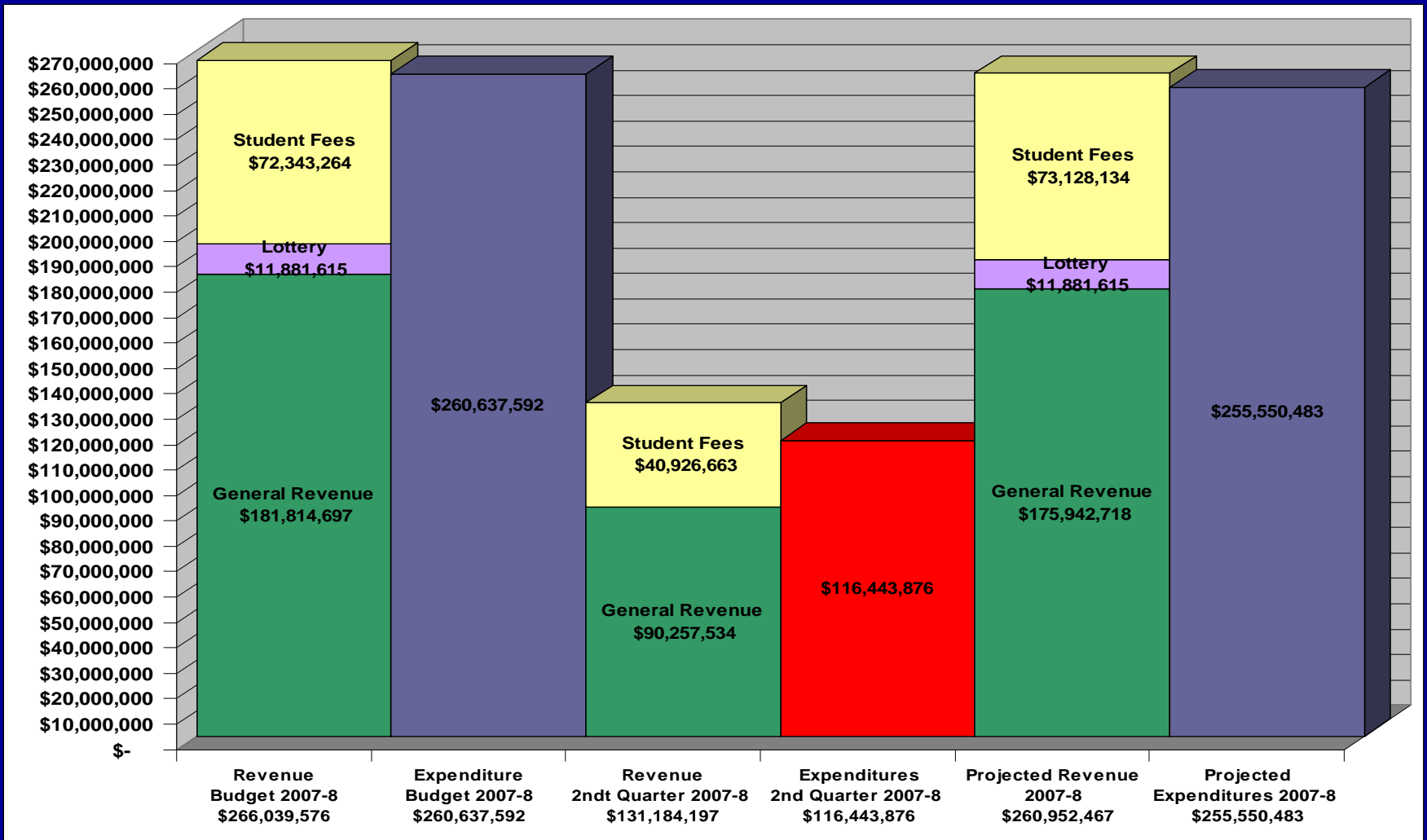
The Educational and General budget includes expenditures for instruction, research, library and learning resources, student services, plant operations and maintenance and administrative support. The budget is funded by:

General Revenue, consisting primarily of State of Florida sales tax collections and corporate income tax collections, as well as license fees and other taxes and operating receipts.

Education Enhancement Trust Fund, consisting of collections from the sale of Florida lottery tickets. At least 38 percent of total lottery collections is dedicated to the trust fund.

Student Fee Trust Fund, consisting primarily of matriculation fees and tuition (out-of-state fees) paid by students, as well as other fees such as application and late registration fees.

Florida Atlantic University Educational and General Operating Budget July 1, 2007 – December 31, 2007 Second Quarter Report



Educational and General Operating Budget

July 1, 2007 to December 31, 2007

Budgeted Revenues 2007-08: \$266,039,576 Actual Revenues to December 31: \$131,184,197

Budgeted Expenses 2007-08: \$260,637,592 Actual Expenses to December 31: \$116,443,876

The total budgeted revenue for 2007-2008 is \$266,039,576. The major revenue components are general revenue (\$181,814,697), student fees (\$72,343,264), and lottery funding (\$11,881,615).

For the second quarter, actual revenue collections are general revenue of \$90,257,534 and student fees of \$40,926,663 for total revenue of \$131,184,197.

The total expense budget 2007-2008 is \$260,637,592. This amount reflects \$5,041,984 in student fee budget authority held in unallocated reserve. This is not a cash reserve but is authority to spend if cash is received.

Total expenditures through the second quarter were \$116,443,876, or approximately 46 percent of the total projected budget amount. Total expenditures are slightly above the spending rate of the previous year – 46 percent compared to 43 percent in 2006-07. Expense items are higher due to increases in utilities, insurance, HBOI expenditures and student financial aid support.

Educational and General Operating Budget

Analysis:

The Educational and General figures presented in this document reflect initial budgets approved by the Board of Trustees in June. After months of careful budget planning and Board of Trustees approval of an initial budget in June, a July mandate by the legislature instructed FAU to prepare for a revision to our 2007-08 Educational and General Operating Budget. During the October Special Legislative Session, the House and Senate reached agreement on the amount of the reductions for the State University System, and a recurring general revenue reduction of \$6,252,978. Based upon lower state revenue collections, FAU is preparing for an additional reduction of approximately \$7,000,000.

Student fee collections and enrollments are projected to be approximately 1.5 percent below the targeted amount. Student fee collections were budgeted to anticipate a growth rate of 3.4 percent over 2006-07 actual enrollments. Summer student credit hours were up approximately 3 percent and fall student credit hours were up 4 percent compared to the same time in 2006-07. Fall 2007 headcount is 26,245, a 2.3 percent increase over a headcount of 25,657 in 2006. Spring semester hours are up only .16 percent over last year. Graduate enrollments are projected at only 95.58 percent of the 2007-08 target. Overall, a shortfall of approximately \$1,000,000 is projected in student fee collections. Lower community college transfers, higher admissions standards, budget reductions and the deteriorating economy contribute to this reduction. Out-of-state enrollments continue to be weak at FAU and system-wide.

Based upon the most recent estimating conference, lottery revenue is projected to be fully achieved.

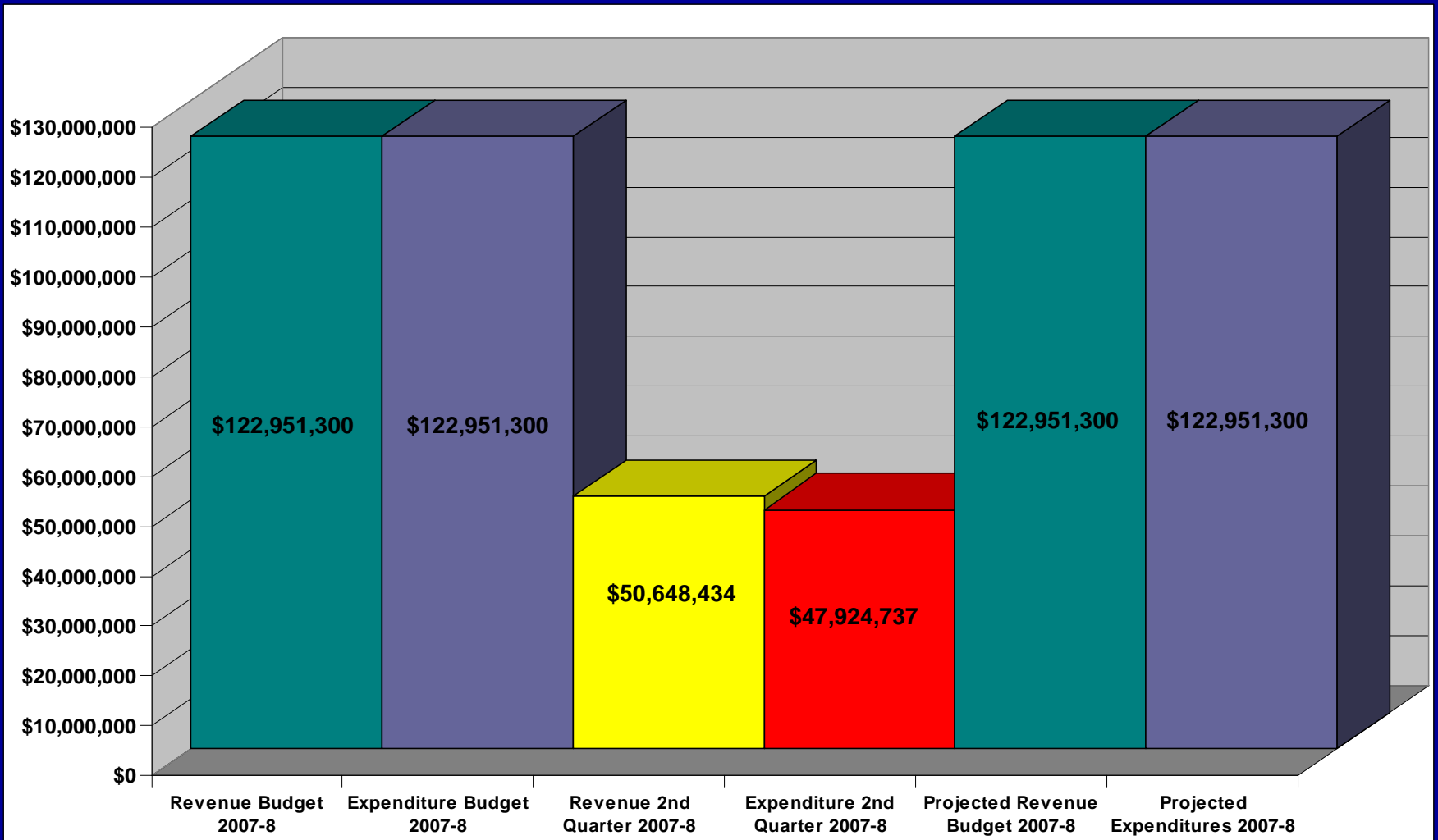
THE STUDENT FINANCIAL AID BUDGET

The Student Financial Aid budget largely represents scholarship and loan funds that are received by the University and subsequently disbursed to students. Included in the budget are funding from student financial aid fees as well as financial aid support from all sources such as federal financial aid awards (Pell, Student Educational Opportunity Grants, Perkins Loans, Stafford Loans), state financial aid awards (Bright Futures, Florida Assistance Grants), institutional programs (Presidential Awards, MLK Scholarships) and private scholarships (FAU Foundation).

Student financial aid fees are established by the legislature. Current per-credit hour financial aid fees for 2007-08:

\$ 3.68	Undergraduate In-State
\$24.41	Undergraduate Out-of-State
\$10.52	Graduate In-State
\$41.89	Graduate Out-of-State

Florida Atlantic University Student Financial Aid Operating Budget July 1, 2007 – December 31, 2007 Second Quarter Report



Student Financial Aid Operating Budget

July 1, 2007 to December 31, 2007

Budgeted Revenues 2007-08: \$122,951,300 Actual Revenues to December 31: \$50,648,434

Budgeted Expenses 2007-08: \$122,951,300 Actual Expenses to December 31: \$47,924,737

The total budgeted revenue for 2007-2008 is \$122,951,300. As of December 31, 2007, \$50,648,434 in revenue has been generated, or approximately 41 percent the total revenue budget. Total projected expenditures for the year are \$122,951,300. As of December 31, 2007, \$47,924,737 has been expended, or approximately 39 percent of total projected expenditures for the year.

Analysis:

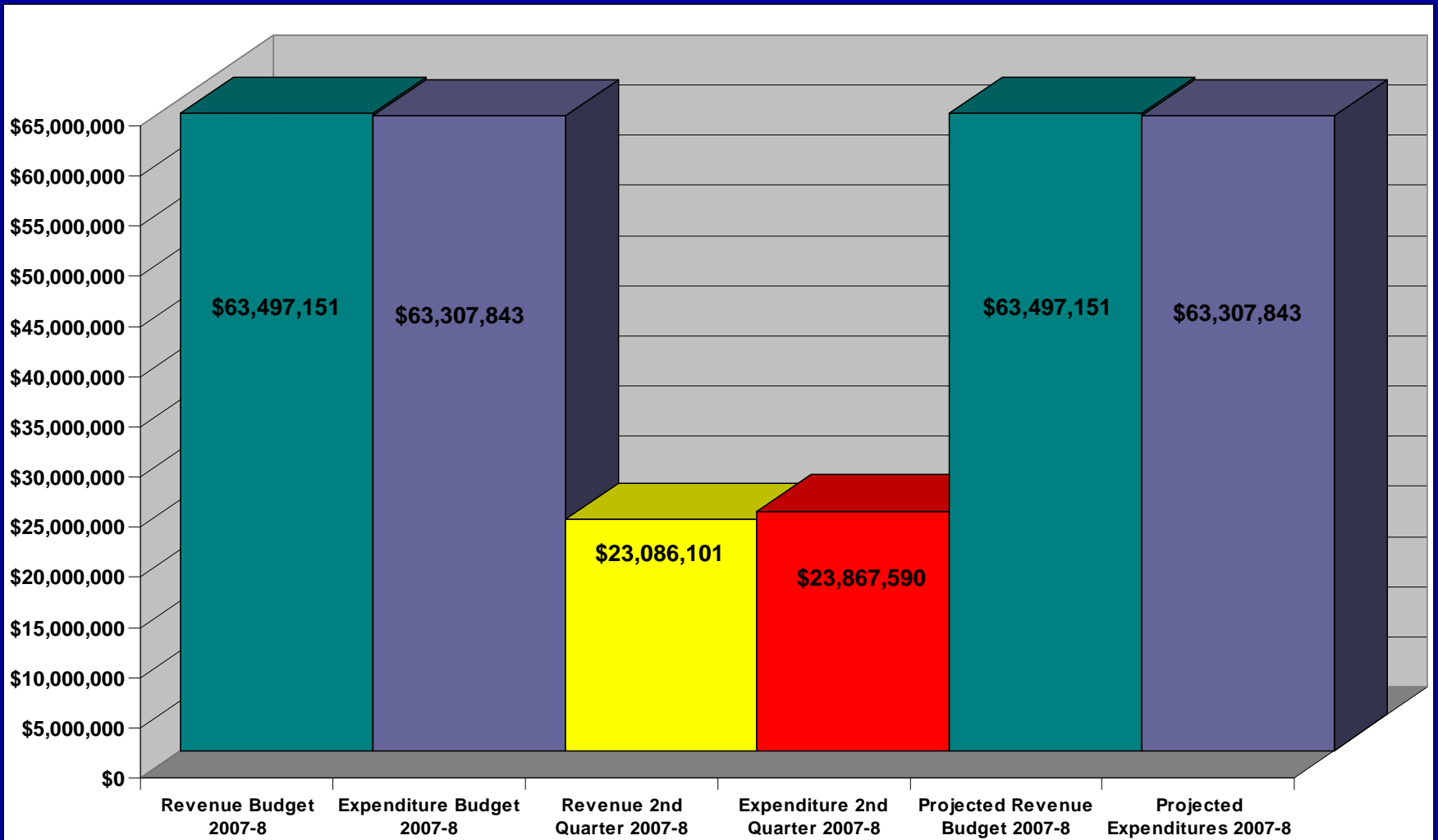
The amount of expenditures to date for 2007-08 are slightly less than the percentage spent in the prior year (39 percent for 2007-08 compared to 41 percent for 2006-07). Revenue and expenditures are believed to be on target with projections.

THE GRANTS AND CONTRACTS BUDGET

The Grants and Contracts budget consists of funding from federal agencies, state agencies, foundations and private sources that enables the University to conduct specific research projects or to provide specific services.

Expenditures for the Division of Sponsored Research, the A.D. Henderson University School and the Florida Atlantic University Foundation (payroll and clearing account) are included in the Grants & Contracts budget.

Florida Atlantic University Grants and Contracts Operating Budget July 1, 2007 – December 31, 2007 Second Quarter Report



Grants and Contracts Operating Budget

July 1, 2007 to December 31, 2007

Budgeted Revenues 2007-08: \$63,497,151

Actual Revenues to December 31: \$23,086,101

Budgeted Expenses 2007-08: \$63,307,843

Actual Expenses to December 31: \$23,867,590

The total budgeted revenue for 2007-2008 is \$63,497,151 and budgeted expenses are \$63,307,843. Total budgeted expenditures are comprised of Sponsored Research (\$51,500,000), FAU Foundation, Inc (\$6,920,196) and A.D. Henderson University School (\$4,887,647). As of December 31, 2007, \$23,086,101 in revenue has been generated, approximately 36 percent of the budgeted amount. \$23,867,590 has been expended, or approximately 38 percent of the total expenditure budget.

Of total expenditures to date, salaries and benefits total \$10,661,529 (45 percent of total expenditures); OPS of \$3,665,933 (15 percent); and expense of \$9,540,128 (40 percent).

Analysis:

Total expenditures to date are above last year's by \$1,141,291, approximately 5 percent. Second quarter revenues are down \$326,119 over last year, a decrease of 1 percent. Cash balances are at 2,579,945 and billings and receivables are being carefully monitored. Since many grants are based upon cost reimbursements, delayed receivables during the last month of the quarter are primarily responsible for the weak cash position. The Division of Research assists faculty and graduate students with the submission of hundreds of grant applications; however, not every grant application culminates in an award. FAU has had a steady increase in grant submissions and this has led to an increase in both revenues and expenditures. Revenue is not earned evenly over the course of the fiscal year. For example, two of the primary sources of award funds, National Institute of Health and National Science Foundation, make their award announcements in November and April. Furthermore, some expenditures will precede the collection of offsetting revenues.

THE AUXILIARY ENTERPRISES BUDGET

The Auxiliary Enterprises budget includes activities that support the instructional, research and service objectives of the University. Auxiliary enterprise operations are self-supporting and must generate adequate revenue to cover expenditures and to allow for future renovations and building or equipment replacement. Some auxiliaries are partially funded by student fees, including Student Health Center through the student health fee (\$ 6.63 per-credit hour) and Traffic and Parking through the transportation access fee.

The major auxiliary areas are:

Food Service

Housing

Bookstore

Printing/Duplicating

Telecommunications

University Theatre

Postal Services

Student Health Center

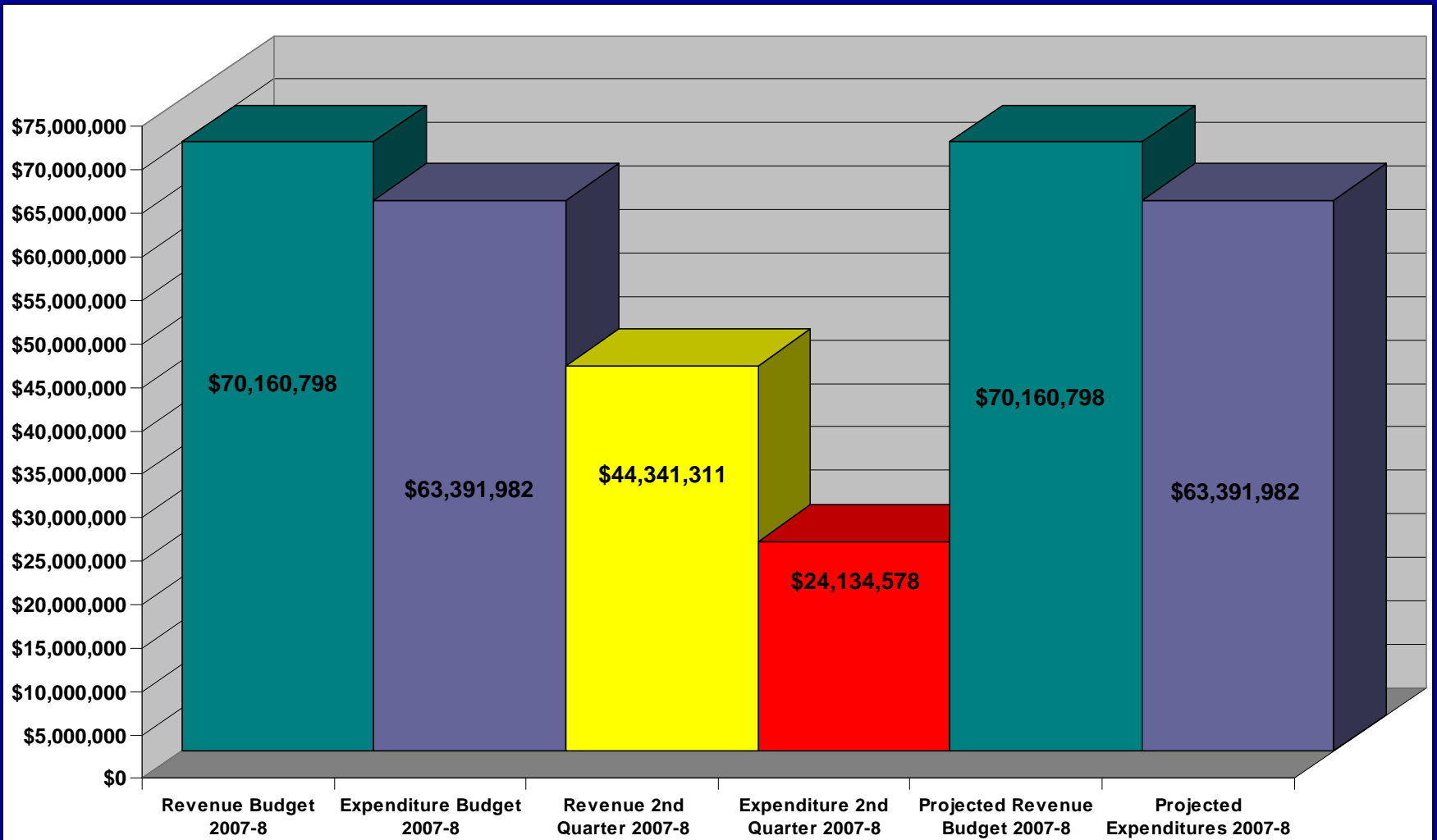
Traffic and Parking

University Center

College Continuing Education

Lifelong Learning Society

Florida Atlantic University Auxiliary Enterprises Operating Budget July 1, 2007 – December 31, 2007 Second Quarter Report



Auxiliary Enterprises Operating Budget

July 1, 2007 to December 31, 2007

Budgeted Revenues 2007-08: \$70,160,798 Actual Revenues to December 31: \$44,341,311

Budgeted Expenses 2007-08: \$63,391,982 Actual Expenses to December 31: \$24,134,578

The total budgeted revenue for 2007-2008 is \$ 70,160,798. As of December 31, 2007, \$11,341,311 in revenue has been generated, or approximately 63 percent of the total budget. Total projected expenditures for the year are \$63,391,982. As of December 31, 2007, \$24,134,578 has been expended, or approximately 38 percent of total projected expenditures for the year.

Analysis:

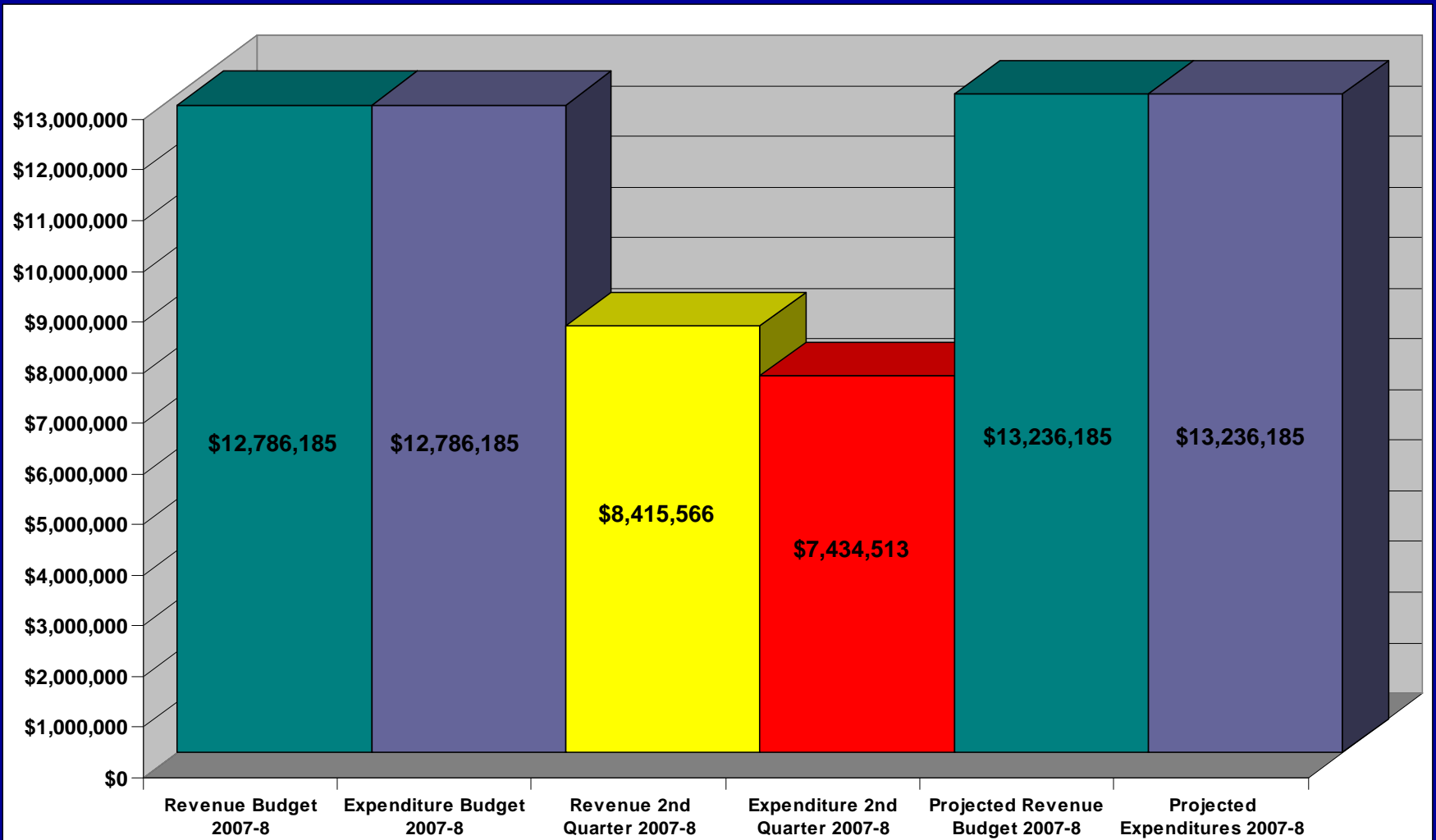
The expenditures to date for 2007-08 are slightly less than the percentage spent in the prior year (38 percent for 2007-08 compared to 43 percent for 2006-07). Revenues and expenditures for the year are believed to be on target with projections.

THE ATHLETICS LOCAL OPERATING BUDGET

The Athletics Local Operating Budget supports the University's student athletics program. Funding is generated from student athletics fees (\$13.75 per-credit hour) as well as ticket sales to athletics events, game guarantees, NCAA distributions, sponsorships and private support.

In addition to the Local Operating Budget, FAU Athletics receives \$246,000 in State Educational and General Title IX Gender Equity funding and \$1,077,815 in out-of-state waiver authority and financial aid.

Florida Atlantic University Athletics Local Operating Budget July 1, 2007 – December 31, 2007 Second Quarter Report



Athletics Local Operating Budget

July 1, 2007 to December 31, 2007

Budgeted Revenues 2007-08: \$12,786,185

Actual Revenues to December 31: \$8,415,566

Budgeted Expenses 2007-08: \$12,786,185

Actual Expenses to December 31: \$7,434,513

The beginning of year budgeted revenue for 2007-2008 was \$12,786,185. The major revenue components are athletics fees (\$8,050,000), ticket sales (\$440,000), game guarantees (\$1,350,000), NCAA/Conference distribution (\$620,000), corporate sales/sponsorships (\$400,000), private fundraising (\$800,000) and other revenues of \$986,185. Both revenues and expenses were increased by \$450,000 to account for revenue and expenditures associated with FAU's participation in the R&L Carriers New Orleans Bowl on December 21, 2007. FAU was the only Florida university to win a Bowl game.

Of these major revenue components, actual collections were athletics fees of \$6,709,273, ticket sales of \$284,092, corporate sales/sponsorships of \$90,250, game guarantees of \$646,375 and NCAA / conference distributions of \$600,884. Auxiliary event revenues (licensing, merchandising, and concession sales) are \$44,133 and other revenue (Bowl revenue and facility rentals) totals \$40,559. Private fundraising (development revenue), not reflected in the total revenue, total \$115,933 and were transferred to athletics in January.

The beginning of year expense budget for 2007-2008 was \$12,786,185. Payroll of \$5,110,000, program operating expenses of \$5,050,000 and scholarships of \$2,626,185 account for this total. Total expenditures through December 31, 2007 were \$7,434,513 or approximately 58 percent of the total budgeted amount. Of total expenditures to date, 25 percent (\$1,843,259) were financial aid, 31 percent (\$2,313,495) were payroll, and 44 percent (3,277,759) were program operations.

In addition to the local operating budget, FAU receives \$246,000 in State Educational and General Title IX Gender Equity Funding and \$1,077,815 in out-of-state waiver authority and financial aid.

Athletics Local Operating Budget

July 1, 2007 to December 31, 2007

Analysis:

Athletic fee collections are projected to reach their targeted amounts and these are being closely monitored. Athletics fees were conservatively estimated at only \$50,000 above last year's projections. Game guarantees revenues are expected to be achieved.

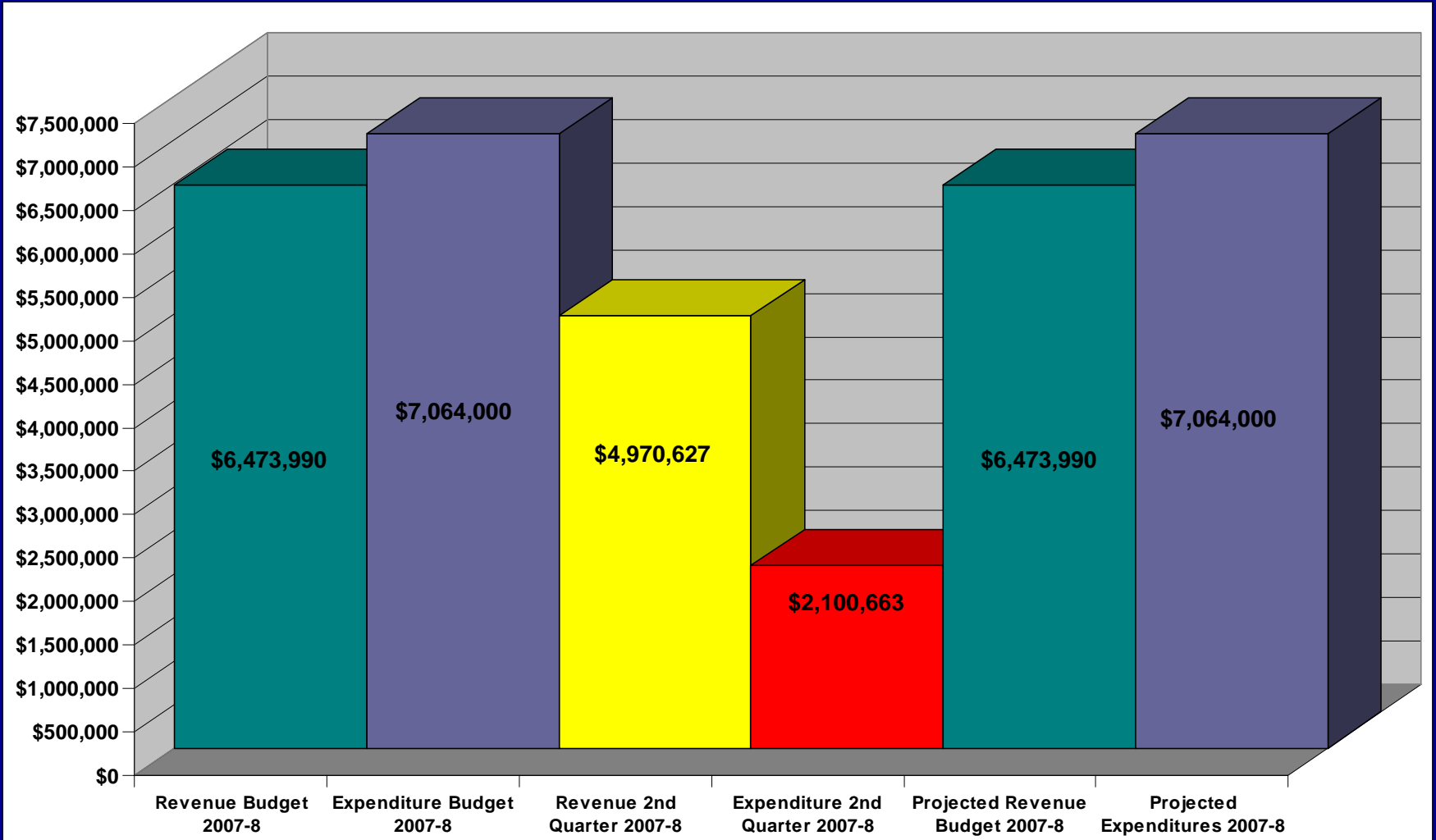
Development revenue, Corporate sales (sponsorships), and other revenue are below projections at this time and are being closely monitored. Athletics is working with the Division of University Advancement and Nelligan Sports Marketing to improve these revenues.

Regular meetings are taking place to monitor revenues and expenditures of Athletics.

THE STUDENT GOVERNMENT- STUDENT ACTIVITIES BUDGET

The Student Government-Student Activities budget supports student activities such as student government and student clubs and organizations. Also included in the budget are expenditures for the University Center and campus recreation and student wellness activities. The Student Government budget is funded primarily through the Activity and Service fee paid by students (\$10 per-credit hour) as well as other types of service fees.

Florida Atlantic University Student Government – Student Activities Operating Budget July 1, 2007 – December 31, 2007 Second Quarter Report



Student Government- Student Activities Operating Budget

July 1, 2007 to December 31, 2007

Budgeted Revenues 2007-08: \$6,473,900

Actual Revenues to December 31: \$4,970,627

Budgeted Expenses 2007-08: \$7,064,000

Actual Expenses to December 31: \$2,100,663

The total budgeted revenue for 2007-2008 is \$6,473,900. As of December 31, 2007, \$4,970,627 in revenue has been generated, or approximately 77 percent of the total projected revenue budget. These funds have been generated primarily by Activity and Service fees. Total projected expenditures for the year are estimated at \$7,064,000. To date, \$2,100,663 has been expended, or approximately 30 percent of total projected expenditures for the year.

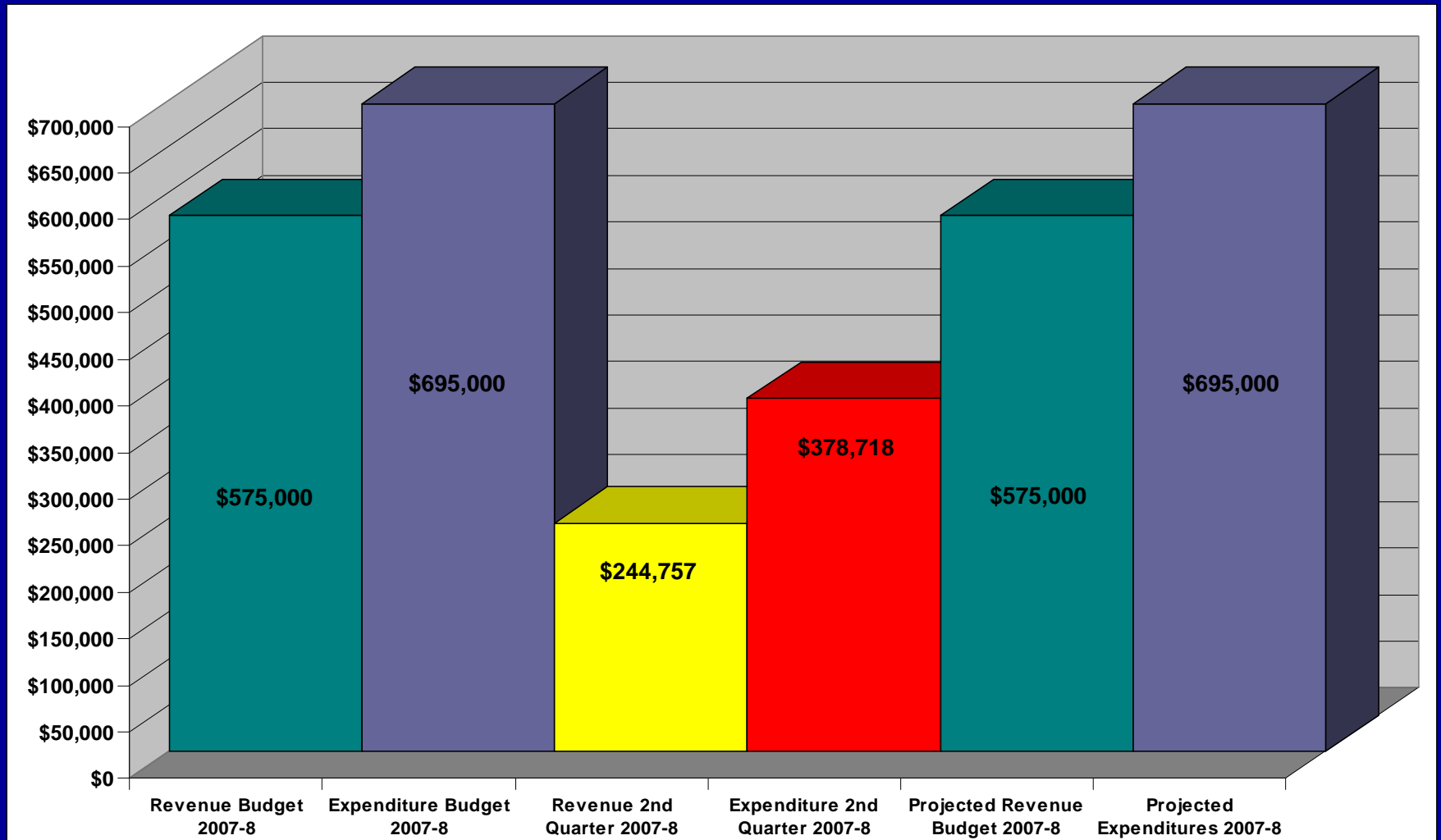
Analysis:

The expenditures to date for 2007-08 are slightly lower than the percentage spent in the prior year (30 percent for 2007-08 compared to 34 percent for 2006-07).

THE CONCESSIONS BUDGET

The Concessions Budget consists of funds from concession operations such as soft drink and snack vending machines. Expenditures from these funds support the academic mission of the University.

Florida Atlantic University Concessions Operating Budget July 1, 2007 – December 31, 2007 Second Quarter Report



Concessions Operating Budget

July 1, 2007 to December 31, 2007

Budgeted Revenues 2007-08: \$575,000

Actual Revenues to December 31: \$244,757

Budgeted Expenses 2007-08: \$695,000

Actual Expenses to December 31: \$378,718

The total budgeted revenue for 2007-2008 is \$575,000. As of December 31, 2007, \$244,757 has been received, or approximately 43 percent of the revenue budget, and \$378,718 has been expended, or approximately 54 percent of the total expenditure budget.

Analysis:

Revenues and expenditures for the year are believed to be on target with projections. The amount of expenditures to date for 2007-08 is more than in the prior year. Revenues remain consistent and any overage will be absorbed by prior year cash balances.

FLORIDA ATLANTIC UNIVERSITY OPERATING BUDGET STATUS AS OF DECEMBER 31, 2007 SUMMARY COMPARISONS

- *Year-to-Date Expenditures for Fiscal Year 2007-08*
- *Year-to-Date Expenditures for Fiscal Year 2006-07*

- *Year-to-Date Student Credit Hours for Fiscal Year 2007-08*
- *Year-to-Date Student Credit Hours for Fiscal Year 2006-07*

- *Year-to-Date Expenditures by Activity in Dollars for Fiscal Year 2007-08*
- *Year-to-Date Expenditures by Activity in Dollars for Fiscal Year 2006-07*

- *Year-to-Date Expenditures by Activity in Percentages for Fiscal Year 2007-08*
- *Year-to-Date Expenditures by Activity in Percentages for Fiscal Year 2006-07*

**FLORIDA ATLANTIC UNIVERSITY
OPERATING BUDGET STATUS
AS OF DECEMBER 31, 2007**

YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2007-2008					
	Expenditures	Operating Budget	Remainder	% of Budget Spent	Cash & Investments
Educational & General	\$ 116,443,876	255,550,483	\$ 139,106,607	45.57%	\$ 37,610,481
Student Financial Aid	\$ 47,924,737	122,951,300	75,026,563	38.98%	4,012,496
Sponsored Research / other Grants	\$ 23,867,590	63,307,843	39,440,253	37.70%	2,579,945
Auxiliary Enterprises	\$ 24,134,578	63,391,982	39,257,404	38.07%	54,604,767
Athletics	\$ 7,434,513	12,786,185	5,351,672	58.14%	1,207,994
Student Activities	\$ 2,100,663	7,064,000	4,963,337	29.74%	5,003,547
Concessions	\$ 378,718	695,000	316,282	54.49%	108,599
Total	\$ 222,284,676	\$ 525,746,793	\$ 303,462,117	42.28%	\$ 105,127,829

YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2006-07				
	Operating Expenditures	Final Budget	Remainder	% of Budget Spent
	\$ 104,723,392	\$ 243,977,802	\$ 139,254,410	42.92%
	\$ 50,038,094	122,803,303	72,765,209	40.75%
	\$ 22,726,299	59,163,175	36,436,876	38.41%
	\$ 23,797,532	55,006,528	31,208,996	43.26%
	\$ 6,565,391	12,277,000	5,711,609	53.48%
	\$ 2,289,876	6,678,124	4,388,248	34.29%
	\$ 157,754	576,575	418,821	27.36%
Total	\$ 210,298,338	\$ 500,482,507	\$ 290,184,169	42.02%

STUDENT CREDIT HOURS

FISCAL YEAR 2007-08 AS OF 12/31/2007

FISCAL YEAR 2006-07

Semester	Actual	Budget	Difference	% Variance
Summer (actual)	98,236	97,754	482	0.49%
Fall (preliminary)	255,170	256,327	(1,157)	-0.45%
Spring (estimate)	232,511	237,776	(5,265)	-2.21%
Total	585,917	591,857	(5,940)	-1.00%

Actual	Budget	Difference	% Variance
95,157	97,361	(2,204)	-2.26%
245,288	249,642	(4,354)	-1.74%
232,139	234,636	(2,497)	-1.06%
572,584	581,639	(9,055)	-1.56%

**FLORIDA ATLANTIC UNIVERSITY
OPERATING BUDGET STATUS
EXPENDITURES BY CATEGORY AS OF DECEMBER 31, 2007**

EXPENDITURES BY ACTIVITY - DOLLAR AMOUNTS

	YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2007-08				YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2006-07			
	Salaries & Benefits	OPS	Expense/ Other	Total	Salaries & Benefits	OPS	Expense/ Other	Total
Educational & General	\$ 75,487,509	\$ 9,268,491	\$ 31,687,876	\$ 116,443,876	\$ 67,861,764	\$ 9,113,237	\$ 27,748,391	\$ 104,723,392
Student Financial Aid	281,012	263,456	47,380,269	47,924,737	196,840	274,167	49,567,087	50,038,094
Sponsored Research / Other Grants	10,661,529	3,665,933	9,540,128	23,867,590	10,357,147	4,243,480	8,125,672	22,726,299
Auxiliary Enterprises	6,701,302	2,471,194	14,962,082	24,134,578	5,606,712	2,256,616	15,934,204	23,797,532
Athletics	2,141,197	176,913	5,116,403	7,434,513	2,027,245	189,861	4,348,286	6,565,391
Student Activities	165,695	454,221	1,480,747	2,100,663	121,018	454,958	1,713,901	2,289,876
Concessions		167,445	211,273	378,718			157,754	157,754
Total	\$ 95,438,244	\$ 16,467,653	\$ 110,378,778	\$ 222,284,676	\$ 86,170,726	\$ 16,532,318	\$ 107,595,294	\$ 210,298,338

EXPENDITURES BY ACTIVITY - PERCENT OF TOTAL

	FISCAL YEAR 2007-08 AS OF 12/31/2007				FISCAL YEAR 2006-07 AS OF 12/31/2006			
	Salaries & Benefits	OPS	Expense	Total	Salaries & Benefits	OPS	Expense	Total
Educational & General	64.83%	7.96%	27.21%	100.00%	64.80%	8.70%	26.50%	100.00%
Student Financial Aid	0.59%	0.55%	98.86%	100.00%	0.39%	0.55%	99.06%	100.00%
Sponsored Research / other Grants	44.67%	15.36%	39.97%	100.00%	45.57%	18.67%	35.75%	100.00%
Auxiliary Enterprises	27.77%	10.24%	61.99%	100.00%	23.56%	9.48%	66.96%	100.00%
Athletics	28.80%	2.38%	68.82%	100.00%	30.88%	2.89%	66.23%	100.00%
Student Activities	7.89%	21.62%	70.49%	100.00%	5.28%	19.87%	74.85%	100.00%
Concessions	0.00%	44.21%	55.79%	100.00%	0.00%	0.00%	100.00%	100.00%
Total	42.94%	7.41%	49.66%	100.00%	40.98%	7.86%	51.16%	100.00%