

Approval of 2020-21 Auxiliary System Budgets

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

April 30, 2020

Virginia Tech has four master resolution bond covenants securing debt issues referred to as Systems. The four systems are the Dormitory and Dining System, Electric Service Utility System, University Services System and the Athletic Facilities System. The resolutions authorizing and securing each system requires the adoption of an annual budget by the Board of Visitors.

The budget presentation to the Board of Visitors provides documentation that the revenues to be received during the fiscal year will be sufficient to meet the operating costs of the System, the principal and interest requirements, and usual expenses of maintenance, repair, and operation. The annual budget will be the basis for making payments from the revenue fund to meet the operating costs of the System during the fiscal year. The university works to ensure that the systems remain in good working order and that compliance with the terms and conditions of the bond covenants are maintained.

The budget of each of the four Systems for the 2020-21 fiscal year are attached. The system budgets are also included within the university's overall budget.

Impact of COVID-19

While the university expects an environment of constrained resources, the impact of the pandemic on university budgets is currently uncertain. To begin the fiscal year, temporary budgets were developed: in general: a continuation of existing budgets reduced by 5% of discretionary expenditures.

Once the financial impact of the pandemic on various university operations is understood, the university will commence a process to update budgets accordingly.

RECOMMENDATION:

That the recommended budget for fiscal year July 1, 2020 to June 30, 2021 for the operation of the Dormitory and Dining System, Electric Service Utility System, University Services System, and the Athletic Facilities System be approved.

May 29, 2020

**Dormitory and Dining Hall System
2020-21 Operating Budget**

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

April 30, 2020

The resolution authorizing and securing the Dormitory and Dining Hall System revenue bonds requires the adoption of an annual budget by the Board of Visitors. The budget presentation to the Board of Visitors provides documentation that the revenues to be received during the fiscal year will be sufficient to meet the operating costs of the System, the principal and interest requirements, and usual expenses of maintenance, repair, and operation.

Subject to approval by the Board of Visitors, the annual budget will be the basis for making payments from the revenue fund to meet the operating costs of the System during the fiscal year. In compliance with Section 5.1 and 5.5 of the resolution authorizing and securing the Dormitory and Dining Hall System revenue bonds, the estimate of the resources to be used for the operation of the System during the fiscal year July 1, 2020 to June 30, 2021 and a recommended budget of current expenses for the System for the same period are summarized below. The rates and charges for the next fiscal year are sufficient for the current expenses, debt service, and reserve requirements set forth in Section 5.1 of the resolution.

| | <u>Residential</u> | <u>Dining</u> | <u>Total</u> |
|---------------------------------|---------------------|---------------------|----------------------|
| <u>Estimated Revenues</u> | | | |
| Student Fees | \$57,181,228 | \$59,331,767 | \$116,512,995 |
| Other Income | 2,984,998 | 14,339,692 | 17,324,690 |
| Contingency | (984,754) | (2,528,668) | (3,513,422) |
| Total Revenues | <u>\$59,181,472</u> | <u>\$71,142,791</u> | <u>\$130,324,263</u> |
| <u>Current Expenses</u> | | | |
| Personnel Services | \$14,088,688 | \$29,826,698 | \$43,915,386 |
| Operations | 14,304,828 | 30,905,728 | 45,210,556 |
| Administrative Charge | 2,222,750 | 4,993,326 | 7,216,076 |
| Maintenance Reserve | 5,094,632 | 973,039 | 6,067,671 |
| Debt Service | 13,354,672 | 3,414,369 | 16,769,041 |
| One-Time Projects | 6,537,698 | 3,346,769 | 9,884,467 |
| Contingency | (984,754) | (2,528,668) | (3,513,422) |
| Total Expenses | <u>\$54,618,514</u> | <u>\$70,931,261</u> | <u>\$125,549,775</u> |
| Reserve Contribution (Draw) | \$4,562,958 | \$211,530 | \$4,774,488 |
| Net | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

**Electric Service Utility System
2020-21 Operating Budget**

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

April 30, 2020

The resolution authorizing and securing the Electric Service Utility System revenue bonds requires the adoption of an annual budget by the Board of Visitors. The budget presentation to the Board of Visitors provides documentation that the revenues to be received during the fiscal year will be sufficient to meet the operating costs of the System, the principal and interest requirements, and usual expenses of maintenance, repair, and operation.

Subject to approval by the Board of Visitors, the annual budget will be the basis for making payments from the revenue fund to meet the operating costs of the System during the fiscal year. In compliance with Section 5.1 and 5.5 of the resolution authorizing and securing the Electric Service Utility System revenue bonds, the estimate of the resources to be used for the operation of the System during the fiscal year July 1, 2020 to June 30, 2021 and a recommended budget of current expenses for the System for the same period are summarized below. The rates and charges for the next fiscal year are sufficient for the current expenses, debt service, and reserve requirements set forth in Section 5.1 of the resolution.

Estimated Revenues

| | |
|---------------------------------|------------------|
| Sales to University Departments | \$19,833,760 |
| All Other Sales | 14,051,787 |
| Investment Income | 31,747 |
| Contingency | <u>(264,166)</u> |
| Total Revenues | \$33,653,128 |

Current Expenses

| | |
|--------------------------------------|------------------|
| Personnel Services | \$4,154,711 |
| Purchase of Electricity | 22,905,174 |
| Operating Expenditures | 4,550,778 |
| Capital Maintenance Reserve Projects | 910,000 |
| Debt Service | 775,553 |
| Contingency | <u>(264,166)</u> |
| Total Expenses | \$33,032,050 |

| | |
|---------------------------------|-----------|
| Reserve Contribution (Drawdown) | \$621,078 |
|---------------------------------|-----------|

| | |
|-----|-------------------|
| Net | <u><u>\$0</u></u> |
|-----|-------------------|

**University Services System
2020-21 Operating Budget**

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

April 30, 2020

The resolution authorizing and securing the University Services System* revenue bonds requires the adoption of an annual budget by the Board of Visitors. The budget presentation to the Board of Visitors provides documentation that the revenues to be received during the fiscal year will be sufficient to meet the operating costs of the System, the principal and interest requirements, and usual expenses of maintenance, repair, and operation.

Subject to approval by the Board of Visitors, the annual budget will be the basis for making payments from the revenue fund to meet the operating costs of the System during the fiscal year. In compliance with Section 5.1 and 5.5 of the resolution authorizing and securing the University Services System revenue bonds, the estimate of the resources to be used for the operation of the System during the fiscal year July 1, 2020 to June 30, 2021 and a recommended budget of current expenses for the System for the same period are summarized below. The rates and charges for the next fiscal year are sufficient for the current expenses, debt service, and reserve requirements set forth in Section 5.1 of the resolution.

| | |
|---------------------------------|--------------------|
| <u>Estimated Revenues</u> | |
| Student Fees | \$47,468,365 |
| Sales and Services | 4,311,126 |
| Other Income | 2,848,614 |
| Contingency | <u>(1,745,064)</u> |
| Total Revenues | \$52,883,041 |
| <u>Current Expenses</u> | |
| Personnel Services | \$26,103,985 |
| Operating | 15,704,518 |
| Debt Service | 4,487,472 |
| Capital Maintenance Reserve | 2,165,534 |
| Non-Capital Maintenance Reserve | 286,800 |
| Student Organization Allocation | 1,528,774 |
| One-Time Expenses | 3,607,982 |
| Contingency | <u>(1,745,064)</u> |
| Total Expenses | \$52,140,001 |
| Reserve Contribution (Drawdown) | \$743,040 |
| Net | <u><u>\$0</u></u> |

* University Services System includes Career and Professional Development, Center for the Arts, Health Services, Recreational Sports, Student Engagement and Campus Life, Cultural and Community Centers, Student Organizations, and Rescue Squad.

**Athletic Facilities System
2020-21 Operating Budget**

FINANCE AND RESOURCE MANAGEMENT COMMITTEE

April 30, 2020

The resolution authorizing and securing the Athletic Facilities System revenue bonds requires the adoption of an annual budget by the Board of Visitors. The budget presentation to the Board of Visitors provides documentation that the revenues to be received during the fiscal year will be sufficient to meet the operating costs of the System, the principal and interest requirements, and usual expenses of maintenance, repair, and operation.

Subject to approval by the Board of Visitors, the annual budget will be the basis for making payments from the revenue fund to meet the operating costs of the System during the fiscal year. In compliance with Section 5.1 and 5.5 of the resolution authorizing and securing the Athletic Facilities System revenue bonds, the estimate of the resources to be used for the operation of the System during the fiscal year July 1, 2020 to June 30, 2021 and a recommended budget of current expenses for the System for the same period are summarized below. The rates and charges for the next fiscal year are sufficient for the current expenses, debt service, and reserve requirements set forth in Section 5.1 of the resolution.

Estimated Revenues

| | |
|--------------------|--------------------|
| Student Fees | \$10,870,605 |
| Sales and Services | 63,722,092 |
| Other Income | 2,907,014 |
| Contingency | <u>(2,759,703)</u> |
| Total Revenues | \$74,740,008 |

Current Expenses

| | |
|---|--------------------|
| Personnel Services | \$34,949,042 |
| Operations | 23,392,328 |
| Administrative Charge | 4,885,461 |
| Capital Maintenance Reserve | 1,762,189 |
| Maintenance, Repairs, & Equipment Replacement | 2,290,149 |
| Debt Service | 5,922,561 |
| One-Time Projects | 38,063 |
| Contingency | <u>(2,759,703)</u> |
| Total Expenses | \$70,480,090 |

| | |
|---------------------------------|-------------|
| Reserve Contribution (Drawdown) | \$4,259,918 |
|---------------------------------|-------------|

| | |
|-----|-------------------|
| Net | <u><u>\$0</u></u> |
|-----|-------------------|