



Item: AF: I-6

AUDIT AND FINANCE COMMITTEE

Wednesday, February 17, 2010

SUBJECT: REVIEW OF THE SECOND QUARTER STATUS OF FLORIDA ATLANTIC UNIVERSITY'S 2009-10 OPERATING BUDGET, JULY 1 – DECEMBER 31, 2009.

PROPOSED COMMITTEE ACTION

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 2009-10 Operating Budget, July 1 – December 31, 2009.

Presented by: Mr. Dennis Crudele, Interim Vice President for Financial Affairs

Phone: 561-297-3266

FLORIDA ATLANTIC UNIVERSITY 2009-10 UNIVERSITY OPERATING BUDGET July 1, 2009 TO December 31, 2009 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 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. Approximately 31 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.

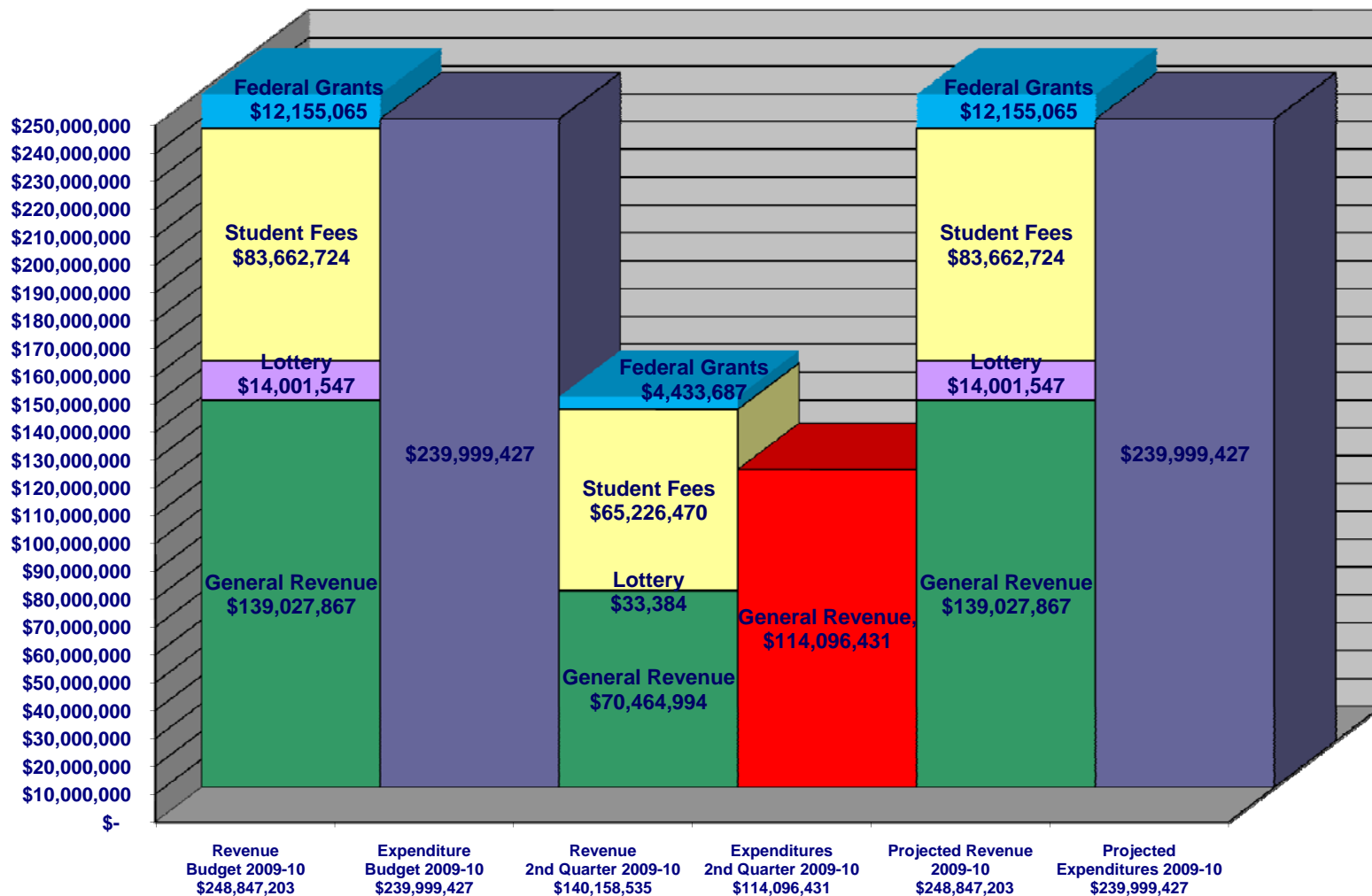
Federal Grants, consisting of stimulus funding from the federal stimulus package. Distribution in 2009-10 is the first of two years of non-recurring funding.

Florida Atlantic University

Educational and General Operating Budget

July 1, 2009 – December 31, 2009

Second Quarter Report



Educational and General Operating Budget

July 1, 2009 to December 31, 2009

Budgeted Revenues 2009-10: \$248,847,203 Actual Revenues to December 31: \$140,158,535
Budgeted Expenses 2009-10: \$239,999,427 Actual Expenses to December 31: \$114,096,431

The total budgeted revenue for 2009-10 is \$248,847,203. The major revenue components were general revenue (\$139,027,867), student fees (\$83,662,724), lottery funding (\$14,001,547) and Federal Stabilization (\$12,155,065).

For the second quarter, actual revenue collections are general revenue of \$70,464,994, lottery funds of \$33,384, student fees of \$ 65,226,470 and federal stabilization funding of \$4,433,687 for total revenue of \$140,158,535.

The total expense budget for 2009-10 is \$239,999,427. This amount reflects \$8,447,943 in student fee budget authority held in unallocated reserve.

Total expenditures through the second quarter were \$114,096,431; approximately 48 percent of the total projected budget amount.

Educational and General Operating Budget

Analysis and Update on State of Florida Budget:

The Educational and General figures presented in this document reflect initial budgets approved by the Board of Trustees in June with additional Federal Stabilization funding awarded in August.

Summer enrollment fell short of the budgeted projections just slightly by 1,643 student credit hours (less than 2%) and preliminary estimates for the Fall semester indicate that enrollment will exceed its goal by 11,286 credit hours (4.45%). Fall 2009 headcount is 27,700, an increase of approximately 2.5% over Fall 2008 headcount of 27,021. We are predicting that Spring enrollments will exceed the target by 5%, which will put our student credit hours for the fiscal year at 613,796 and increase of 3.7% over estimates.

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 2009-10:

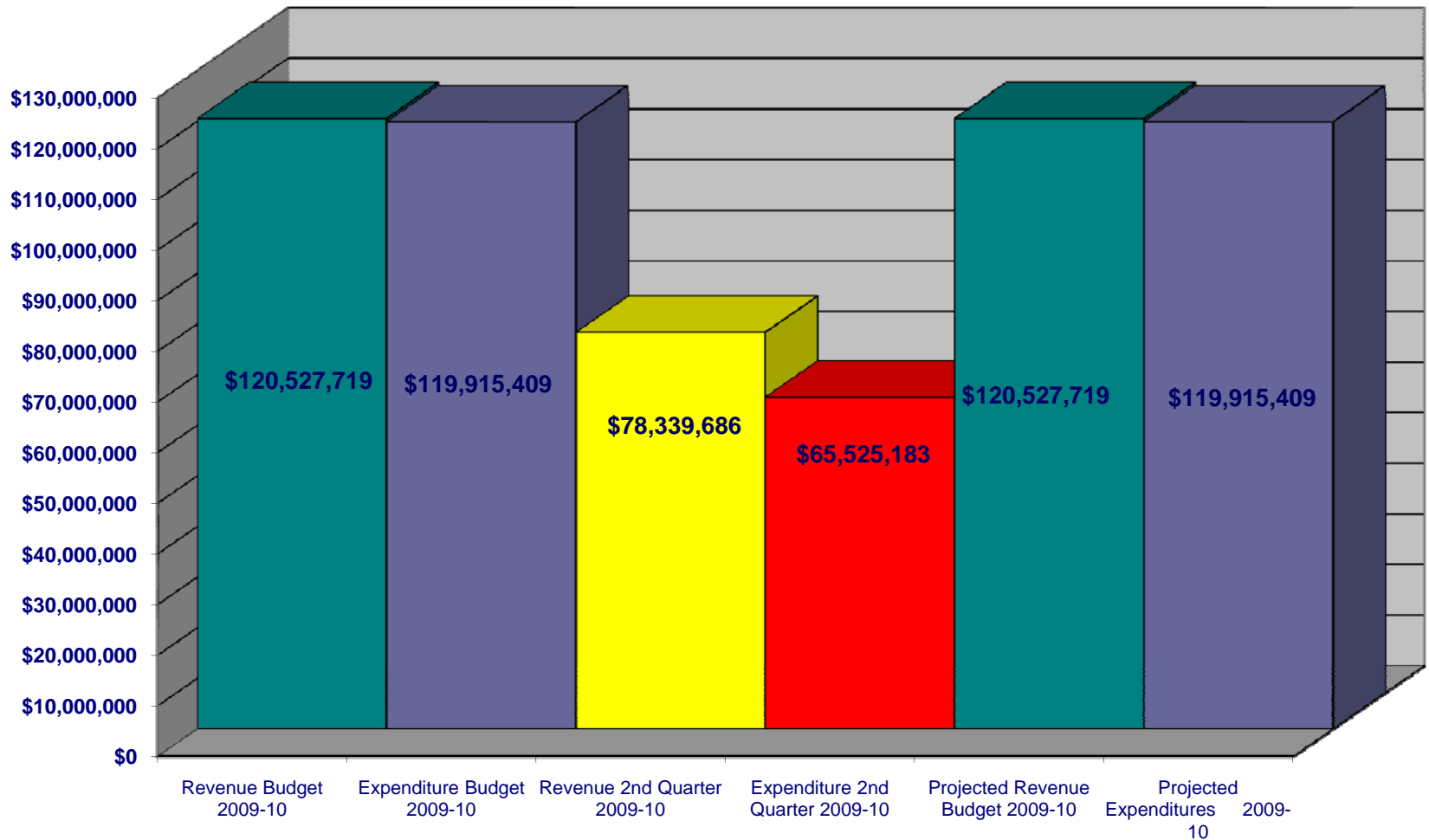
| | |
|---------|----------------------------|
| \$ 4.42 | Undergraduate In-State |
| \$25.60 | Undergraduate Out-of-State |
| \$12.05 | Graduate In-State |
| \$41.89 | Graduate Out-of-State |

Florida Atlantic University

Student Financial Aid Operating Budget

July 1, 2009 – December 31, 2009

Second Quarter Report



Student Financial Aid Operating Budget

July 1, 2009 to December 31, 2009

Budgeted Revenues 2009-10: \$120,527,719 Actual Revenues to December 31: \$78,339,686

Budgeted Expenses 2009-10: \$119,915,409 Actual Expenses to December 31: \$65,525,183

The total budgeted revenue for 2009-10 is \$120,527,719. As of December 31, 2009, \$78,339,686 in revenue has been generated, or approximately 65 percent the total revenue budget. Total projected expenditures for the year are \$119,915,409. As of December 31, 2009, \$65,525,183 has been expended, or approximately 55 percent of total projected expenditures for the year.

Analysis:

The amount of expenditures to date for 2009-10 is 55 percent of the total budgeted expenditures compared to 48 percent spent in the prior year. The increase in expenditures could be explained by the increased eligibility for the Pell Grant, along with an unexpected increase in student enrollment. Revenues 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.

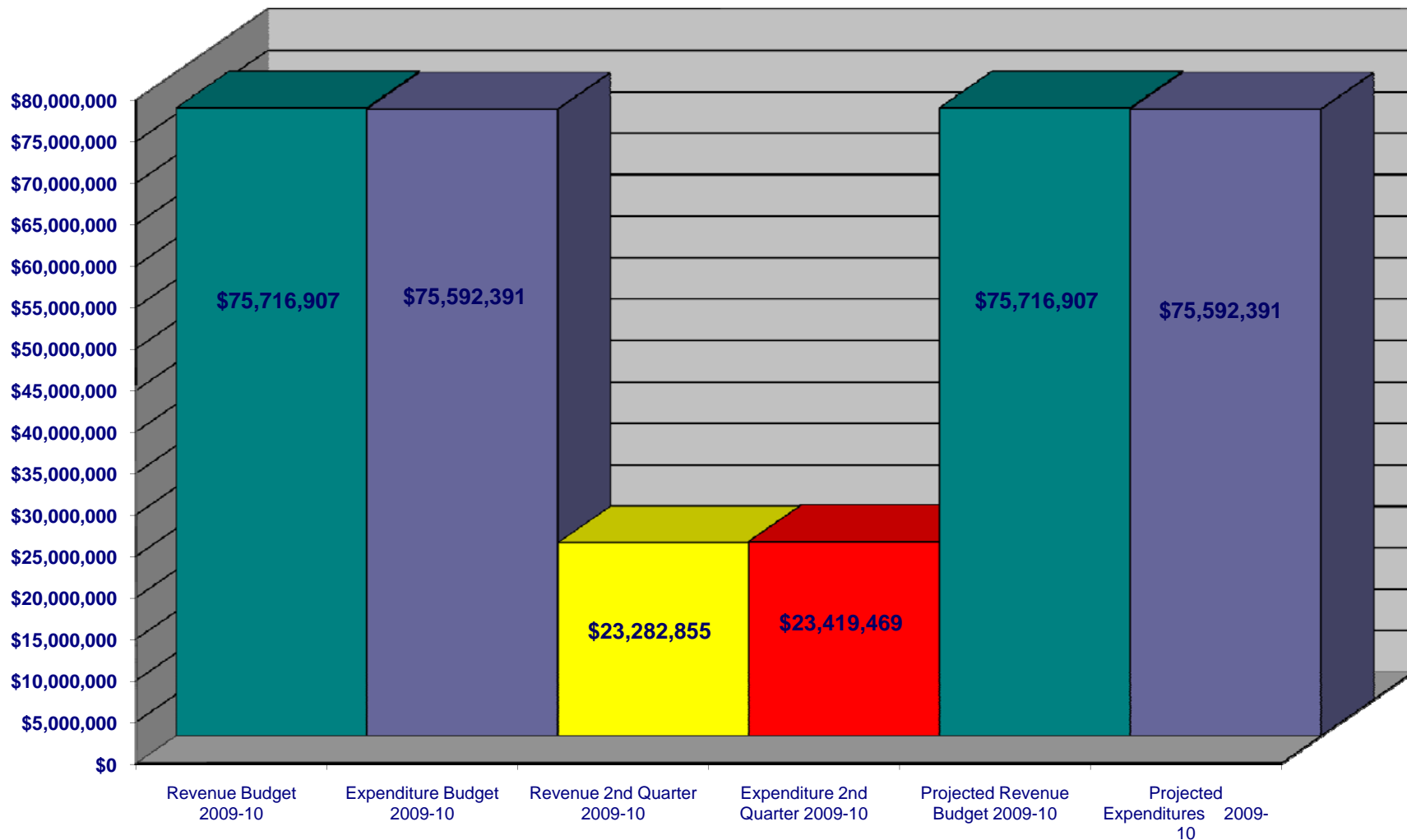
Expenditures for the Division of Sponsored Research, the A.D. Henderson University School and the Florida Atlantic University Foundation (payroll and clearing account) and Harbor Branch Oceanographic Institute research activity are included in the Grants & Contracts budget.

Florida Atlantic University

Grants and Contracts Operating Budget

July 1, 2009 – December 31, 2009

Second Quarter Report



Grants and Contracts Operating Budget

July 1, 2009 to December 31, 2009

Budgeted Revenues 2009-10: \$75,716,907 Actual Revenues to December 31: \$23,282,855

Budgeted Expenses 2009-10: \$75,592,391 Actual Expenses to December 31: \$23,419,469

The total budgeted revenue for 2009-10 is \$75,716,907 and budgeted expenses are \$75,592,391. Total budgeted expenditures are comprised of Sponsored Research (\$63,677,757), FAU Foundation, Inc (\$7,666,275) and A. D. Henderson University School \$4,251,059). As of December 31, 2009, \$23,282,855 in revenue has been generated, approximately 31 percent of the budgeted amount; \$23,419,469 has been expended, or approximately 31 percent of the total expenditure budget.

Of the total expenditures to date, salaries and benefits equal \$10,226,520 (44 percent of total expenditures); OPS is \$3,086,706 (13 percent); and expense is \$10,106,243 (43 percent).

Analysis:

Total expenditures to date are below last year's figure by \$2,125,003, or approximately 9 percent. Second quarter actual revenues of \$23,282,855 are below 2008-09 figures representing a decrease of 24 percent. The decrease in revenue can be attributed to the decrease in Clearwire funding allocated. Also, two of the primary sources of award funds, National Institute of Health and National Science Foundation, make their award announcements in November and April. Some grant awards are cost reimbursable and at times expenditures will be higher than collections 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 (\$7.80 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

Harbor Branch

Oceanographic Institute

Postal Services

Student Health Center

Traffic and Parking

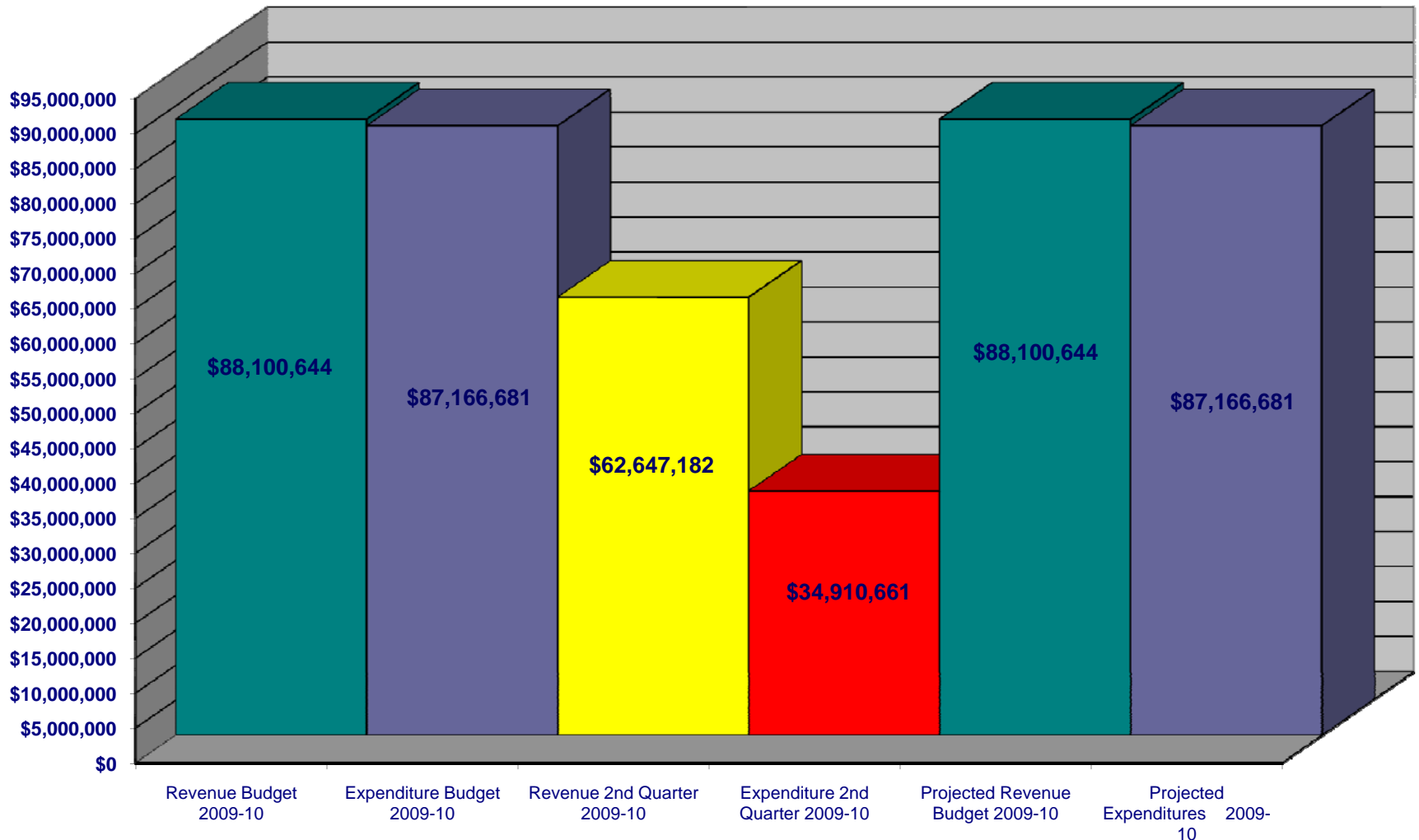
Student Union

College Continuing Education

Lifelong Learning Society

Clearwire Spectrum Holdings

Florida Atlantic University Auxiliary Enterprises Operating Budget July 1, 2009 – December 31, 2009 Second Quarter Report



Auxiliary Enterprises Operating Budget

July 1, 2009 to December 31, 2009

Budgeted Revenues 2009-10: \$88,100,644 Actual Revenues to December 31: \$62,647,182

Budgeted Expenses 2009-10: \$87,166,681 Actual Expenses to December 31: \$34,910,661

The total budgeted revenue for 2009-10 is \$88,100,644. As of December 31, 2009, \$62,647,182 in revenue has been generated, or approximately 71 percent of the total budget. Total projected expenditures for the year are \$87,166,681. As of December 31, 2009, \$34,910,661 has been expended, or approximately 40 percent of total projected expenditures for the year.

Analysis:

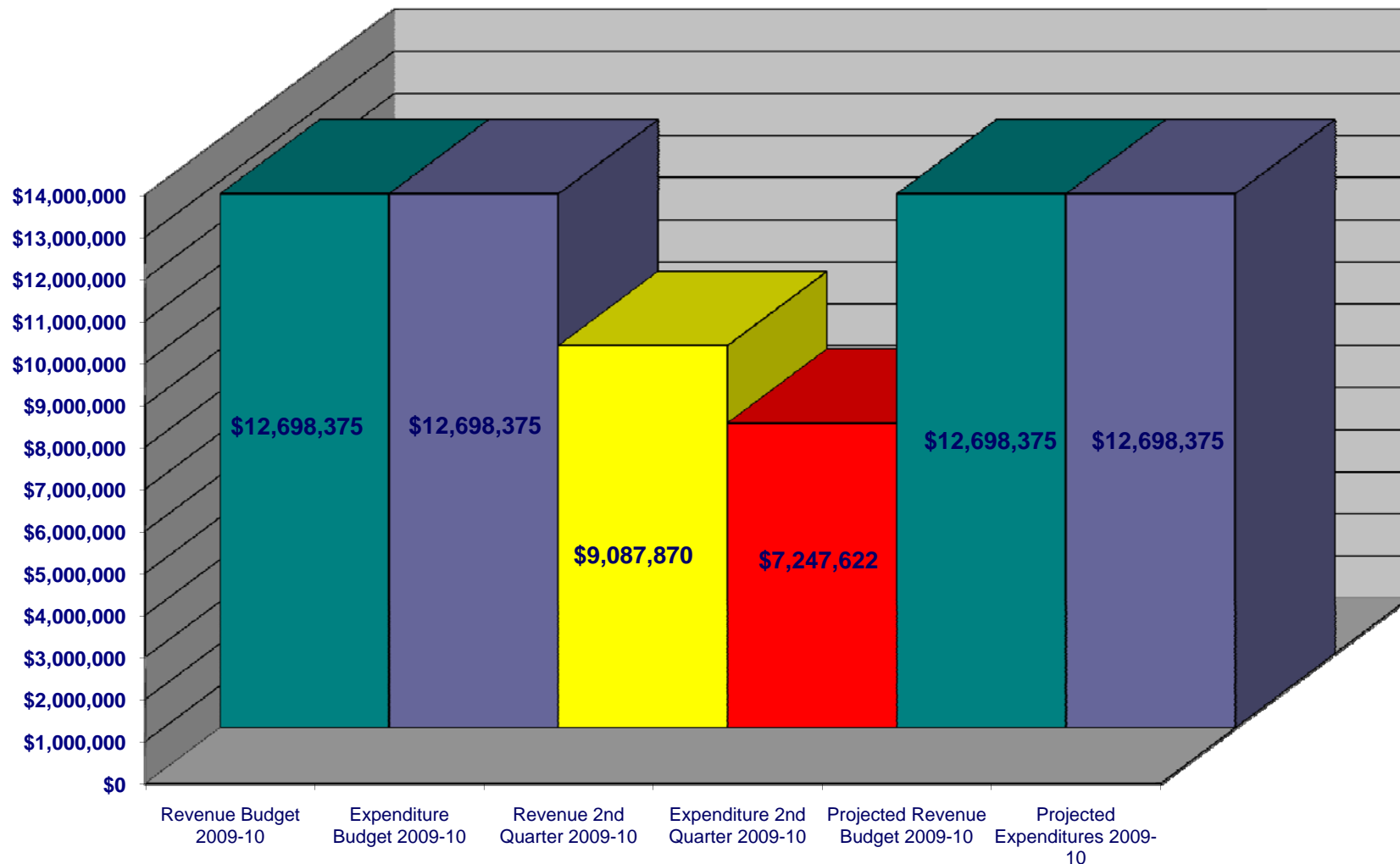
The expenditures to date for 2009-10 are lower than the percentage spent in the prior year (40 percent for 2009-10 compared to 41 percent for 2008-09). Revenues and expenditures for the year are believed to be on target with projections.

THE ATHLETICS OPERATING BUDGET

The Athletics Operating Budget supports the University's student athletics program. Funding is generated from student athletics fees (\$14.30 per-credit hour) as well as ticket sales to athletics events, game guarantees, NCAA distributions, sponsorships and private support.

In addition to the Operating Budget, FAU Athletics receives \$247,246 in State Educational and General Title IX Gender Equity funding and \$1,076,569 in out-of-state waiver authority and financial aid.

Florida Atlantic University Athletics Operating Budget July 1, 2009 – December 31, 2009 Second Quarter Report



Athletics Operating Budget

July 1, 2009 to December 31, 2009

Budgeted Revenues 2009-10: \$12,698,375

Actual Revenues to December 31: \$9,087,870

Budgeted Expenses 2009-10: \$12,698,375

Actual Expenses to December 31: \$7,247,622

The total budgeted revenue for 2009-10 is \$12,698,375. The major revenue components are athletics fees (\$8,245,000), ticket sales (\$623,500), game guarantees (\$1,821,875), NCAA/Conference distribution (\$703,000), corporate sales/sponsorships (\$400,000), private fundraising (\$630,000) and other revenues (\$275,000).

As of December 31, collections consisted of athletics fees of \$7,545,898, ticket sales of \$367,864, NCAA Grants in Aid of \$706,920, facilities rentals of \$35,044, game guarantees \$190,420 and other revenue of \$241,724.

The total expense budget for 2009-10 is \$12,698,375. Payroll of \$5,025,695 and program operating expenses of \$7,672,680, account for this total. Total expenditures through December 31, 2009 were \$7,247,622, or approximately 57 percent of the total budgeted amount. Of total expenditures to date, 19 percent (\$1,404,903) were financial aid disbursements, 33 percent (\$2,405,631) were payroll and 47 percent (\$3,437,088) in expense.

In addition to the local operating budget, FAU receives \$247,236 in State Educational and General Title IX Gender Equity funding and \$1,076,569 in out-of-state waiver authority and financial aid.

Athletics Operating Budget

July 1, 2009 to December 31, 2009

Analysis:

Athletic fee collections are projected to slightly exceed the targeted amounts due to the increase in fall and spring enrollment.

Ticket revenues are below projections. Game guarantees revenues are expected to be achieved. Corporate sales (sponsorships) are below projections at this time and are being closely monitored. Development funds also are significantly below expectations at this time.

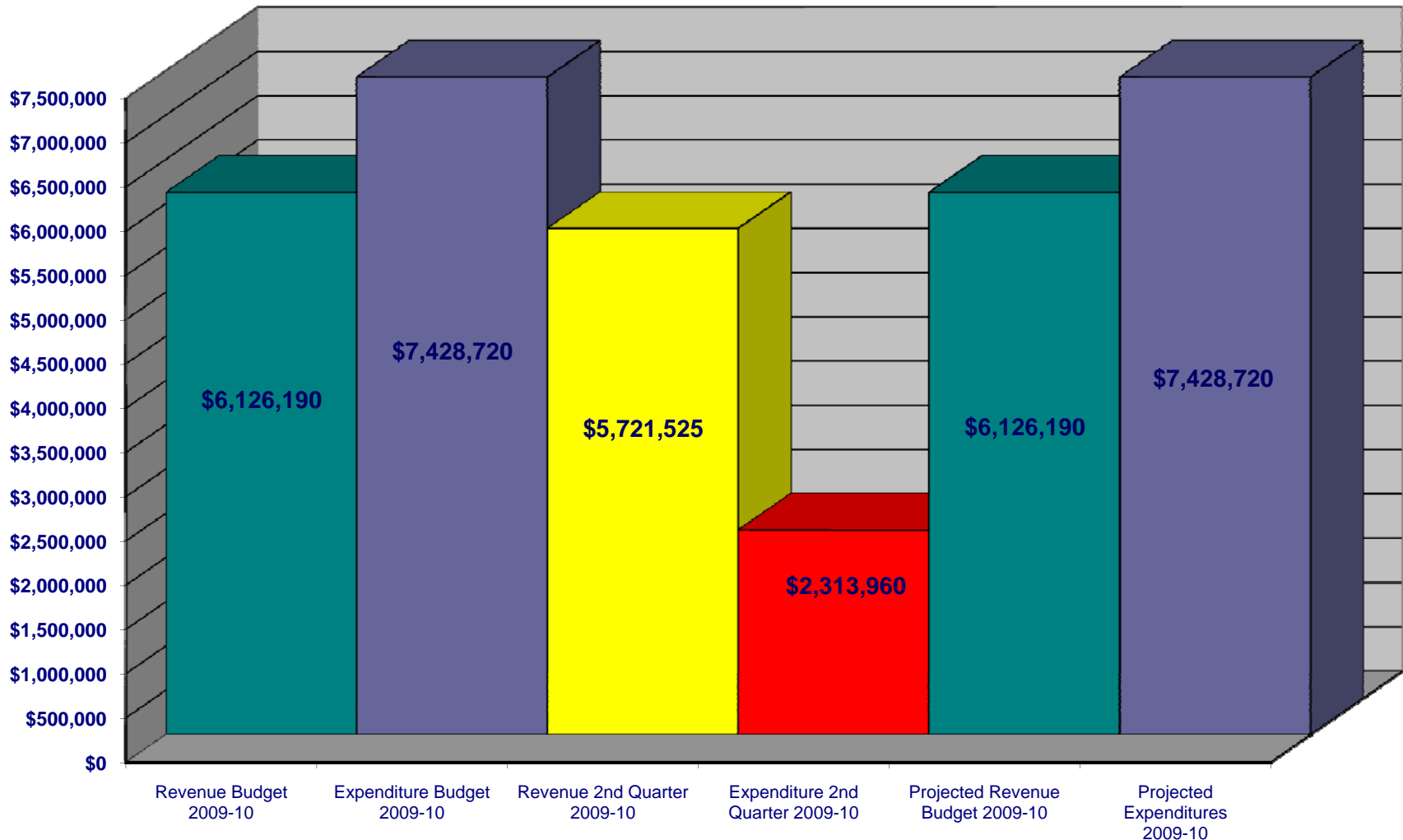
Regular meetings are on-going to monitor revenues and expenditures of Athletics. Athletics is working on an expenditure reduction plan.

STUDENT ACTIVITIES BUDGET

The Student Activities budget supports student activities such as student government and student clubs and organizations. Also included in the budget are expenditures for the Student Union and campus recreation and student wellness activities.

The Student Activities budget is funded primarily through the Activity and Service fee paid by students (\$10.40 per credit hour) as well as other types of service fees.

Florida Atlantic University Student Activities Operating Budget July 1, 2009 – December 31, 2009 Second Quarter Report



Student Activities Operating Budget

July 1, 2009 to December 31, 2009

Budgeted Revenues 2009-10: \$6,126,190

Actual Revenues to December 31: \$5,721,525

Budgeted Expenses 2009-10: \$7,428,720

Actual Expenses to December 31: \$2,313,960

The total budgeted revenue for 2009-10 is \$6,126,190. As of December 31, 2009, \$5,721,525 in revenue has been generated, or approximately 93 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 \$7,428,720. To date, \$2,313,960 has been expended, or approximately 31 percent of total projected expenditures for the year.

Analysis:

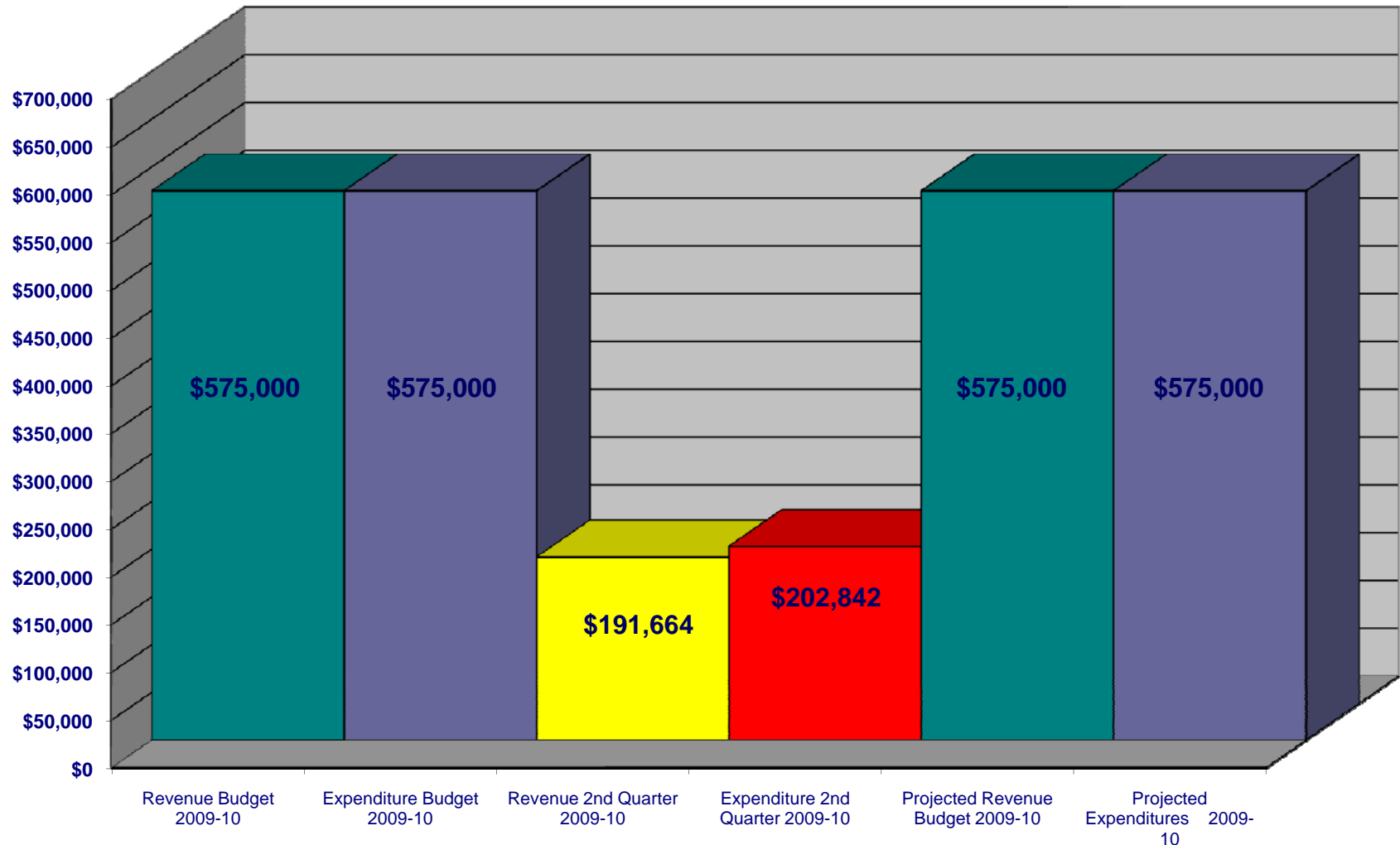
The expenditures to date for 2009-10 are higher than the percentage spent in the prior year (31 percent for 2009-10 compared to 25 percent for 2008-09). Although projected expenditures for the year exceed revenues by \$1,302,530, available cash balances will support this level of expenditure, if required.

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, 2009 – December 31, 2009 Second Quarter Report



Concessions Operating Budget

July 1, 2009 to December 31, 2009

Budgeted Revenues 2009-10: \$575,000 Actual Revenues to December 31: \$191,664

Budgeted Expenses 2009-10: \$575,000 Actual Expenses to December 31: \$202,842

The total budgeted revenue for 2009-10 is \$575,000. As of December 31, 2009, \$191,664 had been received, or approximately 33 percent of the revenue budget, and \$202,842 has been expended, or approximately 35 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 2009-10 is less 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, 2009
SUMMARY COMPARISONS**

Year-to-Date Expenditures for Fiscal Year 2009-10 and Fiscal Year 2008-09

Year-to-Date Student Credit Hours for Fiscal Year 2009-10 and 2008-09

Year-to-Date Expenditures by Activity in Dollars for Fiscal Year 2009-10 and Fiscal Year 2008-09

Year-to-Date Expenditures by Activity in Percentages for Fiscal Year 2009-10 and Fiscal Year 2008-09

FLORIDA ATLANTIC UNIVERSITY
OPERATING EXPENDITURE BUDGET STATUS
DECEMBER 31, 2009

| | YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2009-2010 | | | |
|---------------------------|---|-----------------|----------------|-------------------|
| | Operating Expenditures | Original Budget | Remainder | % of Budget Spent |
| Educational & General | \$ 114,096,431 | \$ 239,999,427 | \$ 125,902,996 | 47.5% |
| Student Financial Aid | \$ 65,525,183 | \$ 119,915,409 | 54,390,226 | 54.6% |
| Sponsored Research/Grants | \$ 23,419,469 | \$ 75,592,391 | 52,172,922 | 31.0% |
| Auxiliary Enterprises | \$ 34,910,661 | \$ 87,166,681 | 52,256,020 | 40.1% |
| Athletics | \$ 7,247,622 | \$ 12,698,375 | 5,450,753 | 57.1% |
| Student Activities | \$ 2,313,960 | \$ 7,428,720 | 5,114,760 | 31.1% |
| Concessions | \$ 202,842 | \$ 575,000 | 372,158 | 35.3% |
| Total | \$ 247,716,169 | \$ 543,376,003 | \$ 295,659,834 | 45.6% |

| | YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2008-09 | | | |
|--|---|----------------|----------------|-------------------|
| | Operating Expenditures | Final Budget | Remainder | % of Budget Spent |
| | \$ 107,151,218 | 249,374,143 | \$ 142,222,925 | 43.0% |
| | \$ 54,122,843 | 112,411,000 | 58,288,157 | 48.1% |
| | \$ 25,544,472 | 64,980,353 | 39,435,881 | 39.3% |
| | \$ 35,849,466 | 74,095,703 | 38,246,237 | 48.4% |
| | \$ 7,781,082 | 13,015,661 | 5,234,579 | 59.8% |
| | \$ 1,834,437 | 7,291,622 | 5,457,185 | 25.2% |
| | \$ 302,199 | 650,000 | 347,801 | 46.5% |
| | \$ 232,585,717 | \$ 521,818,482 | \$ 289,232,765 | 44.6% |

STUDENT CREDIT HOURS

| | FISCAL YEAR 2009-10 AS OF 12/31/2009 | | | |
|--------------------|--------------------------------------|---------|------------|------------|
| Semester | Actual | Budget | Difference | % Variance |
| Summer (final) | 96,724 | 98,367 | (1,643) | -1.67% |
| Fall (preliminary) | 264,863 | 253,577 | 11,286 | 4.45% |
| Spring (estimate) | 252,209 | 239,911 | 12,298 | 5.13% |
| Total | 613,796 | 591,855 | 21,941 | 3.71% |

| | FISCAL YEAR 2008-09 | | | |
|--|---------------------|---------|------------|------------|
| | Actual | Budget | Difference | % Variance |
| | 90,651 | 98,367 | (7,716) | -7.84% |
| | 254,263 | 253,577 | 686 | 0.27% |
| | 238,029 | 239,911 | (1,882) | -0.78% |
| | 582,943 | 591,855 | (8,912) | -1.51% |

FLORIDA ATLANTIC UNIVERSITY
OPERATING EXPENDITURE BUDGET STATUS
DECEMBER 31, 2009

EXPENDITURES BY ACTIVITY - DOLLAR AMOUNTS

| | YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2009-10 | | | |
|---------------------------|---|---------------|----------------|----------------|
| | Salaries & Benefits | OPS | Expense/ Other | Total |
| Educational & General | \$ 77,917,282 | \$ 9,140,324 | \$ 27,038,825 | \$ 114,096,431 |
| Student Financial Aid | 372,967 | 328,804 | 64,823,412 | 65,525,183 |
| Sponsored Research/Grants | 10,226,520 | 3,086,706 | 10,106,243 | 23,419,469 |
| Auxiliary Enterprises | 9,479,304 | 2,845,198 | 22,586,159 | 34,910,661 |
| Athletics | 2,231,360 | 174,271 | 4,841,991 | 7,247,622 |
| Student Activities | 272,418 | 488,722 | 1,552,820 | 2,313,960 |
| Concessions | | | 202,842 | 202,842 |
| Total | \$ 100,499,851 | \$ 16,064,026 | \$ 131,152,292 | \$ 247,716,169 |

| | YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2008-09 | | | |
|---------------------------|---|---------------|----------------|----------------|
| | Salaries & Benefits | OPS | Expense/ Other | Total |
| Educational & General | \$ 74,304,346 | \$ 8,790,612 | \$ 24,056,261 | \$ 107,151,218 |
| Student Financial Aid | 341,587 | 220,821 | 53,560,435 | 54,122,843 |
| Sponsored Research/Grants | 11,583,595 | 3,192,653 | 10,768,224 | 25,544,472 |
| Auxiliary Enterprises | 8,664,431 | 2,619,395 | 24,565,640 | 35,849,466 |
| Athletics | 2,211,044 | 201,168 | 5,368,870 | 7,781,082 |
| Student Activities | 241,606 | 398,883 | 1,193,947 | 1,834,437 |
| Concessions | | 116,822 | 185,377 | 302,199 |
| Total | \$ 97,346,609 | \$ 15,540,354 | \$ 119,698,755 | \$ 232,585,717 |

EXPENDITURES BY ACTIVITY - PERCENT OF TOTAL

| | FISCAL YEAR 2009-10 AS OF 12/31/09 | | | |
|---------------------------|------------------------------------|--------|---------|---------|
| | Salaries & Benefits | OPS | Expense | Total |
| Educational & General | 68.29% | 8.01% | 23.70% | 100.00% |
| Student Financial Aid | 0.57% | 0.50% | 98.93% | 100.00% |
| Sponsored Research/Grants | 43.67% | 13.18% | 43.15% | 100.00% |
| Auxiliary Enterprises | 27.15% | 8.15% | 64.70% | 100.00% |
| Athletics | 30.79% | 2.40% | 66.81% | 100.00% |
| Student Activities | 11.77% | 21.12% | 67.11% | 100.00% |
| Concessions | 0.00% | 0.00% | 100.00% | 100.00% |
| Total | 40.57% | 6.48% | 52.94% | 100.00% |

| | FISCAL YEAR 2008-09 AS OF 12/31/08 | | | |
|---------------------------|------------------------------------|--------|---------|---------|
| | Salaries & Benefits | OPS | Expense | Total |
| Educational & General | 69.35% | 8.20% | 22.45% | 100.00% |
| Student Financial Aid | 0.63% | 0.41% | 98.96% | 100.00% |
| Sponsored Research/Grants | 45.35% | 12.50% | 42.15% | 100.00% |
| Auxiliary Enterprises | 24.17% | 7.31% | 68.52% | 100.00% |
| Athletics | 28.42% | 2.59% | 69.00% | 100.00% |
| Student Activities | 13.17% | 21.74% | 65.09% | 100.00% |
| Concessions | 0.00% | 38.66% | 61.34% | 100.00% |
| Total | 41.85% | 6.68% | 51.46% | 100.00% |