



Budget Review

2014 - 2015

June 19, 2014

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Summary

CSU FULLERTON AUXILIARY SERVICES CORPORATION

PROPOSED 2014-2015 BUDGET

HIGHLIGHTS

The 2014-2015 operating and capital budgets will provide goods and services to support the mission of the University.

The budgets are subject to assumptions, estimates, forecasts and judgments made by the managers and directors of the Corporation which cannot predict all the actions, and risks, over which there may not be control, and which can cause actual results to differ materially. Some of the factors that may cause such a difference include:

- The state budget;
- Changes in enrollment;
- Competition (on and off-campus); and
- Environmental liability and regulations.

As a result, the ASC's operating and capital budgets are based on assumptions, historical performances, and judgments of senior management regarding how the corporation will perform over the next fiscal year.

The proposed operating revenue of \$38.1 million, offset by the expenditures of \$37.1 million, generates a net surplus of \$973,752. The proposed operating budgeted revenues are projected to increase \$1.6 million, or 4.4%, over the current year's forecast, mainly due to the increase in Building Operation's rental income and the acquisition of the University Gables. Total expenditures are projected to increase by \$2.5 million, or 7.3% over forecast, due mostly to the movement of the Irvine campus loan from a bond anticipated note, "BAN" (with an average annual cost equivalent of 1.08%), to a state revenue bond (at an anticipated interest rate of 4.5%), as mandated by the loan agreement with the California State University Board of Trustees. This movement increases the proposed debt service expense for this project to \$1,345,248.* In addition, included in the proposed budget is an adjustment in the minimum wage from \$8 to \$9 an hour, to reflect the 2014 minimum wage legislation. Also incorporated is an employee merit pool of 3%.

* **Note:** The campus has requested that we ask the Chancellor's Office for an extension of the BAN program for another year to permit them to have more time to plan for the use of the additional building. Academic master planning is currently underway for the Irvine campus.

The proposed operating, financing, and non-cash transactions (including depreciation), as reported in the summary of sources of cash, generates \$3.3 million from the following activities:

• Operating surplus (before designated gifts)	\$ 974,000
• Non-cash depreciation	1,645,000
• Non-cash post retirement	132,000
• University line of credit repayment	<u>543,000</u>
Total cash generated:	\$ 3,294,000

The proposed uses of cash of \$3.8 million are for the following activities:

• Proposed capital improvement requests	\$ 2,634,000
• Net Financing activities	886,000
• Gifts to the University	<u>325,000</u>
Total uses of cash:	\$ 3,845,000

Another major function of the ASC is the administration of grants and contracts for the University. While the transaction volume is substantial (\$22M annually), the ASC no longer records any of that activity in our annual budget. All expenditures to administer the programs are offset by the collection of indirect costs (IDC). Funds generated in excess of the costs to administer the programs are transferred to the University for their use. These funds are typically used as ‘seed funding’ to generate additional grants. All of these transactions are reported in our financial statements.



AUXILIARY SERVICES CORPORATION

**SUMMARY OF SOURCES AND USES
OF CASH**

	Prior F.Y. Actual 2012/13	Forecast Fiscal Year 2013/14	Proposed Budget 2014/15
SOURCES OF CASH			
SURPLUS (DEFICIT)			
General Fund	\$ (858,000)	\$ (1,975,000)	\$ (1,814,000)
Dining Services	224,000	267,000	285,000
Bookstores	1,159,000	1,273,000	1,147,000
Real Property -	1,336,000	2,361,000	1,356,000
University Support Programs	(102,000)	-	-
University Extended Ed. UEE	1,340,000	-	-
Temporary Restricted	(11,000)	-	-
TOTAL SURPLUS (DEFICIT)	3,088,000	1,926,000	974,000
NON-CASH TRANSACTIONS			
Depreciation	810,000	1,629,000	1,645,000
Post retirement benefit	(387,000)	134,000	132,000
Changes to cash & cash equiv. provided by Operation.	675,000	-	-
TOTAL NON-CASH TRANSACTIONS	1,098,000	1,763,000	1,777,000
FINANCING			
Purchase of College Park West	18,470,000	-	-
Purchase Irvine Campus	-	30,015,000	-
Sales of the Univ. Heights	-	11,330,000	-
Photo-Voltaic Installation Line of Credit 4.8 Mil	694,000	543,000	543,000
TOTAL FINANCING	19,164,000	41,888,000	543,000
TOTAL SOURCES OF CASH	\$ 23,350,000	\$ 45,577,000	\$ 3,294,000
USES OF CASH			
CAPITAL EXPENDITURES			
General Fund	170,000	20,000	-
Bookstores	15,000	80,000	603,000
Dining Services	132,000	768,000	6,000
Real Property	950,000	-	2,025,000
Western Law (\$13,250 from SRB. 5,000 from Univ.)	18,250,000	-	-
Irvine Campus Long T. note \$ 30. Mil.	-	30,015,000	-
Other Capital Outlay	611,000	-	-
TOTAL CAPITAL EXPENDITURES	20,128,000	30,883,000	2,634,000
FINANCING ACTIVITIES			
Irvine Campus Long T. note \$ 30.15 Mil.	-	-	486,000
Pay down Heights Balance @ 2 Mil.	315,000	11,330,000	400,000
Other Changes to Financing Activities	1,564,000	-	-
Total FINANCING ACTIVITIES	\$ 1,879,000	\$ 11,330,000	\$ 886,000
GIFT TO UNIVERSITY	325,000	325,000	325,000
TOTAL USES OF CASH	22,332,000	42,538,000	3,845,000
NET SOURCES & (USES) OF CASH	1,018,000	3,039,000	(551,000)
Net Cash & cash equivalents at beginning of year	13,432,000	14,450,000	17,489,000
Cash and cash equivalent at year end	\$ 14,450,000	\$ 17,489,000	\$ 16,938,000



AUXILIARY SERVICES CORPORATION

CSU Fullerton Auxiliary Services Corp.
Summary of Proposed Budget Statement of Activity 14/15

Description	REVENUES			EXPENSES			SURPLUS/(DEFICIT)		
	FY 12-13 Actuals	FY 13-14 Budget	FY14-15 Proposed	FY 12-13 Actuals	FY 13-14 Budget	FY14-15 Proposed	FY 12-13 Actuals	FY 13-14 Budget	FY14-15 Proposed
General Fund:									
Administration	\$ 3,605,941	\$ 2,724,742	\$ 3,118,404	\$ 6,111,053	\$ 4,667,618	\$ 4,932,341	\$ (2,505,112)	\$ (1,942,876)	\$ (1,813,937)
Building Operations	7,404,649	10,074,333	10,807,732	6,068,421	7,582,853	9,451,835	1,336,228	2,491,480	1,355,897
Total General Fund	11,010,590	12,799,075	13,926,136	12,179,474	12,250,471	14,384,181	(1,168,884)	548,604	(458,040)
Enterprises operations:									
Dining Services									
Food Court	1,991,714	1,973,139	1,979,205	1,902,826	1,890,685	1,960,647	88,888	82,454	18,558
Catering	813,755	762,925	818,499	876,728	745,612	793,499	(62,973)	17,313	25,000
Concessions	255,046	263,300	253,060	245,612	234,514	251,793	9,434	28,786	1,267
Carl's Jr.	751,213	783,670	813,049	760,185	779,434	811,693	(8,972)	4,236	1,356
Langsdorf Hall	411,508	400,710	447,025	377,748	386,949	408,027	33,760	13,761	38,998
Nutwood Café	340,976	366,580	386,371	348,984	363,775	389,559	(8,008)	2,805	(3,188)
Vending/Carts/Rec Express	416,582	378,040	435,392	245,065	228,156	271,391	171,517	149,884	164,001
Starbucks - Pollak Library	0	567,007	797,550	0	544,870	758,356	0	22,137	39,194
Starbucks - CBE	759,418	746,616	747,650	759,418	746,616	747,650	0	0	0
Total Dining Services	5,740,212	6,241,987	6,617,801	5,516,566	5,920,611	6,392,615	223,646	321,376	285,186
Titan Shops Bookstore									
Titan Text & Publishing	7,062,350	7,115,693	6,761,997	5,568,717	5,696,023	5,358,827	1,493,633	1,419,670	1,403,170
Titan Online	1,641,830	1,644,566	1,884,954	1,546,095	1,581,406	1,786,265	95,735	63,160	98,689
General Merchandise	2,221,542	2,194,173	2,220,879	1,309,885	1,297,293	1,328,455	911,657	896,880	892,424
Titan Tech & Office	4,773,983	4,485,446	4,975,258	4,491,178	4,219,697	4,728,603	282,805	265,749	246,655
Convenience Stores	1,306,852	1,378,818	1,312,628	1,143,255	1,218,118	1,172,489	163,597	160,700	140,139
Irvine Campus	276,233	278,565	321,260	266,149	260,891	296,828	10,084	17,674	24,432
Operations	(176,225)	107,295	71,260	1,622,617	1,583,741	1,730,158	(1,798,842)	(1,476,446)	(1,658,898)
Total Titan Shops Bookstore	17,106,565	17,204,556	17,548,236	15,947,896	15,857,169	16,401,625	1,158,669	1,347,387	1,146,611
Total Enterprises Operations	22,846,777	23,446,543	24,166,037	21,464,462	21,777,780	22,794,240	1,382,315	1,668,763	1,431,797
TOTAL SURPLUS (DEFICIT)	\$ 33,857,367	\$ 36,245,618	\$ 38,092,173	\$ 33,643,936	\$ 34,028,251	\$ 37,178,421	\$ 213,431	\$ 2,217,367	\$ 973,757

2014 -2015 Capital Expenditure

Enterprise Activities

Dining Services

Nutwood Café	\$ 6,500		Hoshizaki Ice Machine
Total Dining Services	6,500	\$ 6,500	

Bookstores

Main Store	38,000		Front Entrance (Awnings, Digital Signage)
Main Store	23,677		1st Floor Improvements
Main Store	21,000		2nd Floor Improvements
Main Store	20,000		Restroom Repair & Renovations
Main Store	500,000		POS & Inventory Management Software
Total Bookstore	602,677	602,677	

Total Enterprises Activities 609,177

Building Fund

Irvine Campus - Banting	2,000,000		Estimated seismic costs
College Park	25,000		Electric Cart
Total Building Fund		2,025,000	

Total Capital Requested - fiscal year 2014-2015 \$ 2,634,177

No Prior Year Capital Budget Carry Forward

Total Capital Carry Forward \$ -

Total FY14/15 Proposed Capital and Carry Forward \$ 2,634,177

Administration

Administration Project Summary

The ASC administration division provides oversight and support to enterprise operations, sponsored, and campus programs. The administration includes central administration, financial services, human resources, management information systems, post-award sponsored administration, and real property operations.

The 2014-2015 ASC Administration budget is presented as a consolidated budget. However, for internal controls, all administration units have separate budgets. The proposed budget includes administrative fees to campus programs operations and real estate development. The proposed budget revenues are projected to increase by \$362,777 due to additional administrative fees collected as a result of the increase in real estate revenues. The administrative division retains managerial costs associated with running the enterprise activities, and does not allocate administrative fees to these units. There is a slight increase in payroll expenditures due to an added position in the Grants and Contract department to prepare for more awards. Other expenditures will remain fairly consistent with the 2013-2014 budget, with cost controls and improved productivity.

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Comparison Summary
For Proposed Budget Year 2014-2015

Auxiliary Services Administration

	Prior FY Actual 12-13	Forecast 13-14	Current Year Budget 13-14	Proposed Budget 14-15
Payroll Expense				
Salaries and Wages	2,412,917	2,277,037	2,258,344	2,390,841
Benefits	124,247	703,757	718,533	830,827
Total Payroll Expense	<u>2,537,164</u>	<u>2,980,794</u>	<u>2,976,877</u>	<u>3,221,668</u>
Non-Payroll Expense				
Advertising & Promotion	0	995	0	395
Communications	31,911	31,398	41,940	31,863
Taxes & Licenses	2,382	3,501	1,650	3,658
Depreciation	12,884	29,606	32,528	31,314
Bank and Discount Charges	30,326	26,186	25,720	27,879
Insurance	23,118	28,133	24,100	28,200
Debt Service & Interest Exp.	21,563	3,023	0	3,050
Audit and Legal	72,683	94,663	137,900	101,600
Repairs and Maintenance	47,407	64,231	54,118	53,250
Office Supplies	27,848	24,902	26,144	23,240
Merchant Supplies	95,572	1,129	766	624
Rentals	209,484	209,485	209,748	209,748
Professional Serv/Consultants	95,622	102,514	88,585	117,278
Conference & Travel	76,844	46,664	46,990	51,705
Dues and Subscriptions	9,642	7,917	8,060	8,260
Other Direct Costs/Miscellany	2,306,628	141,184	130,805	164,267
Departmental Allocation	441,189	822,115	809,997	783,384
Public Relations	38,317	60,810	40,700	46,000
Equipment Rental/Expense	30,467	13,243	10,990	24,962
Total Non-Payroll Expense	<u>3,573,887</u>	<u>1,711,699</u>	<u>1,690,741</u>	<u>1,710,677</u>
Commission Income				
Other Income				
Administrative Services	831,312	837,740	900,450	1,207,399
Indirect Cost Recoveries	1,870,595	1,639,959	1,610,500	1,681,248
Investment/Interest Income	404,752	197,859	162,000	205,326
Computer Services	12,912	14,526	0	0
Other Income	486,370	27,521	51,792	24,431
Total Other Income	<u>3,605,941</u>	<u>2,717,605</u>	<u>2,724,742</u>	<u>3,118,404</u>
Net Income / (Loss)	<u>(2,505,108)</u>	<u>(1,974,887)</u>	<u>(1,942,876)</u>	<u>(1,813,942)</u>

Real Property

Real Property Operations Project Summary

College Park:

The rental income has increased by 2% to \$1.98 per sq. ft. as of July 1, 2014. We anticipate a 12% increase in electricity in the next fiscal period but we are taking steps to minimize that increase. These steps include changing to LED lighting wherever possible, and improving the efficiency of the HVAC system by upgrading the system to provide cooling and heating by floor. Our capital improvement request is all for HVAC upgrades. The HVAC and fire safety costs were higher than anticipated in 2013-2014 due to the build-out of suite 1060.

College Park West:

The rental income will increase on October 1, 2014 as agreed in the rental agreement. The decrease in other income is due to a one-time charge for the prior year's property taxes. The interest expense will increase by approximately \$160,000.

Irvine Campus Properties:

The current tenant of the first floor at 1 Banting will move out by September 1, 2014, and the rent will increase slightly as the Campus will now have use of the entire building. Once the tenant vacates the space, we will begin seismic repair and then tenant improvements will be completed. Debt service will increase by approximately \$1.3 million.

El Dorado Ranch:

The major expenditure for 2014-2015 will be to repair/replace the irrigation system.

The Gables:

The Gables development becomes an asset of the ASC as of July 1, 2014. Encore Property Management provides the accounting for the maintenance of the property, including the collection of the ground lease fees and the maintenance fees from the property owners. They then provide a monthly report that is recorded into the Gables' accounts at the ASC. We do not recommend any increases in the maintenance fees for the coming fiscal year.

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Comparison Summary
For Proposed Budget Year 2014-2015

Real Property Operations

	Prior FY Actual 12-13	Forecast 13-14	Current Year Budget 13-14	Proposed Budget 14-15
Sales				
Payroll Expense				
Salaries and Wages	118,346	163,543	112,440	234,684
Benefits	18,139	32,911	17,184	30,431
Total Payroll Expenses	<u>136,485</u>	<u>196,454</u>	<u>129,624</u>	<u>265,115</u>
Non-Payroll Expense				
Communications	12,386	10,282	9,550	10,500
Taxes & Licenses	97,618	469,640	319,815	416,270
Custodial Services & Supplies	42,303	61,204	69,920	53,640
Depreciation	422,675	1,215,011	1,353,899	1,275,624
Bank and Discount Charges	4,956	134,697	0	0
Insurance	227,308	175,347	188,710	219,416
Debt Service & Interest Exp.	1,282,249	1,790,879	1,982,444	3,332,170
Audit and Legal	189,584	140,179	123,636	118,231
Repairs and Maintenance	995,604	1,333,120	1,057,369	1,116,064
Office Supplies	2,242	2,978	3,012	3,740
Rentals	962,662	127,438	129,900	0
Professional Serv/Consultants	134,300	255,973	234,981	138,984
Conference & Travel	291	0	0	0
Utilities	560,092	785,024	793,213	904,766
Other Direct Costs/Misc.	545,758	802,313	690,000	800,000
Administrative Fee	425,697	387,050	489,675	791,675
Equipment Rental/Expense	26,211	5,914	7,105	5,640
Total Non-Payroll Expenses	<u>5,931,936</u>	<u>7,697,049</u>	<u>7,453,229</u>	<u>9,186,720</u>
Commission Income				
Other Income				
Administrative Services	48,000	4,000	0	0
Investment/Interest Income	0	0	0	2,400
Rental Income	5,857,651	9,841,577	10,052,058	10,386,730
Other Income	1,498,998	408,643	22,275	418,602
Total Other Income	<u>7,404,649</u>	<u>10,254,220</u>	<u>10,074,333</u>	<u>10,807,732</u>
Net Income / (Loss)	<u>1,336,224</u>	<u>2,360,717</u>	<u>2,491,480</u>	<u>1,355,896</u>

Enterprises

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Comparison Summary
For Proposed Budget Year 2014-2015

Enterprises Total

	Prior FY Actual 12-13	Forecast 13-14	Current Year Budget 13-14	Proposed Budget 14-15
Sales				
Sales	21,901,483	22,387,488	22,301,573	23,051,033
Total Sales	<u>21,901,483</u>	<u>22,387,488</u>	<u>22,301,573</u>	<u>23,051,033</u>
Cost of Goods Sold				
Cost of Sales	13,885,192	13,864,614	13,937,755	14,301,530
Total Cost of Goods Sold	<u>13,885,192</u>	<u>13,864,614</u>	<u>13,937,755</u>	<u>14,301,530</u>
Payroll Expense				
Salaries and Wages	3,431,016	3,669,144	3,616,144	3,868,048
Benefits	751,944	823,283	833,744	877,861
Total Payroll Expense	<u>4,182,960</u>	<u>4,492,427</u>	<u>4,449,888</u>	<u>4,745,909</u>
Non-Payroll Expense				
Scholarships	43,600	31,575	43,000	43,000
Advertising & Promotion	160,684	182,974	173,232	194,272
Communications	74,884	75,557	73,854	74,034
Taxes & Licenses	8,564	7,967	10,236	8,219
Commission & Royalty	524,524	510,924	488,026	579,445
Custodial Services & Supplies	147,047	141,379	148,535	135,946
Depreciation	375,365	385,744	369,381	385,559
Bank and Discount Charges	436,702	482,937	464,898	485,437
Insurance	69,812	60,504	74,112	62,626
Repairs and Maintenance	308,766	331,521	326,458	335,824
Office Supplies	16,118	23,963	17,189	20,068
Merchant Supplies	299,849	326,762	284,277	322,156
Rentals	81,723	99,455	103,398	105,845
Professional Serv/Consultants	263,917	198,975	198,890	191,355
Conference & Travel	18,013	22,072	32,724	23,042
Utilities	286,278	378,077	284,830	385,171
Dues and Subscriptions	19,145	14,343	18,139	15,879
Other Direct Costs/Miscellany	120,419	133,901	81,036	133,543
Public Relations	64,885	159,426	125,842	179,405
Administrative Fee	6,000	6,002	6,000	6,002
Equipment Rental/Expense	70,037	70,794	66,080	59,972
Total Non-Payroll Expense	<u>3,396,332</u>	<u>3,644,852</u>	<u>3,390,137</u>	<u>3,746,800</u>
Commission Income				
Commissions Income	520,389	519,647	482,589	492,595
Total Commission Income	<u>520,389</u>	<u>519,647</u>	<u>482,589</u>	<u>492,595</u>
Other Income				
Rental Income	205,733	329,941	294,620	322,181
Other Income	219,174	304,848	367,761	360,228
Total Other Income	<u>424,907</u>	<u>634,789</u>	<u>662,381</u>	<u>682,409</u>
Net Income / (Loss)	<u>1,382,315</u>	<u>1,540,039</u>	<u>1,668,763</u>	<u>1,431,803</u>

Titan Shops

Titan Shops Project Summary

Titan Shops revenue (FY 2014-2015) is expected to remain the same, with a slight decrease in used book sales being offset by continued increases in rental books. Custom Publishing sales are expected to decrease due to an expected loss in University print course catalog sales. Managers continue to be conservative in budgeting technology sales. Over 50% of all technology sales are generated by institutional purchases, making it difficult to predict sales volume from year to year. The overall Cost of Goods Sold (percentage of revenue) is expected to remain the same. Total expenses for Titan Shops are expected to increase by 1%, primarily due to increased payroll expenses for the required minimum wage adjustment (from \$8.00 to \$9.00, effective July 1st). In addition, Titan Shops will decrease the use of more expensive temporary agency employees by utilizing more student-staff and adding three part-time, non-benefitted positions (to support marketing, ecommerce and general merchandise departments).

The requested capital expenditure proposed for 2014-2015 designates \$102,677 for store improvements (expanded aisle spacing on the textbook sales floor, refresh layout of registers and merchandise on the 1st level of the store, enhancement of the store main entrance, along with restroom repairs and maintenance). The bulk of the requested capital (\$500,000) is designated for a much needed investment to improve the Point-Of-Sale and Inventory Management system in order to better position Titan Shops to successfully compete in the highly competitive collegiate marketplace.

The proposed 2014-2015 Titan Shops budget draft minimizes any overall retail price increases for the next academic year. The additional minimum wage increase set to take place in January 2016 is expected to require retail price increases in most general merchandise categories (clothing, gifts, supplies, and food) for the 2015-16 budget.

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Comparison Summary
For Proposed Budget Year 2014-2015

Titan Shops

	Prior FY Actual 12-13	Forecast 13-14	Current Year Budget 13-14	Proposed Budget 14-15
Sales				
Sales	16,742,530	16,550,015	16,595,651	16,984,344
Total Sales	<u>16,742,530</u>	<u>16,550,015</u>	<u>16,595,651</u>	<u>16,984,344</u>
Cost of Goods Sold				
Cost of Sales	12,205,233	11,991,264	12,129,325	12,344,289
Total Cost of Goods Sold	<u>12,205,233</u>	<u>11,991,264</u>	<u>12,129,325</u>	<u>12,344,289</u>
Payroll Expense				
Salaries and Wages	1,730,929	1,815,153	1,777,484	1,956,755
Benefits	360,797	402,959	406,420	422,156
Total Payroll Expense	<u>2,091,726</u>	<u>2,218,112</u>	<u>2,183,904</u>	<u>2,378,911</u>
Non-Payroll Expense				
Scholarships	43,600	31,575	43,000	43,000
Advertising & Promotion	90,507	120,496	98,478	130,082
Communications	54,984	57,633	53,694	55,525
Taxes & Licenses	3,768	3,743	3,602	3,904
Commission & Royalty	48,345	49,260	48,114	49,704
Custodial Services & Supplies	75,555	71,414	73,827	65,350
Depreciation	220,288	184,557	165,437	179,197
Bank and Discount Charges	261,981	259,706	268,448	259,707
Insurance	31,078	31,401	31,320	33,338
Repairs and Maintenance	156,083	171,367	168,842	171,145
Office Supplies	3,077	10,072	3,319	7,082
Merchant Supplies	85,153	76,118	59,973	68,871
Rentals	44,929	47,845	47,130	50,100
Professional Serv/Consultants	196,489	175,318	181,104	166,763
Conference & Travel	9,040	16,873	23,214	17,985
Utilities	123,520	151,366	122,688	156,688
Dues and Subscriptions	18,325	13,763	17,439	15,249
Other Direct Costs/Miscellany	87,282	102,187	66,136	104,270
Public Relations	62,308	50,665	32,345	72,102
Equipment Rental/Expense	34,636	40,080	35,830	28,368
Total Non-Payroll Expense	<u>1,650,948</u>	<u>1,665,439</u>	<u>1,543,940</u>	<u>1,678,430</u>
Commission Income				
Commissions Income	261,262	261,691	272,324	240,897
Total Commission Income	<u>261,262</u>	<u>261,691</u>	<u>272,324</u>	<u>240,897</u>
Other Income				
Rental Income	103,861	226,617	189,800	218,857
Other Income	(1,086)	109,451	146,781	104,138
Total Other Income	<u>102,775</u>	<u>336,068</u>	<u>336,581</u>	<u>322,995</u>
Net Income / (Loss)	<u>1,158,669</u>	<u>1,272,965</u>	<u>1,347,387</u>	<u>1,146,613</u>

Dining Services

Dining Services Operations Project Summary

This year's proposed budget will undoubtedly be one of the most challenging in recent years. The July, 2014 minimum wage increase from \$8.00 to \$9.00 (12.5%), will have a significant impact on the almost 250 student, part-time, dining services employees. While looking at raising prices where possible to counter this increase, the reality is that the average price increase by our franchisors and competitors is targeted to be in the 2-3% range. Overall wholesale food prices continue to escalate at current levels of 2.3% higher than last year's numbers due to inclement weather across the country. We continue to be impacted by the campus perimeter competition which covers all food categories and we must remain extremely competitive in all areas of dining services—from fast casual to catering, the competition has never been stronger. This year's marketing efforts focusing on value to our customers will undoubtedly be one of the keys to growing our business and having a successful year.

In 2014-2015, dining services will be refining their operations and addressing rising food and labor costs as their main challenges. The biggest challenge is keeping prices affordable in the face of increased labor costs.

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Comparison Summary
For Proposed Budget Year 2014-2015

Dining Services

	Prior FY Actual 12-13	Forecast 13-14	Current Year Budget 13-14	Proposed Budget 14-15
Sales				
Sales	5,158,953	5,837,473	5,705,922	6,066,689
Total Sales	<u>5,158,953</u>	<u>5,837,473</u>	<u>5,705,922</u>	<u>6,066,689</u>
Cost of Goods Sold				
Cost of Sales	1,679,959	1,873,350	1,808,430	1,957,241
Total Cost of Goods Sold	<u>1,679,959</u>	<u>1,873,350</u>	<u>1,808,430</u>	<u>1,957,241</u>
Payroll Expense				
Salaries and Wages	1,700,087	1,853,991	1,838,660	1,911,293
Benefits	391,147	420,324	427,324	455,705
Total Payroll Expense	<u>2,091,234</u>	<u>2,274,315</u>	<u>2,265,984</u>	<u>2,366,998</u>
Non-Payroll Expense				
Advertising & Promotion	70,177	62,478	74,754	64,190
Communications	19,900	17,924	20,160	18,509
Taxes & Licenses	4,796	4,224	6,634	4,315
Commission & Royalty	476,179	461,664	439,912	529,741
Custodial Services & Supplies	71,492	69,965	74,708	70,596
Depreciation	155,077	201,187	203,944	206,362
Bank and Discount Charges	174,721	223,231	196,450	225,730
Insurance	38,734	29,103	42,792	29,288
Repairs and Maintenance	152,683	160,154	157,616	164,679
Office Supplies	13,041	13,891	13,870	12,986
Merchant Supplies	214,696	250,644	224,304	253,285
Rentals	36,794	51,610	56,268	55,745
Professional Serv/Consultants	67,428	23,657	17,786	24,592
Conference & Travel	8,973	5,199	9,510	5,057
Utilities	162,758	226,711	162,142	228,483
Dues and Subscriptions	820	580	700	630
Other Direct Costs/Miscellany	33,137	31,714	14,900	29,273
Public Relations	2,577	108,761	93,497	107,303
Administrative Fee	6,000	6,002	6,000	6,002
Equipment Rental/Expense	35,401	30,714	30,250	31,604
Total Non-Payroll Expense	<u>1,745,384</u>	<u>1,979,413</u>	<u>1,846,197</u>	<u>2,068,370</u>
Commission Income				
Commissions Income	259,127	257,956	210,265	251,698
Total Commission Income	<u>259,127</u>	<u>257,956</u>	<u>210,265</u>	<u>251,698</u>
Other Income				
Rental Income	101,872	103,324	104,820	103,324
Other Income	220,260	195,397	220,980	256,090
Total Other Income	<u>322,132</u>	<u>298,721</u>	<u>325,800</u>	<u>359,414</u>
Net Income / (Loss)	<u>223,645</u>	<u>267,073</u>	<u>321,376</u>	<u>285,190</u>

Auxiliary Services Total

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Comparison Summary
For Proposed Budget Year 2014-2015

	Auxiliary Services Total			
	Prior FY		Current	Proposed
	Actual	Forecast	Year	Budget
	12-13	13-14	Budget	Budget
	12-13	13-14	13-14	14-15
Sales				
Sales	21,901,483	22,387,488	22,301,573	23,051,033
Total Sales	<u>21,901,483</u>	<u>22,387,488</u>	<u>22,301,573</u>	<u>23,051,033</u>
Cost of Goods Sold				
Cost of Sales	13,885,192	13,864,614	13,937,755	14,301,530
Total Cost of Goods Sold	<u>13,885,192</u>	<u>13,864,614</u>	<u>13,937,755</u>	<u>14,301,530</u>
Payroll Expense				
Salaries and Wages	5,962,279	6,109,724	5,986,928	6,493,573
Benefits	894,330	1,559,951	1,569,461	1,739,119
Total Payroll Expense	<u>6,856,609</u>	<u>7,669,675</u>	<u>7,556,389</u>	<u>8,232,692</u>
Non-Payroll Expense				
Scholarships	43,600	31,575	43,000	43,000
Advertising & Promotion	160,684	183,969	173,232	194,667
Communications	119,181	117,237	125,344	116,397
Taxes & Licenses	108,564	481,108	331,701	428,147
Commission & Royalty	524,524	510,924	488,026	579,445
Custodial Services & Supplies	189,350	202,583	218,455	189,586
Depreciation	810,924	1,630,361	1,755,808	1,692,497
Bank and Discount Charges	471,984	643,820	490,618	513,316
Insurance	320,238	263,984	286,922	310,242
Debt Service & Interest Exp.	1,303,812	1,793,902	1,982,444	3,335,220
Audit and Legal	262,267	234,842	261,536	219,831
Repairs and Maintenance	1,351,777	1,728,872	1,437,945	1,505,138
Office Supplies	46,208	51,843	46,345	47,048
Merchant Supplies	395,421	327,891	285,043	322,780
Rentals	1,253,869	436,378	443,046	315,593
Professional Serv/Consultants	493,839	557,462	522,456	447,617
Conference & Travel	95,148	68,736	79,714	74,747
Utilities	846,370	1,163,101	1,078,043	1,289,937
Dues and Subscriptions	28,787	22,260	26,199	24,139
Other Direct Costs/Miscellany	2,972,805	1,077,398	901,841	1,097,810
Departmental Allocation	441,189	822,115	809,997	783,384
Public Relations	103,202	220,236	166,542	225,405
Administrative Fee	431,697	393,052	495,675	797,677
Equipment Rental/Expense	126,715	89,951	84,175	90,574
Total Non-Payroll Expense	<u>12,902,155</u>	<u>13,053,600</u>	<u>12,534,107</u>	<u>14,644,197</u>
Commission Income				
Commissions Income	520,389	519,647	482,589	492,595
Total Commission Income	<u>520,389</u>	<u>519,647</u>	<u>482,589</u>	<u>492,595</u>
Other Income				
Administrative Services	879,312	841,740	900,450	1,207,399
Indirect Cost Recoveries	1,870,595	1,639,959	1,610,500	1,681,248
Investment/Interest Income	404,752	197,859	162,000	207,726

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Comparison Summary
For Proposed Budget Year 2014-2015

Auxiliary Services Total

	Prior FY Actual 12-13	Forecast 13-14	Current Year Budget 13-14	Proposed Budget 14-15
Computer Services	12,912	14,526	0	0
Rental Income	6,063,384	10,171,518	10,346,678	10,708,911
Other Income	2,204,542	741,012	441,828	803,261
Total Other Income	<u>11,435,497</u>	<u>13,606,614</u>	<u>13,461,456</u>	<u>14,608,545</u>
Net Income / (Loss)	<u>213,431</u>	<u>1,925,868</u>	<u>2,217,367</u>	<u>973,757</u>

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Details
Comparison by line Item

	Prior FY Actual 12-13	Forecast 13-14	Current Year Budget 13-14	Proposed Budget 14-15
Sales				
6055 Non-serialized Rental Income	1,447,948	0	1,569,280	0
6402 Taxable Sales	20,419,743	22,324,311	20,706,227	22,990,227
6405 Miscellaneous Sales	94,961	123,111	85,800	120,542
6450 Sales Discounts	(61,169)	(59,934)	(59,734)	(59,736)
Total Sales	<u>21,901,483</u>	<u>22,387,488</u>	<u>22,301,573</u>	<u>23,051,033</u>
Cost of Goods Sold				
7001 Cost of Sales	13,275,874	13,864,614	13,184,004	14,301,530
7055 Non-serialized Rental Costs	609,318	0	753,751	0
Total Cost of Goods Sold	<u>13,885,192</u>	<u>13,864,614</u>	<u>13,937,755</u>	<u>14,301,530</u>
Payroll Expense				
Salaries and Wages				
8167 Salary/Wages - Part Time	1,033,794	1,618,702	1,695,164	1,806,834
8187 Staff/Faculty Reimburse-Salary	138,115	135,009	137,496	136,386
8226 CSU Additional Pay	4,000	4,000	0	4,000
8267 Salary/Wages - Full Time	3,785,430	4,101,129	4,010,760	4,443,447
8269 Reimbursed Wages	(39,855)	0	0	0
8325 Salary/Wage Student Assistant	588,748	26,090	0	0
8326 OT/DT Student Assistant Wages	2,737	29	0	0
8330 Salary/Wage Graduate Assistant	26,790	11,287	0	0
8331 OT/DT Graduate Assistant Wage	87	11	0	0
8367 Part Time/Partial Benefits	317,031	117,856	143,508	96,026
8467 OT/DT Misc Salary/Wage	35,235	15,284	0	3,072
8567 OT/DT Full Time/Benefits	63,904	74,406	0	3,000
8667 OT/DT Part Time/Benefits	6,263	5,921	0	808
Benefits				
8099 Misc Benefits/Accrual	(4,537)	85,554	0	95,518
8158 Employer FICA Expense	360,521	346,208	411,784	443,345
8159 Employer SUI Expense	27,322	24,427	29,246	39,190
8160 Employer Workers Comp Expense	91,249	88,072	103,005	89,161
8161 Employer Life Insurance Exp	8,688	9,756	10,764	9,896
8163 Staff Benefit-LT Disability	5,583	6,292	6,060	5,758
8164 Employer Dental Insurance Exp	33,436	35,201	35,667	34,476
8165 Employer Health Insurance Exp	496,439	566,534	580,449	569,249
8166 Employer Retirement Expense	302,218	309,633	302,497	356,435
8189 Employer Vision Care Expense	5,994	16,049	17,499	15,663
8210 Postretirement Benefit	52,915	46,627	58,500	63,063
8227 CSU Additional Pay Benefits	58	58	58	58
8268 Other Flex Benefits	500	6,304	0	0
8361 30 HR ER Life Ins Expense	237	98	144	72
8364 30 HR ER Dental Expense	488	348	396	235
8196 Net Periodic Pension Cost	(510,826)	0	0	0
8365 Health-Partial Benefits	24,045	18,790	13,392	17,000
Total Payroll Expense	<u>6,856,609</u>	<u>7,669,675</u>	<u>7,556,389</u>	<u>8,232,692</u>

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Details
Comparison by line Item

	Prior FY Actual 12-13	Forecast 13-14	Current Year Budget 13-14	Proposed Budget 14-15
Non-Payroll Expense				
Scholarships				
8168 Student Scholarships & Awards	43,600	31,575	43,000	43,000
Advertising & Promotion				
8110 Advertising	41,550	59,316	49,479	67,929
8201 Local Advertising	33,929	19,300	35,648	19,819
8205 Promotional Items	9,457	9,055	14,300	17,747
8948 Promotion-Low Price Guarantee	32,148	56,098	30,805	46,172
8972 Promotion-Requisition Rewards	43,600	40,200	43,000	43,000
Communications				
8112 Telephone	81,705	82,126	87,313	82,855
8212 Postage	37,476	35,111	38,031	33,542
Taxes & Licenses				
8103 Taxes & Licenses	35,462	36,188	129,190	36,177
8284 Property Tax Expense	73,102	444,920	202,511	391,970
Commission & Royalty				
8115 Commission Expense	151,457	142,868	130,700	142,399
8194 Athletics Concession Expense	11,282	15,649	12,150	17,926
8195 Royalty	135,529	195,624	175,520	202,337
8216 Sports Complex Commission Exp	62,304	0	0	0
8287 Pepsi Commission Expense	163,952	156,783	169,656	216,783
Custodial Services & Supplies				
8121 Custodial Services & Supplies	139,450	152,784	165,339	139,360
8202 Linen	12,255	7,413	14,436	7,450
8206 Cleaning Supplies	37,645	42,386	38,680	42,776
Depreciation				
8122 Depreciation	809,224	1,628,663	1,755,808	1,690,797
8222 Intangible Amortization	1,700	1,698	0	1,700
Bank and Discount Charges				
8108 Bank Service Charge	53,265	178,691	54,548	47,415
8181 Credit Card Fees	418,719	465,129	436,070	465,901
Insurance				
8132 Insurance	320,238	263,984	286,922	310,242
Debt Service & Interest Exp.				
8134 Interest Expense	443,439	735,048	1,007,372	898,684
8278 Debt Service Expense	860,373	1,058,854	975,072	2,436,536
Audit and Legal				
8138 Accounting Fees	67,058	91,478	77,900	95,655
8139 Legal Fees	70,207	8,337	60,000	11,100
8238 Payroll Processing	125,002	135,027	123,636	113,076
Repairs and Maintenance				
7542 Parking Lot-Repair & Maint	0	27,097	0	0
8142 Repairs & Maintenance	212,203	170,709	161,815	183,590
8152 Pest Control	17,565	16,694	19,264	20,470

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Details
Comparison by line Item

	Prior FY Actual 12-13	Forecast 13-14	Current Year Budget 13-14	Proposed Budget 14-15
8169 Maintenance Contracts	190,412	233,162	222,458	234,551
8172 Trash Removal	71,594	80,616	85,315	68,831
8176 Truck Expense	4,081	4,076	4,750	4,144
8242 Building Repair & Maintenance	255,007	128,247	223,062	52,320
8282 Parking & Ground Maintenance	944	0	0	0
8378 HVAC Repair & Maintenance	93,880	408,211	61,553	244,993
8379 Custodial Services	387,136	404,705	424,879	416,587
8380 Electrical Repair & Maint	7,678	17,246	21,046	13,700
8381 Elevator Repair & Maintenance	32,087	49,849	47,713	34,034
8382 Plumbing Repairs & Maintenance	24,492	28,998	27,814	29,750
8383 Landscape Repair & Maintenance	19,540	104,309	99,054	162,715
8384 Parking Lot Repair & Maint	7,294	12,116	10,162	13,192
8385 Fire Safety & Sprinklers	27,864	42,837	29,060	26,261
Office Supplies				
8146 Office Supplies	46,208	51,843	46,345	47,048
Merchant Supplies				
8125 Application Processing Fees	0	130	0	0
8126 Fees	95,262	750	516	600
8192 Merchant Supplies	106,196	106,629	82,169	99,892
8197 Uniforms	14,167	14,134	14,680	14,419
8214 Resale Product Costs	12,407	30,385	7,500	30,600
8215 Paper Supplies	167,389	175,863	180,178	177,269
Rentals				
8153 Rent	1,253,869	436,378	443,046	315,593
Professional Serv/Consultants				
8114 Consultants	50,128	137,300	87,750	31,080
8120 Contracted Services	173,360	155,749	203,053	189,141
8188 Temporary Help	89,829	100,769	61,482	54,760
8220 Safety/Security	180,522	163,644	170,171	172,636
Conference & Travel				
8116 Conference Expense	45,384	47,119	63,820	52,759
8173 Travel	49,764	21,617	15,894	21,988
Utilities				
8177 Utilities	286,278	378,077	284,830	385,171
8375 Electricity	491,250	694,559	703,614	789,400
8376 Gas/Heating Fuel	40,890	52,503	51,061	59,135
8377 Water/Sewer	27,952	37,962	38,538	56,231
Dues and Subscriptions				
8117 Dues & Subscriptions	28,787	22,260	26,199	24,139
Other Direct Costs/Miscellany				
8109 Spoilage	6,369	813	0	864
8111 Bad Debt Expense	2,101,650	1,650	1,650	1,650
8123 Printing	12,750	18,080	16,362	20,828
8128 Cash Over/Short Bdgt Use Only	4,329	9,063	2,209	9,933
8133 Instructional Materials	454	0	0	0

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Details
Comparison by line Item

	Prior FY Actual 12-13	Forecast 13-14	Current Year Budget 13-14	Proposed Budget 14-15
8137 Reference Materials	0	363	984	500
8143 Materials	664	394	0	192
8144 Employee Development	28,977	16,971	24,975	30,192
8147 Other Direct Costs	706,176	772,387	690,000	800,000
8151 Program/Event Costs	2,112	0	0	0
8154 Publication Costs	58	0	420	0
8170 Employee Text Incentive	65,704	80,650	39,735	78,357
8183 Grant Expense Overrun	(737)	347	0	360
8190 Prior Fiscal Year Expense	(95,320)	27,994	0	0
8204 Recruitment	714	714	1,000	1,000
8219 Retiree Health Expense	107,916	126,899	100,116	132,800
8221 Restocking Fees	2,332	5,565	3,890	5,631
8230 Rental Caps & Gowns Expense	28,639	15,500	20,500	15,500
Departmental Allocation				
8198 Departmental Allocation	67,070	40,203	0	44,400
8199 IDC Allocation	374,119	781,912	809,997	738,984
Public Relations				
8118 Board Relations	30,291	27,655	23,000	21,600
8140 Food & Beverages	0	12	0	0
8148 Public Relations	12,050	41,856	21,445	36,180
8157 Donations	60,861	150,713	122,097	167,625
Administrative Fee				
8105 Administrative Fee	6,000	6,002	6,000	6,002
8283 Property Management Expense	425,697	387,050	489,675	791,675
Equipment Rental/Expense				
8113 Computer Costs	4,592	0	1,400	0
8130 Equipment-Expendable	112,438	78,902	69,875	78,947
8135 Computer Paper	0	0	400	0
8155 Equipment Rental	9,685	11,049	12,500	11,627
Total Non-Payroll Expense	12,902,137	13,053,592	12,534,107	14,644,194
Commissions Income				
6202 Maui Wowi	5,537	2,164	2,300	2,200
6203 Michelangelo's Pizza	1,267	462	500	500
6206 Vendor Commissions	14,750	14,200	19,100	14,700
6209 Commissions Income	260,561	250,564	249,589	233,566
6227 Licensing Income	13,913	12,712	13,000	8,550
6228 First Class Vending Commission	50,000	52,230	50,000	52,230
6230 Juice It Up Commission Income	73,372	74,924	60,700	74,786
6231 Kettle Masters Commission Incm	11,044	6,532	6,000	6,650
6232 MJ Espresso Commission Income	63,483	62,461	42,900	62,461
6233 Kettle Masters Hot Dog Commssn	16,242	36,862	21,000	30,860
6235 Philly's Best @27% Net Sales	1,294	5,472	0	5,210
6236 Chunk N Chips Commission Incm	3,914	736	10,500	700
6237 Two Garnachas Commission Incm	1,991	182	5,500	182

CSU Fullerton Auxiliary Services Corporation
Consolidated Budget Details
Comparison by line Item

	Prior FY		Current	
	Actual	Forecast	Year	Proposed
	12-13	13-14	Budget	Budget
	12-13	13-14	13-14	14-15
6238 Juice It Up Yogurt Commission	3,021	146	1,500	0
Total Commission Income	520,389	519,647	482,589	492,595
Other Income				
Administrative Services				
6006 Contracted Services	42,861	41,860	72,450	41,742
6008 Administrative Services	836,451	799,880	828,000	1,165,657
Indirect Cost Recoveries				
6001 Indirect Cost-Federal	1,420,380	1,299,876	1,308,000	1,332,000
6002 Indirect Cost-State	350,857	271,889	240,000	279,000
6003 Indirect Cost-Profit Oriented	17,215	8,048	24,000	8,292
6004 Indirect Cost-Fnd & Tax Exempt	82,143	60,146	38,500	61,956
Investment/Interest Income				
6009 Interest Income	166,151	134,169	162,000	145,726
6012 Dividend Income	58,650	63,690	0	62,000
6020 Investment Income/Dividends	179,951	0	0	0
Computer Services				
6208 Computer Services-ASC Admin	12,912	14,526	0	0
Rental Income				
6018 Textbook Rental Income	103,861	172,798	145,400	174,346
6210 Rental Income	5,886,218	9,930,806	10,126,454	10,379,825
6219 Parking Lease Income	57,650	59,720	58,720	57,720
6250 Storage Rent	15,655	8,194	16,104	97,020
Other Income				
6015 Pepsi Market Fund	120,000	120,000	120,000	180,000
6017 EWR Admin Fee Income	468	422	530	500
6207 Returned Check/Item Charge	180	132	160	160
6221 Shipping & Postage Charges	69,851	59,741	69,993	55,297
6224 Restocking Fee Titan Tech Ctr	0	1,059	0	915
6225 Restocking Fee	10,376	7,445	12,475	8,146
6229 Pepsi Commission Income	87,904	73,557	99,300	73,557
6264 Maintenance Assessments	0	0	0	189,360
6471 Computer Repair Service	0	1,674	18,770	2,080
6481 Rental Caps/Gowns/Hoods	28,992	24,500	24,500	24,500
6500 Other Operating Income	2,001,257	402,237	54,307	212,861
6600 Interdepartment Sales/Transfer	(281,128)	16,200	22,275	24,300
6902 Other Income	58,159	0	0	0
6904 Gain/Loss on Sales of Assets	102,334	8,310	14,700	6,453
6906 Rebates	6,149	25,735	4,818	25,132
Total Other Income	11,435,497	13,606,614	13,461,456	14,608,545
Net Income (Loss)	213,431	1,925,868	2,217,367	973,757