



Item: AF: I-5

AUDIT AND FINANCE COMMITTEE

Wednesday, February 16, 2011

SUBJECT: REVIEW OF THE SECOND QUARTER STATUS OF FLORIDA ATLANTIC UNIVERSITY'S 2010-11 OPERATING BUDGET, JULY 1 – DECEMBER 31, 2010.

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 2010-11 Operating Budget, July 1 – December 31, 2010.

Presented by: Mr. Dennis Crudele, Senior Vice Presiden-Financial Affairs **Phone:** 561-297-3266

FLORIDA ATLANTIC UNIVERSITY 2010-11 UNIVERSITY OPERATING BUDGET JULY 1, 2010 TO DECEMBER 31, 2010 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:

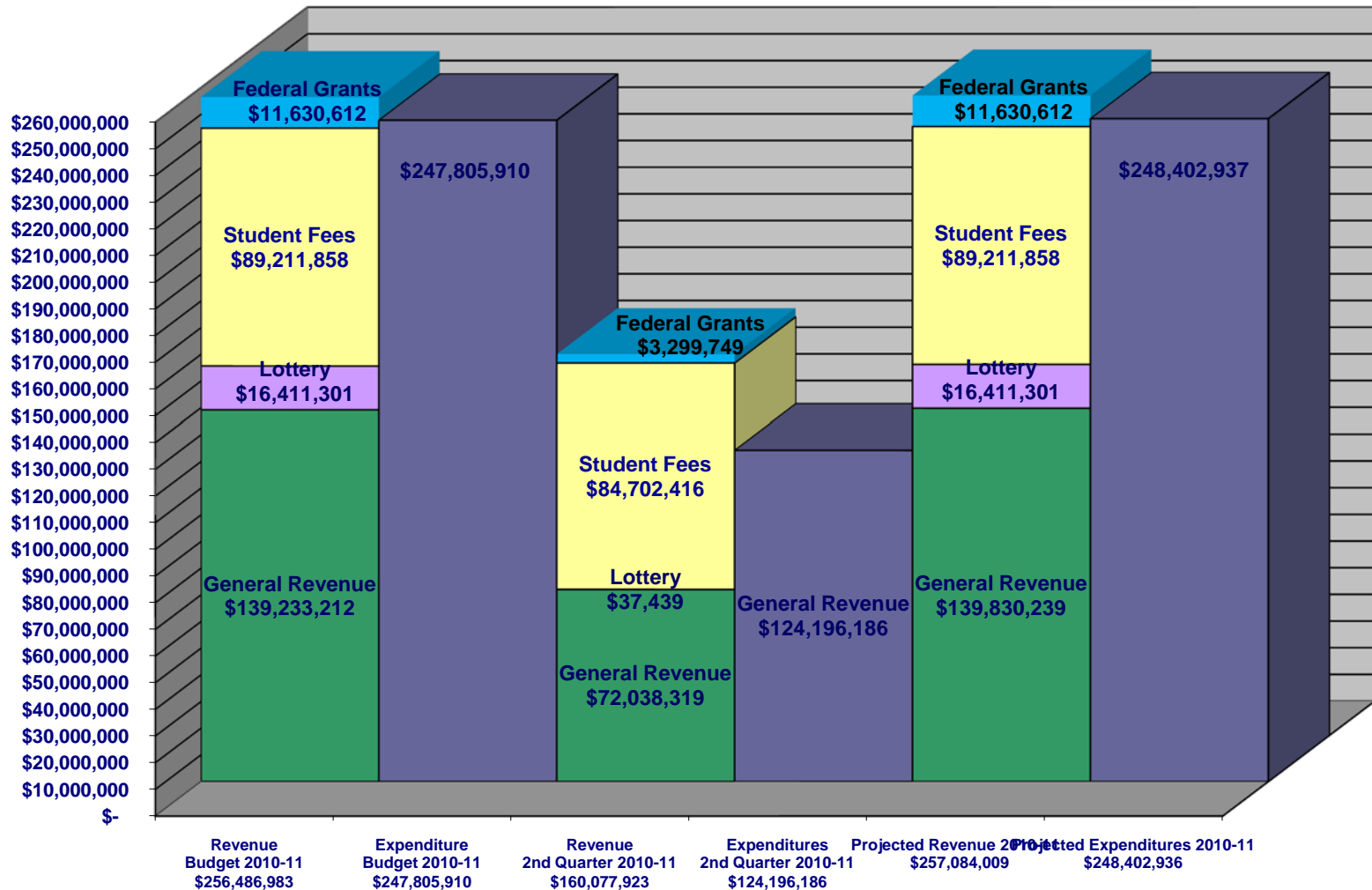
General Revenue, consisting primarily of State of Florida sales tax collections and corporate income tax collections, as well as license fees and other taxes and operating receipts.

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 2010-11 is the second of two years of non-recurring funding.

Florida Atlantic University Educational and General Operating Budget July 1, 2010 – December 31, 2010 Second Quarter Report



Educational and General Operating Budget

July 1, 2010 to December 31, 2010

Budgeted Revenues 2010-11: \$256,486,983 Actual Revenues to December 31: \$160,077,923

Budgeted Expenses 2010-11: \$247,805,910 Actual Expenses to December 31: \$124,196,186

The total budgeted revenue for 2010-11 is \$256,486,983. The major revenue components were general revenue of \$139,233,212, student fees of \$89,211,858, lottery funding of \$16,411,301 and Federal Stabilization of \$11,630,612.

For the second quarter, actual revenue collections are general revenue of \$72,038,319 lottery funds of \$37,439, student fees of \$84,702,416 and federal stabilization funding of \$3,299,749 for total revenue of \$160,077,923.

The total projected expense budget for 2010-11 is \$248,402,936 which reflects \$8,681,073 in student fee budget authority held in unallocated reserve and two amendments totaling \$597,026 we have received from the State for the additional Risk Management Insurance Fund.

Total expenditures through the second quarter were \$124,196,186; approximately 50 percent of the total projected budget amount.

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 plus \$597,026 in additional risk management insurance funding. Included in this budget are Federal Stabilization funds, which reflect the second year of a two year non-recurring allocations.

Summer 2010 enrollment exceeded budgeted projections by 13.1% and the Fall semester enrollment is expected to exceed budgeted projections by 18,692 credit hours representing an increase of 7.3% over 2009-10. Fall 2010 headcount was 28,325, an increase of approximately 2.2% over Fall 2009 headcount 27,707. Based on the preliminary enrollment, Spring 2011 is expected to exceed the budgeted projections by 20,533 credit hours or 8.5%. Spring 2011 headcount is 27,130, an increase of approximately 2.6 % over Spring 2010 headcount 26,445. We can anticipate that student credit hours will equal 643,216, an increase of approximately 8.7% over our initial enrollment projections and an all-time high for FAU.

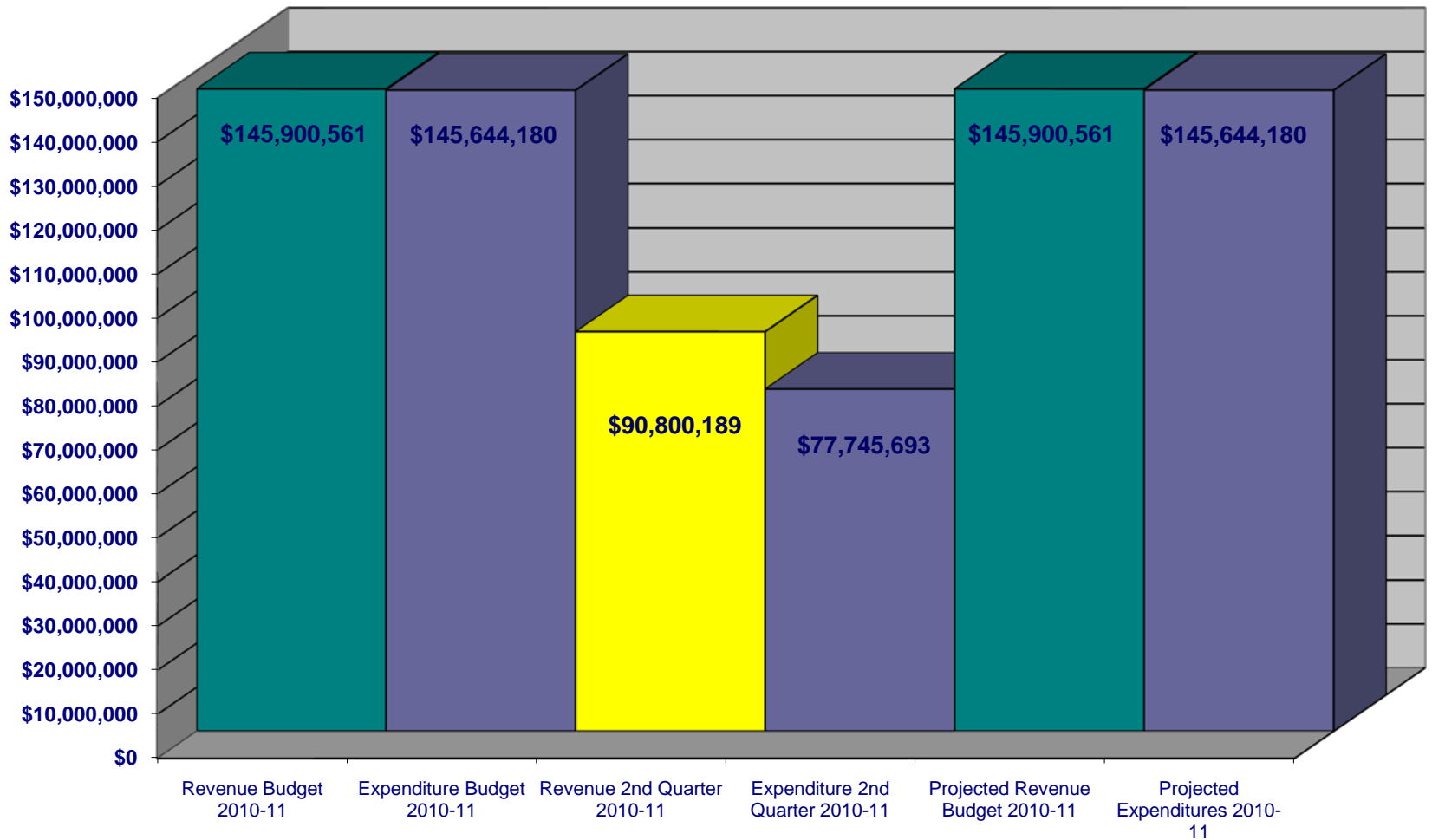
THE STUDENT FINANCIAL AID BUDGET

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 2010-11:

\$ 4.78	Undergraduate In-State
\$25.95	Undergraduate Out-of-State
\$13.02	Graduate In-State
\$41.89	Graduate Out-of-State

Florida Atlantic University Student Financial Aid Operating Budget July 1, 2010 – December 31, 2010 Second Quarter Report



Student Financial Aid Operating Budget

July 1, 2010 to December 31, 2010

Budgeted Revenues 2010-11: \$145,900,561 Actual Revenues to December 31: \$90,800,189

Budgeted Expenses 2010-11: \$145,644,180 Actual Expenses to December 31: \$77,745,693

The total budgeted revenue for 2010-11 is \$145,900,561. As of December 31, 2010, \$90,800,189 in revenue has been generated, or approximately 62 percent the total revenue budget. Total projected expenditures for the year are \$145,644,180. As of December 31, 2010, \$77,745,693 has been expended, or approximately 53 percent of total projected expenditures for the year.

Analysis:

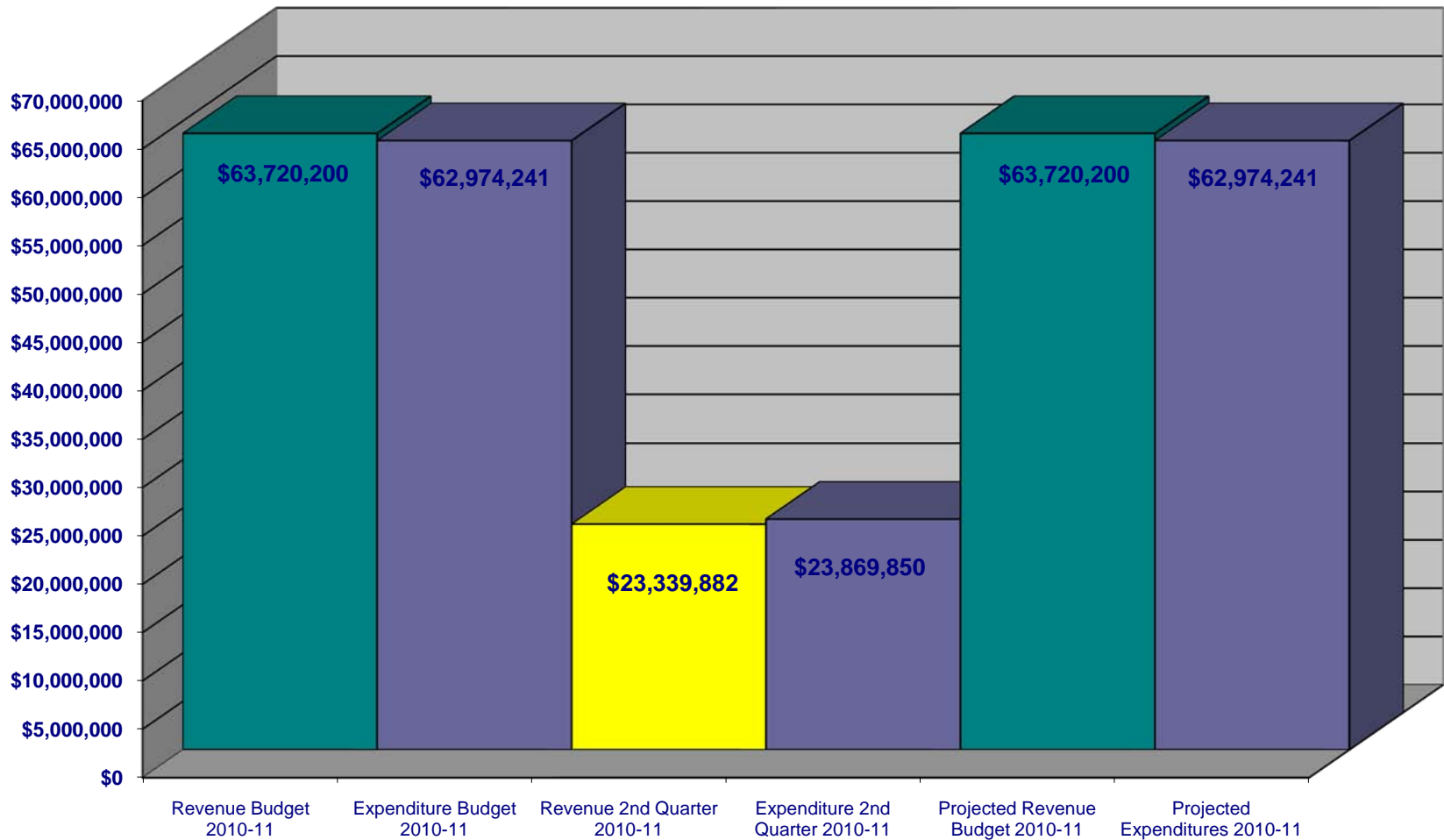
The amount of expenditures to date for 2010-11 is 53 percent of the total budgeted expenditures compared to 55 percent spent in the prior year. Depending upon policy decisions at the federal level for Pell grants, adjustments to budgets may be required at the 3rd quarter report to the Board of Trustees, similar to the timing of such approvals last year.

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, 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, 2010 – December 31, 2010 Second Quarter Report



Grants and Contracts Operating Budget

July 1, 2010 to December 31, 2010

Budgeted Revenues 2010-11: \$63,720,200 Actual Revenues to December 31: \$23,339,882

Budgeted Expenses 2010-11: \$62,974,241 Actual Expenses to December 31: \$23,869,850

The total budgeted revenue for 2010-11 is \$63,720,200 and budgeted expenses are \$62,974,241. Total budgeted revenue is comprised of Sponsored Research (\$52,654,757), FAU Foundation, Inc. (\$6,182,489), and A.D. Henderson University School (\$4,882,954). As of December 31, 2010, \$23,339,882 in revenue has been generated, approximately 37 percent of the budgeted amount; \$23,869,850 has been expended, or approximately 38 percent of the total expenditure budget.

Of the total expenditures to date, salaries and benefits equal \$10,156,386 (43 percent of total expenditures); OPS is \$2,683,282 (11 percent); and expense is \$11,030,181 (46 percent).

Analysis:

Revenues in Sponsored Projects are up slightly from this time last year. In 2009-10 revenue generated from grants was \$23,282,855 compared to \$23,339,882 for the second quarter of 2010-11. Some grant awards are cost reimbursable and at times expenditures will be higher than collections.

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 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

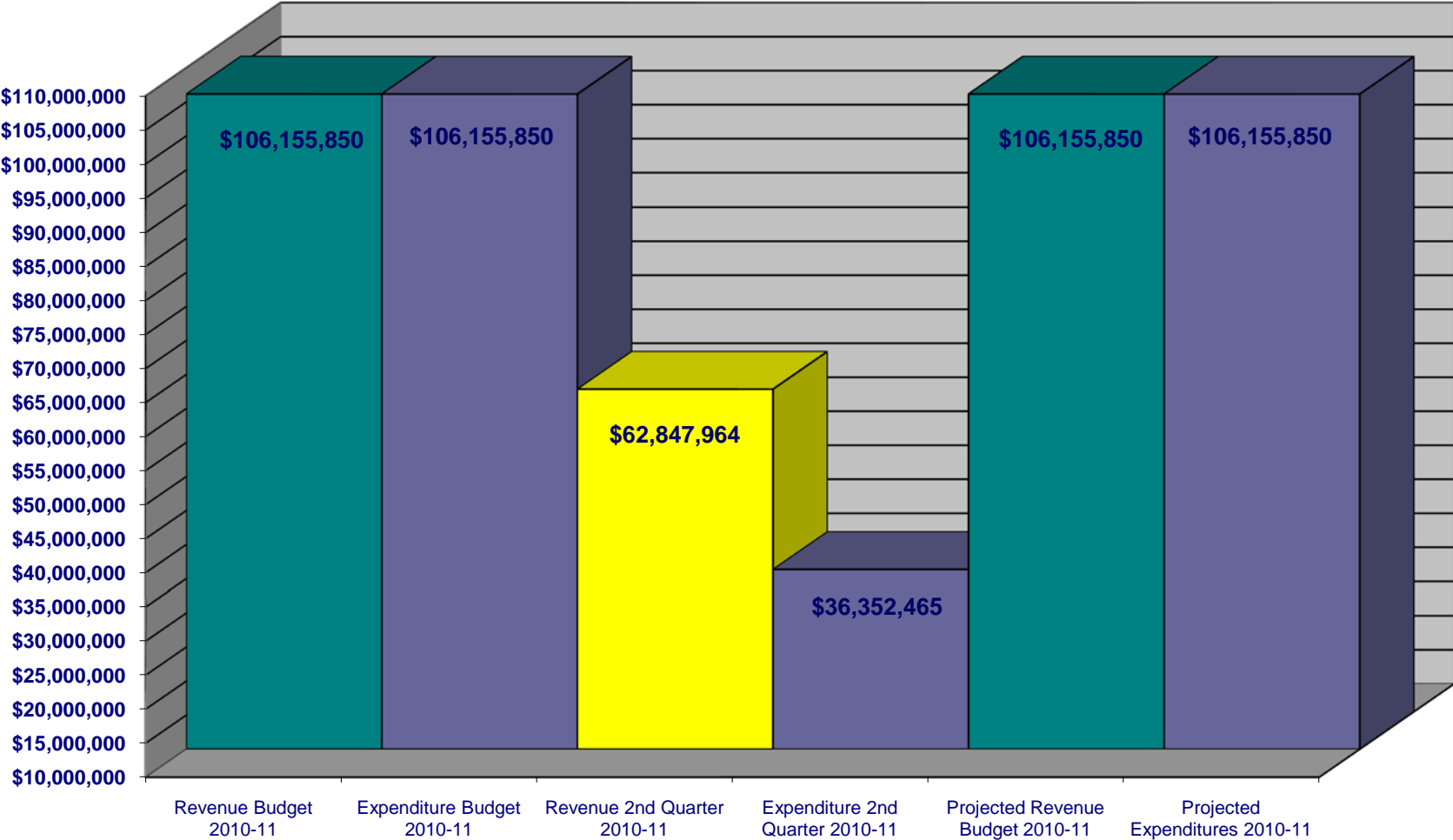
College Continuing Education

Lifelong Learning Society

Clearwire Spectrum Holdings

Technology Fee

Florida Atlantic University Auxiliary Enterprises Operating Budget July 1, 2010 – December 31, 2010 Second Quarter Report



Auxiliary Enterprises Operating Budget

July 1, 2010 to December 31, 2010

Budgeted Revenues 2010-11: \$106,155,850 Actual Revenues to December 31: \$62,847,964

Budgeted Expenses 2010-11: \$106,155,850 Actual Expenses to December 31: \$36,352,465

The total budgeted revenue for 2010-11 is \$106,155,850. As of December 31, 2010, \$62,847,964 in revenue has been generated, or approximately 62 percent of the total budget. Total projected expenditures for the year are \$106,155,850. As of December 31, 2010, \$36,352,465 has been expended, or approximately 34 percent of total projected expenditures for the year.

Analysis:

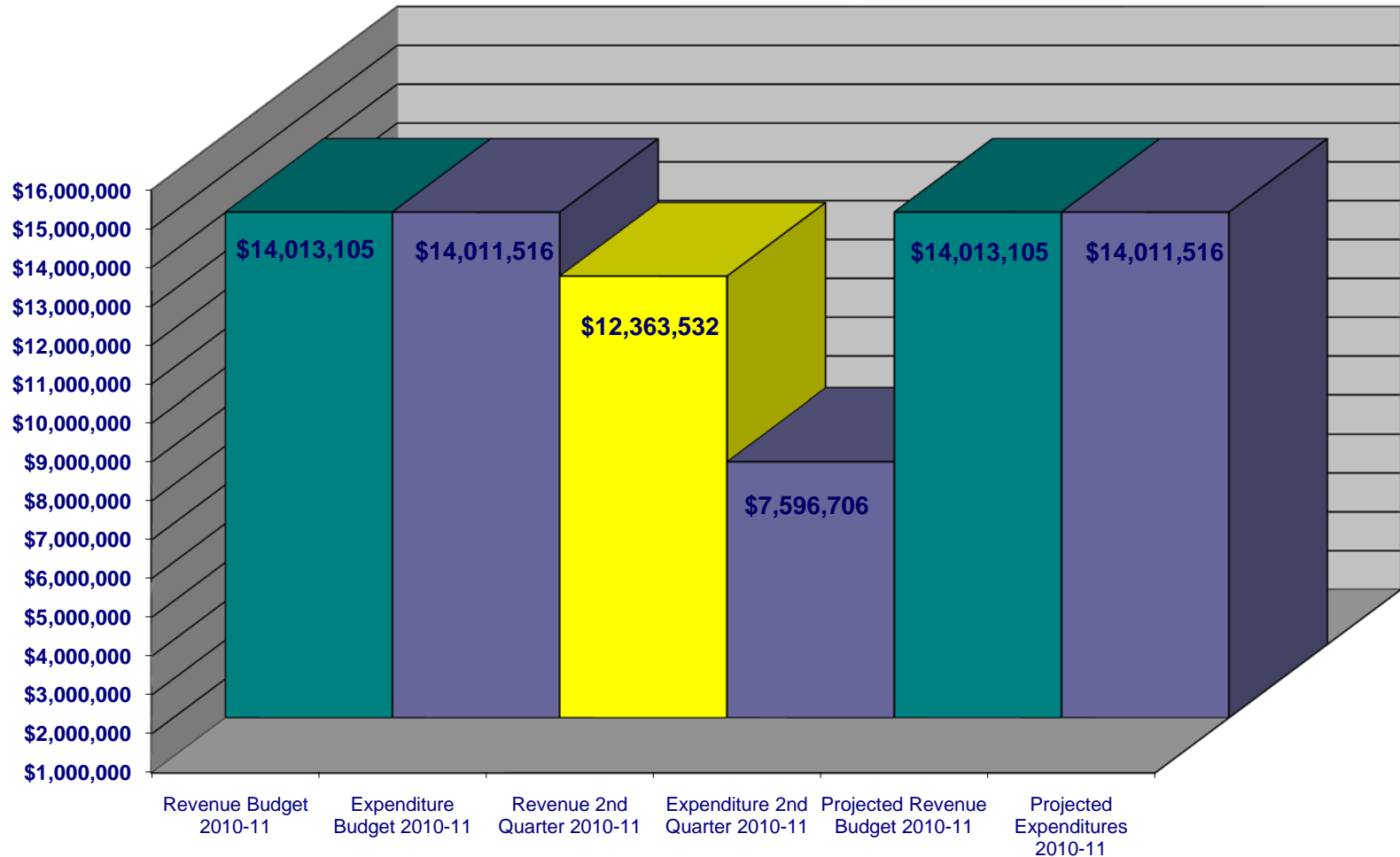
Revenues and expenditures for the year are believed to be on target with current projections.

THE ATHLETICS OPERATING BUDGET

The Athletics Operating Budget supports the University's student athletics program. Funding is generated from student athletics fees (\$16.45 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 \$230,246 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, 2010 – December 31, 2010 Second Quarter Report



Athletics Operating Budget

July 1, 2010 to December 31, 2010

Budgeted Revenues 2010-11: \$14,013,105 Actual Revenues to December 31: \$12,363,532

Budgeted Expenses 2010-11: \$14,011,516 Actual Expenses to December 31: \$7,596,706

The total budgeted revenue for 2010-11 is \$14,013,105. The major revenue components are athletics fees (\$9,349,650), facilities rental receipts (\$364,579), ticket sales (\$663,500), game guarantees (\$2,017,376), NCAA/Conference distribution (\$725,000), corporate sales/sponsorships (\$345,000), private fundraising (\$480,000), and other revenues (\$68,000).

As of December 31, collections consisted of athletics fees of \$8,904,799, facilities rental of \$119,009, ticket sales of \$1,030,827, game guarantees \$1,512,500, NCAA Grants in Aid of \$607,341, corporate sales/sponsorship of \$92,915, private fundraising of \$62,622, and other revenue of \$33,519.

The total expense budget for 2010-11 is \$14,013,516. Payroll of \$5,180,792 and program operating expenses of \$8,830,724, account for this total. Total expenditures through December 31, 2010 were \$7,596,706 or approximately 54 percent of the total budgeted amount. Of total expenditures to date, 50 percent (\$3,809,287) were financial aid disbursements, 33 percent (\$2,524,628) were payroll, and 17 percent (\$1,262,792) was expense.

Athletics Operating Budget

July 1, 2010 to December 31, 2010

Analysis:

Athletic fee collections are projected to exceed their targeted amounts due to the increase in fall enrollment. As of the end of the second quarter, 95% of budgeted fees revenue had been collected.

Ticket revenues are above projections due to an increase in sales of football tickets. 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 below expectations at this time. Overall, 88% of budgeted revenues had been collected at the end of the second quarter.

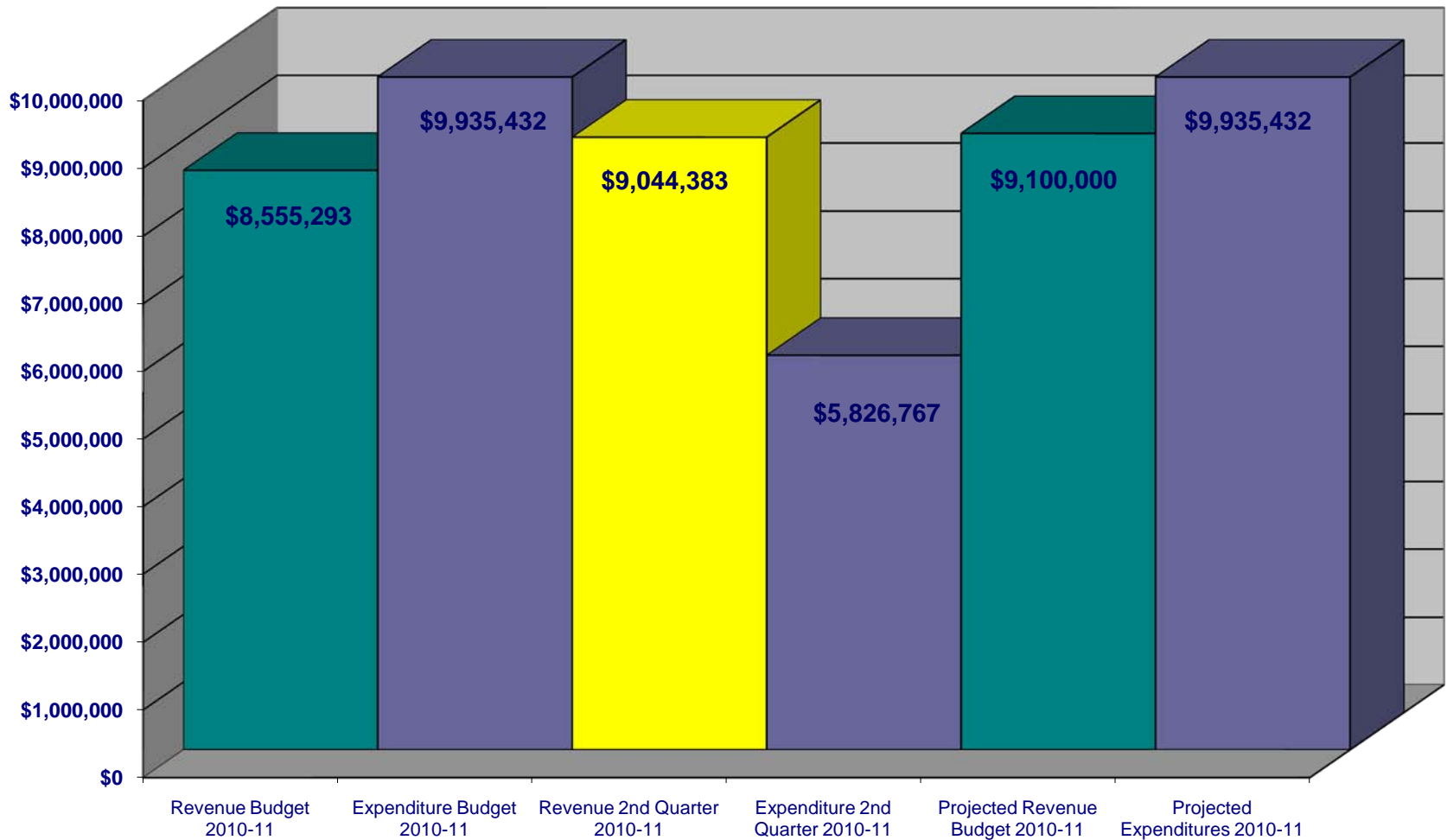
Expenses are currently on target to end the fiscal year within budget; regular meetings are on-going to monitor revenues and expenditures of Athletics.

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 (\$11.96 per credit hour) as well as other types of service fees.

Florida Atlantic University Student Activities Operating Budget July 1, 2010 – December 31, 2010 Second Quarter Report



Student Activities Operating Budget

July 1, 2010 to December 31, 2010

Budgeted Revenues 2010-11: \$9,100,000

Actual Revenues to December 31: \$9,044,383

Budgeted Expenses 2010-11: \$9,935,432

Actual Expenses to December 31: \$5,826,767

The total budgeted revenue for 2010-11 is \$9,100,000. As of December 31, 2010, \$9,044,383 in revenue has been generated, or approximately 105 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 \$9,935,432. To date, \$5,826,767 has been expended, or approximately 59 percent of total projected expenditures for the year.

Analysis:

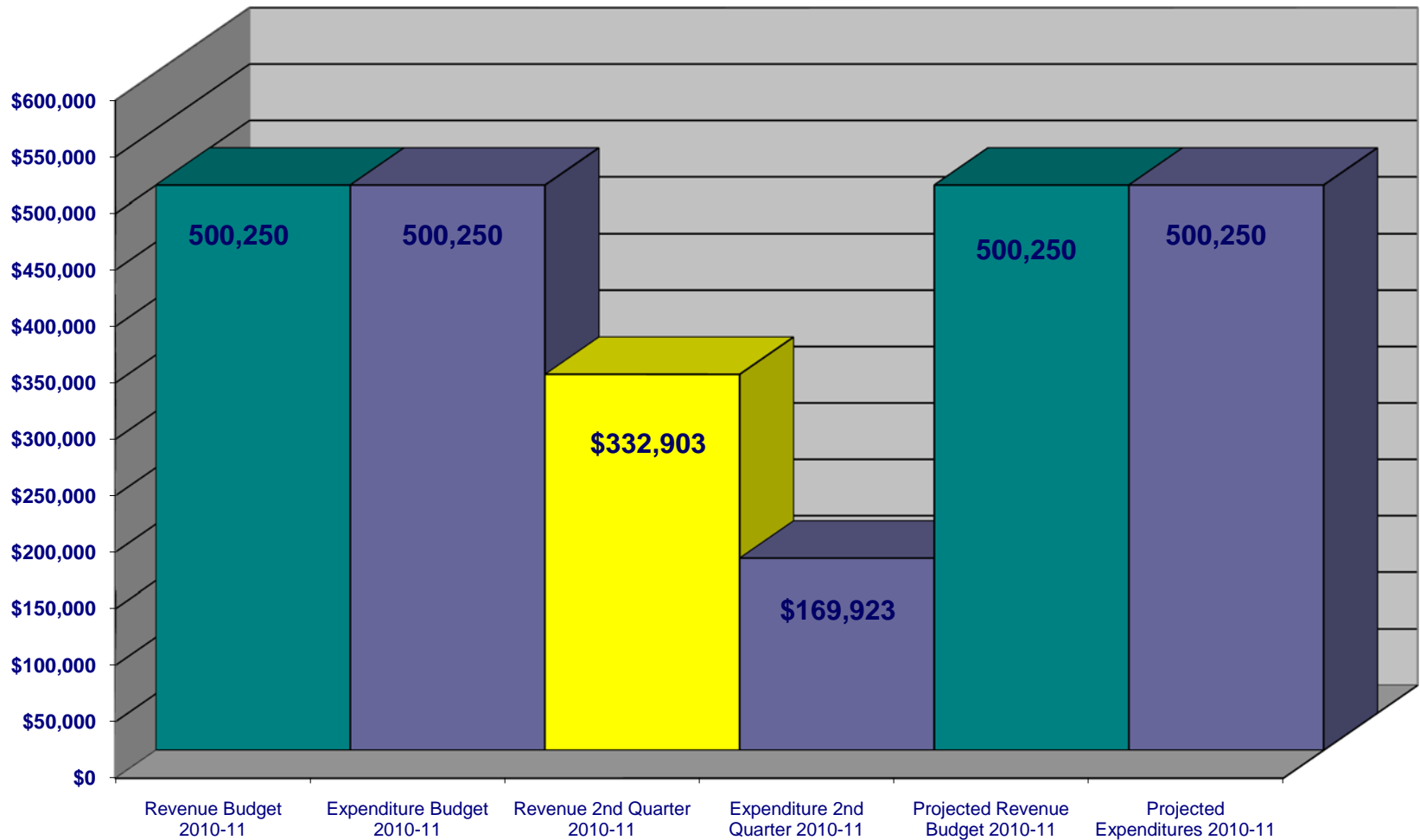
Budgeted expenses are reflected to exceed revenues but due to the increase in enrollment, revenues and expenses should be equivalent. As the year progresses available cash balances will support any excess expenditures, if required. Due to the increase in actual revenues as of December 31, 2010, we would like to request an approval to increase the revenue budget authority by the amount of \$544,707 to reflect the total revenue of \$9,100,000.

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, 2010 – December 31, 2010 Second Quarter Report



Concessions Operating Budget

July 1, 2010 to December 31, 2010

Budgeted Revenues 2010-11: \$500,250

Actual Revenues to December 31: \$332,903

Budgeted Expenses 2010-11: \$500,250

Actual Expenses to December 31: \$169,923

The total budgeted revenue for 2010-11 is \$500,250. As of December 31, 2010, \$332,903 had been received, or approximately 67 percent of the revenue budget, and \$169,923 has been expended, or approximately 34 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 2010-11 is less than in the prior year.

**FLORIDA ATLANTIC UNIVERSITY
OPERATING BUDGET STATUS
AS OF DECEMBER 31, 2010
SUMMARY COMPARISONS**

Year-to-Date Expenditures for Fiscal Year 2010-11 and Fiscal Year 2009-10

Year-to-Date Student Credit Hours for Fiscal Year 2010-11 and 2009-10

**Year-to-Date Expenditures by Activity in Dollars for Fiscal Year 2010-11
and Fiscal Year 2009-10**

**Year-to-Date Expenditures by Activity in Percentages for Fiscal Year 2010-
11 and Fiscal Year 2009-10**

**FLORIDA ATLANTIC UNIVERSITY
OPERATING BUDGET STATUS
AS OF DECEMBER 31, 2010**

	YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2010-11				YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2009-10			
	Expenditures	Operating Budget	Remainder	% of Budget Spent	Operating Expenditures	Final Budget	Remainder	% of Budget Spent
Educational & General	\$ 124,196,186	\$ 247,805,910	\$ 123,609,724	50.1%	\$ 114,096,431	\$ 239,999,427	\$ 125,902,996	47.5%
Student Financial Aid	77,745,693	145,644,180	67,898,487	53.4%	65,525,183	141,915,409	76,390,226	46.2%
Sponsored Research/Grants	23,869,850	62,974,241	39,104,391	37.9%	23,419,469	55,592,391	32,172,922	42.1%
Auxiliary Enterprises	36,352,465	1 06,155,850	69,803,385	34.2%	34,910,661	87,166,681	52,256,020	40.1%
Athletics	7,596,706	14,011,516	6,414,810	54.2%	7,247,623	13,723,375	6,475,752	52.8%
Student Activities	5,826,767	9,935,432	4,108,665	58.6%	2,313,960	7,678,720	5,364,760	30.1%
Concessions	169,923	500,250	330,327	34.0%	202,842	575,000	372,158	35.3%
Total	\$ 275,757,590	\$ 587,027,379	\$ 311,269,789	47.0%	\$ 247,716,169	\$ 546,651,003	\$ 298,934,834	45.3%

STUDENT CREDIT HOURS

FISCAL YEAR 2010-11 AS OF 12/31/2010

FISCAL YEAR 2009-10

Semester	Actual	Budget	Difference	% Variance
Summer (Final)	104,998	92,864	12,134	13.1%
Fall (Preliminary)	276,331	257,639	18,692	7.3%
Spring (Preliminary)	261,887	241,354	20,533	8.5%
Total	643,216	591,857	51,359	8.7%

Actual	Budget	Difference	% Variance
96,724	98,367	(1,643)	-1.7%
264,863	253,577	11,286	4.5%
252,209	239,911	12,298	5.1%
613,796	591,855	21,941	3.7%

**FLORIDA ATLANTIC UNIVERSITY
OPERATING BUDGET STATUS
EXPENDITURES BY CATEGORY AS OF DECEMBER 31, 2010**

EXPENDITURES BY ACTIVITY - DOLLAR AMOUNTS

	YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2010-11				YEAR - TO - DATE EXPENDITURES FISCAL YEAR 2009-10			
	Salaries & Benefits	OPS	Expense/ Other	Total	Salaries & Benefits	OPS	Expense/ Other	Total
Educational & General	\$ 80,426,071	\$ 9,734,929	\$ 34,035,187	\$ 124,196,187	\$ 77,917,282	\$ 9,140,324	\$ 27,038,825	\$ 114,096,431
Student Financial Aid	397,191	293,048	77,055,454	77,745,693	372,967	328,804	64,823,412	65,525,183
Sponsored Research/Grants	10,156,386	2,683,282	11,030,181	23,869,849	10,226,520	3,086,706	10,106,243	23,419,469
Auxiliary Enterprises	9,449,200	3,356,877	23,546,388	36,352,465	9,479,304	2,845,198	22,586,159	34,910,661
Athletics	2,348,769	175,859	5,072,078	7,596,706	2,231,360	174,271	4,841,991	7,247,623
Student Activities	380,735	578,044	4,867,988	5,826,767	272,418	488,722	1,552,820	2,313,961
Concessions	-	-	169,923	169,923	-	-	202,842	202,842
Total	\$ 103,158,352	\$ 16,822,039	\$ 155,777,199	\$ 275,757,590	\$ 100,499,851	\$ 16,064,026	\$ 131,152,292	\$ 247,716,169

EXPENDITURES BY ACTIVITY - PERCENT OF TOTAL

	FISCAL YEAR 2010-11 AS OF 12/31/2010				FISCAL YEAR 2009-10 AS OF 12/31/2009			
	Salaries & Benefits	OPS	Expense	Total	Salaries & Benefits	OPS	Expense	Total
Educational & General	64.8%	7.8%	27.4%	100.0%	68.3%	8.0%	23.7%	100.0%
Student Financial Aid	0.5%	0.4%	99.1%	100.0%	0.6%	0.5%	98.9%	100.0%
Sponsored Research/Grants	42.5%	11.2%	46.2%	100.0%	43.7%	13.2%	43.2%	100.0%
Auxiliary Enterprises	26.0%	9.2%	64.8%	100.0%	27.2%	8.1%	64.7%	100.0%
Athletics	30.9%	2.3%	66.8%	100.0%	30.8%	2.4%	66.8%	100.0%
Student Activities	6.5%	9.9%	83.5%	100.0%	11.8%	21.1%	67.1%	100.0%
Concessions	0.0%	0.0%	100.0%	100.0%	0.0%	0.0%	100.0%	100.0%
Total	37.4%	6.1%	56.5%	100.0%	40.6%	6.5%	52.9%	100.0%