

Approval of 2016-17 Auxiliary System Budgets

FINANCE AND AUDIT COMMITTEE

May 10, 2016

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

The Auxiliary Systems 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 2016-17 fiscal year are attached. The system budgets are also included within the university's overall budget.

RECOMMENDATION:

That the recommended budget for fiscal year July 1, 2016 to June 30, 2017 for the operation of the Athletic Facility System, Dorm and Dining System, Electric Service Utility System, and the University Services System be approved.

June 6, 2016

**Dormitory and Dining Hall System
2016-17 Operating Budget**

FINANCE AND AUDIT COMMITTEE

April 30, 2016

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, 2016 to June 30, 2017 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>Dormitories</u>	<u>Dining Halls</u>	<u>Total</u>
<u>Estimated Revenues</u>			
Student Fees	\$50,087,577	\$54,727,865	\$104,815,442
Other Income	2,271,094	9,675,423	11,946,517
Total Revenues	<u>\$52,358,671</u>	<u>\$64,403,288</u>	<u>\$116,761,959</u>
<u>Current Expenses</u>			
Personnel Services	\$11,437,778	\$24,491,781	\$35,929,559
Operations	12,329,278	29,149,452	41,478,730
Administrative Charge	1,880,810	4,477,576	6,358,386
Maintenance Reserve	4,391,258	923,039	5,314,297
Debt Service	14,992,372	3,819,151	18,811,523
One-Time Projects	4,046,676	50,000	4,096,676
Total Expenses	<u>\$49,078,172</u>	<u>\$62,910,999</u>	<u>\$111,989,171</u>
Reserve Contribution (Draw)	\$3,280,499	\$1,492,289	\$4,772,788
Net	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

RECOMMENDATION:

That the recommended budget for the fiscal year July 1, 2016 to June 30, 2017 for the operation of the Dormitory and Dining Hall System be approved.

June 6, 2016

**Electric Service Utility System
2016-17 Operating Budget**

FINANCE AND AUDIT COMMITTEE

April 30, 2016

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, 2016 to June 30, 2017 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>	
Sales to University Departments	\$20,576,899
All Other Sales	14,017,940
Investment Income	31,747
Total Revenues	\$34,626,586
 <u>Current Expenses</u>	
Personnel Services	\$3,129,512
Purchase of Electricity	24,966,814
Operating Expenditures	3,971,129
Capital Maintenance Reserve Projects	760,000
Maintenance, Repairs and Equipment Replacement	477,890
Debt Service	761,239
Total Expenses	\$34,066,584
 Reserve Contribution (Drawdown)	 \$560,002
 Net	 \$0

RECOMMENDATION:

That the recommended budget for the fiscal year July 1, 2016 to June 30, 2017 for the operation of the Electric Service Utility System be approved.

June 6, 2016

**University Services System
2016-17 Operating Budget**

FINANCE AND AUDIT COMMITTEE

April 30, 2016

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, 2016 to June 30, 2017 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	\$40,709,019
Sales and Services	4,175,879
Other Income	1,795,093
Total Revenues	\$46,679,991
 <u>Current Expenses</u>	
Personnel Services	\$20,433,399
Operating	13,914,897
Debt Service	4,546,954
Capital Maintenance Reserve	2,115,534
Non-Capital Maintenance Reserve	161,800
Student Organization Allocation	1,519,108
One-Time Expenses	3,182,953
Total Expenses	\$45,874,645
Reserve Contribution (Drawdown)	\$805,346
Net	\$0

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

RECOMMENDATION:

That the recommended budget for the fiscal year July 1, 2016 to June 30, 2017 for the operation of the University Services System be approved.

June 6, 2016

**Athletic Facilities System
2016-17 Operating Budget**

FINANCE AND AUDIT COMMITTEE

April 30, 2016

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, 2016 to June 30, 2017 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	\$8,783,421
Sales and Services	56,086,593
Other Income	1,275,878
Total Revenues	<u>\$66,145,892</u>

Current Expenses

Personnel Services	\$30,026,128
Operations	18,948,579
Administrative Charge	4,211,019
Capital Maintenance Reserve	1,397,189
Maintenance, Repairs, & Equipment Replacement	1,928,649
Debt Service	5,336,694
One-Time Projects	4,000,000
Total Expenses	<u>\$65,848,258</u>

Reserve Contribution (Drawdown)	\$297,634
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Net	<u><u>\$0</u></u>
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RECOMMENDATION:

That the recommended budget for the fiscal year July 1, 2016 to June 30, 2017 for the operation of the Athletic Facilities System be approved.

June 6, 2016