

Approval of 2017-18 Auxiliary System Budgets

FINANCE AND AUDIT COMMITTEE

April 30, 2017

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 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 2017-18 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, 2017 to June 30, 2018 for the operation of the Athletic Facility System, Dorm and Dining System, Electric Service Utility System, and the University Services System be approved.

June 5, 2017

**Dormitory and Dining Hall System
2017-18 Operating Budget**

FINANCE AND AUDIT COMMITTEE

April 30, 2017

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, 2017 to June 30, 2018 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	\$52,026,324	\$55,240,154	\$107,266,478
Other Income	2,269,587	10,620,851	12,890,438
Total Revenues	<u>\$54,295,911</u>	<u>\$65,861,005</u>	<u>\$120,156,916</u>
 <u>Current Expenses</u>			
Personnel Services	\$12,077,319	\$25,318,053	\$37,395,372
Operations	13,413,734	29,830,579	43,244,313
Administrative Charge	2,004,690	4,579,211	6,583,901
Maintenance Reserve	4,457,038	948,039	5,405,077
Debt Service	13,395,439	3,801,208	17,405,647
One-Time Projects	6,577,599	961,007	7,329,606
Total Expenses	<u>\$51,925,819</u>	<u>\$65,438,097</u>	<u>\$117,363,916</u>
 Reserve Contribution (Draw)	 \$2,370,092	 \$422,908	 \$2,793,000
 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, 2017 to June 30, 2018 for the operation of the Dormitory and Dining Hall System be approved.

June 5, 2017

**Electric Service Utility System
2017-18 Operating Budget**

FINANCE AND AUDIT COMMITTEE

April 30, 2017

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, 2017 to June 30, 2018 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	\$21,143,927
All Other Sales	14,885,426
Investment Income	31,747
Total Revenues	<u>\$36,061,100</u>
 <u>Current Expenses</u>	
Personnel Services	\$3,286,691
Purchase of Electricity	25,842,765
Operating Expenditures	4,344,840
Capital Maintenance Reserve Projects	810,000
Maintenance, Repairs and Equipment Replacement	477,890
Debt Service	768,914
Total Expenses	<u>\$35,531,100</u>
 Reserve Contribution (Drawdown)	 \$530,000
 Net	 <u><u>\$0</u></u>

RECOMMENDATION:

That the recommended budget for the fiscal year July 1, 2017 to June 30, 2018 for the operation of the Electric Service Utility System be approved.

June 5, 2017

**University Services System
2017-18 Operating Budget**

FINANCE AND AUDIT COMMITTEE

April 30, 2017

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, 2017 to June 30, 2018 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	\$42,585,565
Sales and Services	4,140,277
Other Income	1,794,998
Total Revenues	<u>\$48,520,840</u>
 <u>Current Expenses</u>	
Personnel Services	\$22,107,376
Operating	13,999,692
Debt Service	4,498,366
Capital Maintenance Reserve	2,115,534
Non-Capital Maintenance Reserve	161,800
Student Organization Allocation	1,545,212
One-Time Expenses	3,227,208
Total Expenses	<u>\$47,655,188</u>
 Reserve Contribution (Drawdown)	 \$865,652
 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, Student Organizations, and Rescue Squad.

RECOMMENDATION:

That the recommended budget for the fiscal year July 1, 2017 to June 30, 2018 for the operation of the University Services System be approved.

June 5, 2017

**Athletic Facilities System
2017-18 Operating Budget**

FINANCE AND AUDIT COMMITTEE

April 30, 2017

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, 2017 to June 30, 2018 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	\$9,518,960
Sales and Services	58,150,854
Other Income	1,613,628
Total Revenues	<u>\$69,283,442</u>
 <u>Current Expenses</u>	
Personnel Services	\$31,640,005
Operations	20,834,766
Administrative Charge	4,550,192
Capital Maintenance Reserve	1,422,189
Maintenance, Repairs, & Equipment Replacement	2,306,649
Debt Service	5,648,953
One-Time Projects	2,500,000
Total Expenses	<u>\$68,902,754</u>
 Reserve Contribution (Drawdown)	 \$380,688
 Net	 <u><u>\$0</u></u>

RECOMMENDATION:

That the recommended budget for the fiscal year July 1, 2017 to June 30, 2018 for the operation of the Athletic Facilities System be approved.

June 5, 2017