

Financial Results and Analysis for the Year Ended March 31, 2017 on a Fund Accounting Basis

Presentation of Management Information

To enhance accountability, budgetary control and stewardship of resources, the university maintains separate funds of assets, liabilities, revenues and expenditures for its many activities. Fund accounting is used by the university for its operating budget allocations and to ensure that restricted grants, donations and other contributions are spent only for the purposes intended. These funds are grouped as General Operating, Ancillary Enterprises, Specific Purposes, Sponsored Research, Capital and Endowment funds and are defined as follows:

- The General Operating Fund reports revenue and expense related to the general operations of the university.
- The Ancillary Enterprises Fund reports revenue and expense related to service operations that are expected to function on a self-supporting basis. These operations comprise the bookstore, food services, student residences, parking services, child care services, donated property rental, hotel and brew-pub operations, and the Vancouver Island Technology Park.
- The Specific Purposes Fund accounts for revenue and expense relating to contract services, special projects and endowment funds.
- The Sponsored Research Fund accounts for monies designated for the support of research.
- The Capital Fund accounts for monies designated for the acquisition of capital assets and major renovations. Where monies designated for capital use are received as part of the resources for general operations, ancillary enterprises, specific purposes and sponsored research activities - generally for equipment, furnishings, computer equipment and library holdings - the revenue and expense related to those assets are accounted for in those respective funds.
- The Endowment assets, held as invested principal, comprise the accumulation of endowment contributions and the portion of investment income that is required by the donors and the Foundation Board to be added to the fund to offset the eroding effect of inflation.

The university conducts certain activities through related entities. These financial statements consolidate the accounts of six wholly owned subsidiaries of the university:

- UVic Industry Partnerships (formerly University of Victoria Innovation and Development Corporation) which assists with intellectual property management and commercialization of research discoveries.
- University of Victoria Properties Investments Inc. which manages the university's real estate holdings including the Vancouver Island Technology Park Trust.
- Ocean Networks Canada Society which manages the university's VENUS and NEPTUNE ocean observatories.
- Pacific Climate Impacts Consortium which stimulates collaboration to produce climate information for education, policy and decision making.

- Byron Price and Associates Ltd. which holds land in North Saanich that was donated to the University
- Gustavson School of Business Executive Education Inc. which provides executive education and other non-credit education.

The financial statements consolidate the accounts of the University of Victoria Long Term Disability Trust (LTD Trust) which administers an employee benefit plan on behalf of the university's faculty and administrative professional staff.

The financial statements also consolidate the accounts of related not-for-profit organizations whose activities benefit the University:

- University of Victoria Foundation, the Foundation for the University of Victoria, and the U.S. Foundation for the University of Victoria which encourage financial support of the University and administer the University's endowment funds.

The operations of University of Victoria Properties Investments Inc. are reported in Schedule B as Ancillary Enterprises, Ocean Networks Canada Society and the Pacific Climate Impacts Consortium are reported as Sponsored Research, while the operations of the other five entities are reported as Specific Purposes.

The financial statements proportionately consolidate the accounts of the following joint ventures:

- Tri-Universities Meson Facility (TRIUMF) which operates a research facility for sub-atomic physics located at the University of British Columbia. The financial statements include the University's 8.33% interest.
- Western Canadian Universities Marine Sciences Society (WCUMSS) which operates a marine research facility at Bamfield on the west coast of Vancouver Island. The financial statements include the University's 20% interest.

The financial statements include the accounts of the University's two profit-oriented subsidiaries using the equity method of accounting:

- Heritage Realty Properties Ltd. which manages the property rental and downtown hotel and brew-pub operation donated by the late Michael C. Williams.
- Vancouver Island Technology Park Trust which provides leased space to technology companies on Vancouver Island.

Balance Sheet – Statement 1

A key feature of fund accounting is that plant or capital assets are recorded on the balance sheet without amortization, unlike the accounting treatment within the external audited financial statements. Treatment within fund accounting is to record, at original cost, buildings, land and site development until disposal while equipment and furnishings are written off after 8 years.

Key balance sheet highlights are as follows:

- Total assets increased by \$83.8M while liabilities increased by \$2.0M. Fund balances increased by \$57.8M and equity in plant assets grew by \$23.9M.
- Endowment investments are recorded at fair value and have increased by \$35.8M to \$430.0M. The \$35.8M increase is made up as follows:

	<u>2017</u>	<u>2016</u>
Donations	\$5.8M	\$7.1M
Investment income	48.9M	6.0M
Disbursements (fees and awards)	(16.5)M	(16.0)M
Changes in receivables/payables	(2.4)M	(0.9)M
	<u>35.8M</u>	<u>(\$3.8M)</u>

- Capital assets increased by \$21.8M with increases in site improvements of \$5.8M, buildings of \$24.9M and library holdings by \$2.6M. The largest single increase in buildings (\$3.4M) was related to the Elliott building renovations. Increases in buildings and library holdings were offset by equipment and furnishings write offs that exceeded acquisitions by \$11.5M.
- Long-term debt decreased by \$2.0M resulting from regularly scheduled debt payments.
- Funds held for employee future benefits, excluding any unfunded portion, increased by \$1.6M to \$25.4M and are made up as follows:

	<u>2017</u>	<u>2016</u>
Vested sick leave benefits	\$3.2M	\$3.1M
Supplemental pension obligations	6.8M	6.2M
Group life insurance	1.5M	1.5M
LTD liability	13.9M	13.0M
	<u>\$25.4M</u>	<u>\$23.8M</u>

- Endowment principal funds, held primarily in the UVic Foundation, increased by \$9.7M due to external donations of \$5.2M, UVic transfers of \$132K and capitalized investment income of \$4.4M.
- Equity in plant assets increased by \$23.9M due to capital additions of \$58.6M and debt repayment of \$2.1M less \$36.8M of equipment, furnishings and library holdings written off.

Statement of Appropriated Expendable Balances – Statement 2

For over 30 years, departments have been asked to save (i.e., to appropriate) from their annual operating budgets sufficient funds in order to invest in equipment such as computers, vehicles, scientific and other equipment. Interest is paid on equipment reserve balances in order to encourage savings and during the year the interest allocated was at 1.0%. Statement 2 summarizes these replacement appropriations. The university also has a carry forward policy whereby departments who do not spend all of their General Operating Fund allocation in a year have it appropriated at the Faculty or department level for spending in future years. These two policies permit departments to plan for new projects, restructuring, and equipment needs over a longer timeframe. Should a department incur a deficit in a fiscal year, that deficit becomes a first charge on its operating budget for the following year. Unspent carry forward balances are categorized according to how departments plan to use these balances in the future. Statement 2 reflects these departmental allocations.

The university expects that the provincial operating grant and tuition fees will not subsidize ancillary operations and, as such, each ancillary enterprise must budget to break even, including a provision for periodic renovation, replacement and expansion of its facilities. As such, there are appropriated funds from ancillary operations in order to be able to invest in equipment replacement and capital improvements.

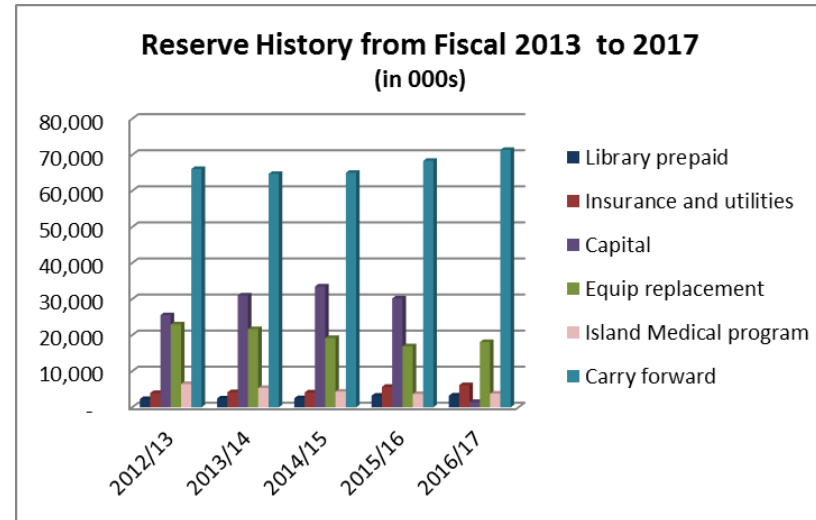
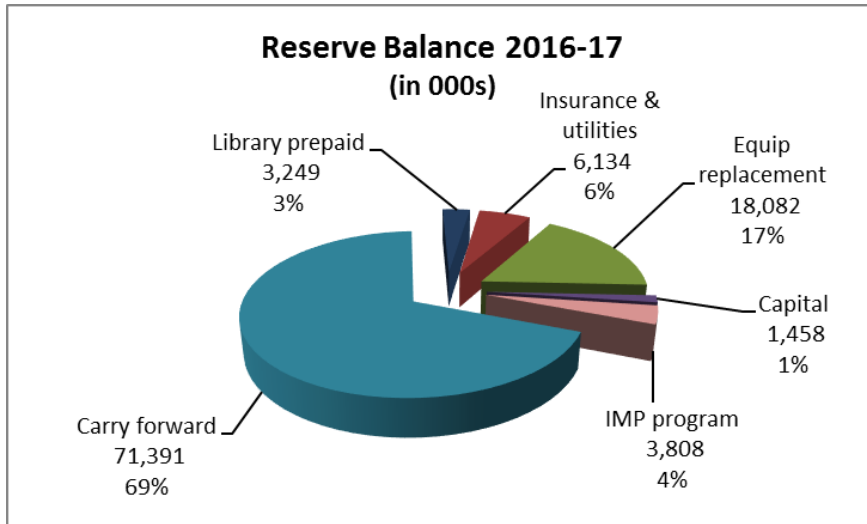
Due to restrictions in the ability of the university to borrow externally, appropriated fund balances are used on a temporary basis to fund capital projects that will generate future revenues from which to repay the internal loan (e.g., residences).

Total appropriated expendable funds were as follows:

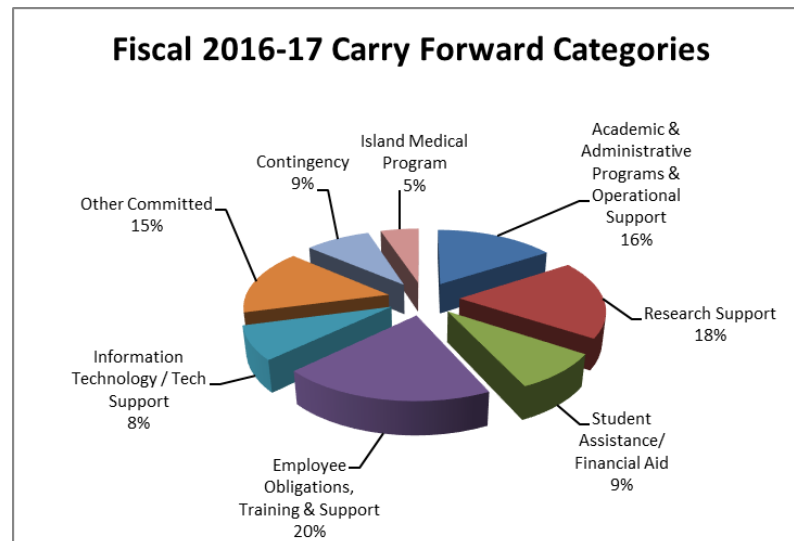
<i>(in millions of dollars)</i>	2017	2016
General operating	104.1	128.1
Ancillary enterprises	11.1	9.8
Less loans for Capital	(24.8)	(54.1)
Total	90.4	83.8

The following charts show the distribution of the appropriated funds (reserves) within the major categories of: capital, equipment, carry forward¹, library prepaid and insurance. It also shows how these reserves have changed over time.

¹ This category includes program development and operation support, research support, student assistance and financial aid, employee obligations, training and support, other commitments, and contingency. The externally funded Island Medical Program has been allotted its own category.

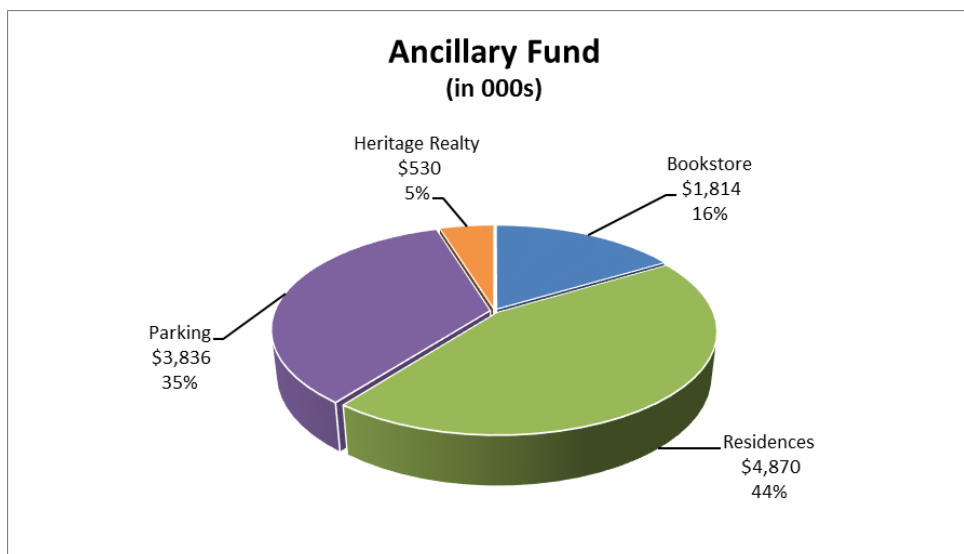


As shown in the table above, total operating fund appropriations decreased by \$24M in 2017. This is the result of decreases within the Capital and Renovation Projects (\$28.8) which was transferred out of the Operating Fund to the Capital Fund, Program Development and Operation Support (\$5.7), Research Support (\$0.2M), Information Technology and Technical Support (\$0.8M) and Contingency (\$2.9). However these decreases were offset by other categories, including increases in funds set aside for Equipment (\$1.2M), Student Assistance (\$2.6), Employee Obligations (\$1.4M), Insurance and Utilities (\$0.5M) and Other Commitments (\$8.6M). The following chart summarizes the intended use of the carry forward balances of \$75.2M (including Island Medical Program):



The largest allocation or 20% is for employee obligations including accumulated professional development, leave and other contractual commitments while research support represents 18% which is generally made up of commitments to individual faculty for research start-up, travel grants, etc. Program development and operation support represents 16%. Another category of note is the Island Medical Program. This represents 5% and is not available for reallocation as it is externally targeted, specific funding.

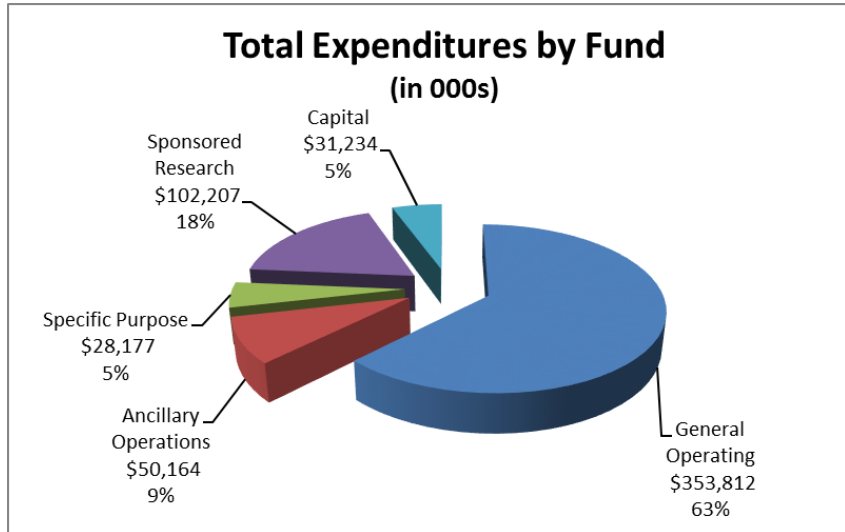
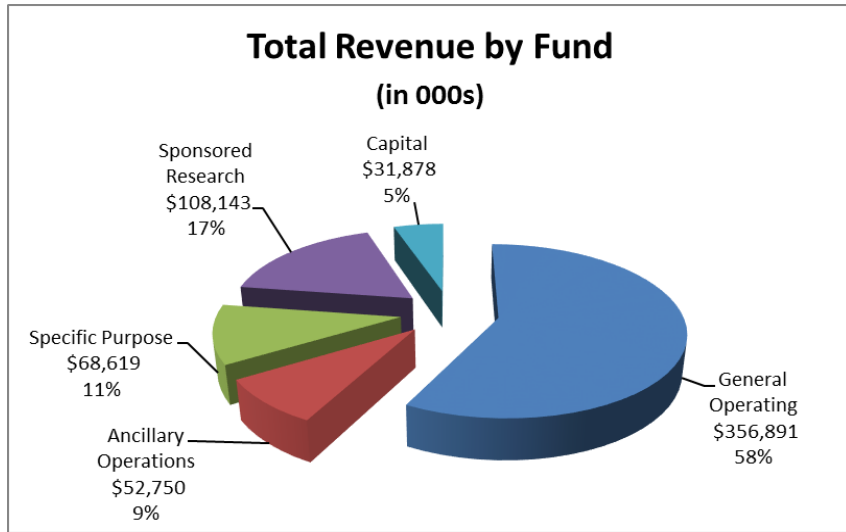
The Ancillary appropriated fund balance of \$11.1M is made up of reserves as shown in the following chart:



Unappropriated Expendable Funds – Statement 3

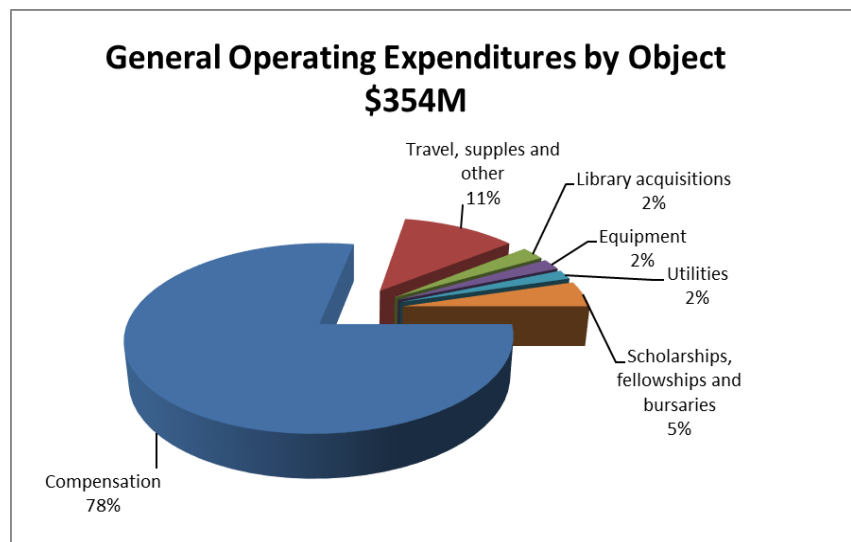
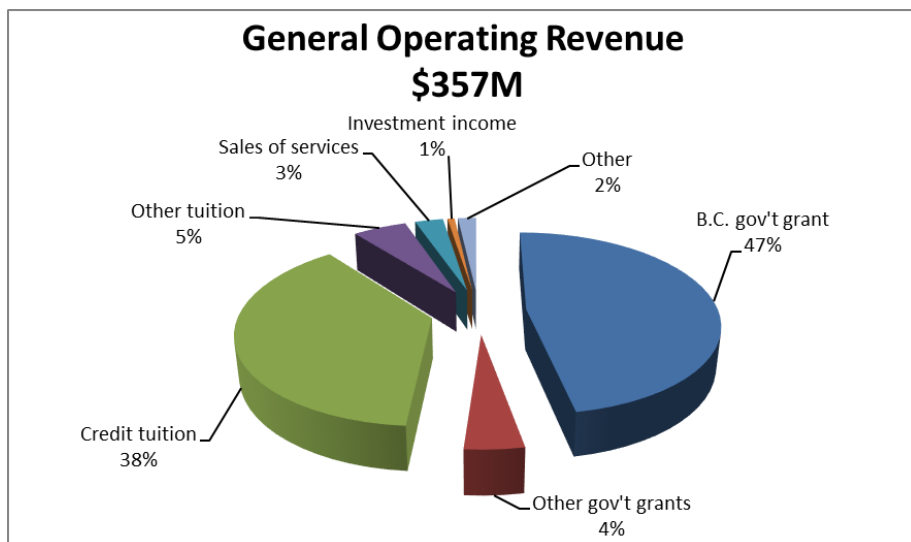
Total revenue across all five funds increased by \$87.1M to \$618.3M, representing an increase of 16.4% while total expenditures increased by \$17.2M to \$565.6M representing a 3.1% increase. On a total fund basis, total revenues of \$618.3M exceeded expenditures of \$565.6M by \$52.7M. After transferring \$4.5M to endowment principal and adding \$6.6M from appropriated reserves, total unappropriated expendable fund balances increased by \$41.5M. This increase is primarily in the Specific Purpose fund related to higher investment returns in the UVic Foundation. Each of the fund balances will be discussed subsequently in this report.

Total revenue and expenditures are broken down by fund as follows:



General Operating Fund (GOF) – Schedule A

The General Operating Fund represents 58% of the university's activities. Total General Operating revenues and expenditures are made up as follows:



Total revenue in the General Operating Fund increased by \$3.5M (1%). This small increase is net of a \$9.4M reduction in the Provincial Operating Grant as the Province agreed to designate these funds for capital purposes to fund priority capital projects invested by the university during the year. The \$9.4M is recorded in the capital fund. Total expenditures increased by \$12.3M (3.6%). Government grants and tuition accounted for 94% of revenue while compensation costs (i.e., salary and benefits) accounted for 78% of total expenses.

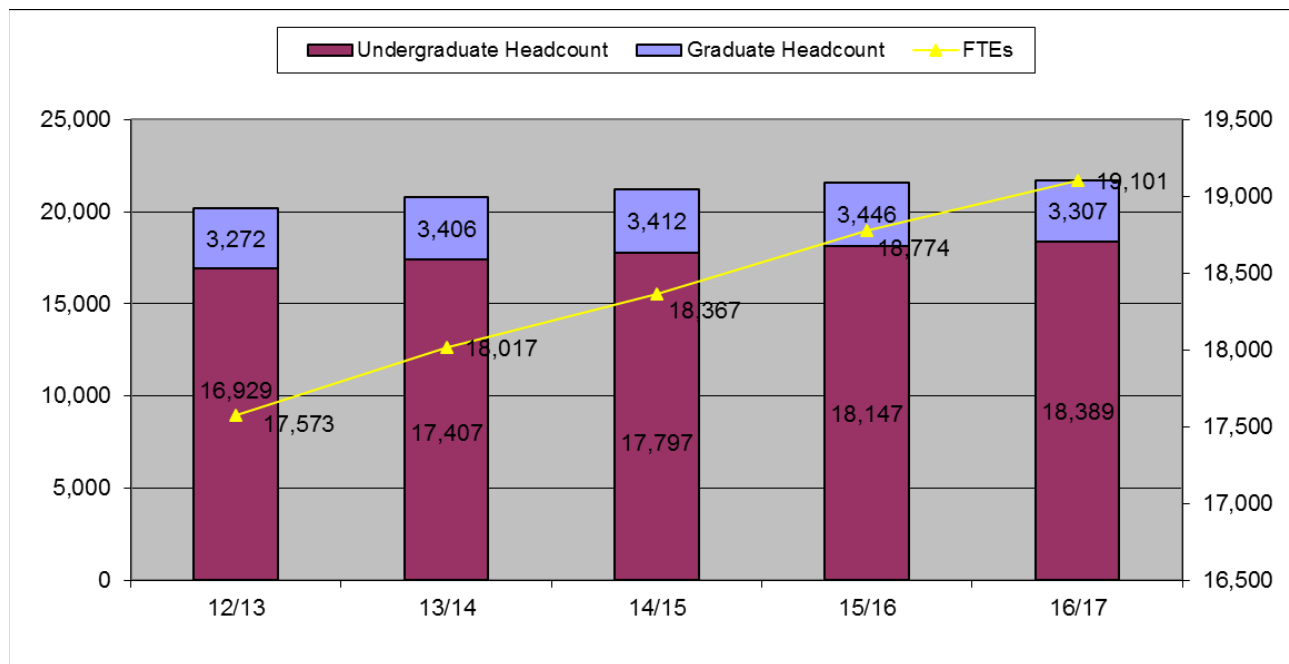
Revenue exceeded expenditures by \$3.1M or less than 1% of total revenue of \$356.9M; an extremely small margin. As well, \$27M was transferred to the other funds to cover commitments to a variety of capital and other projects resulting in an overall decline in the operating fund balance noted above. The excess revenue this year can largely be attributed to a change in approach related to accounts receivable and an estimate of these accounts that will be collected in the future, which resulted in a one time increase in tuition of \$2.2M. Other favourable

outcomes are a result of circumstances that are often difficult to predict (for example, vacancies and enrolment levels) and planned surpluses to ensure that there are sufficient funds to invest in, for example, equipment and major capital.

The university's total provincial operating grant was \$175.8 of which \$9.4M was designated for capital and transferred to the capital fund leaving \$166.4M in operating. Other government grants include \$6.6M from the federal government, the majority of which is the research support fund grant (previously called federal indirect cost of research) and \$7.3M of other government grants representing funding from the University of BC specifically for the Island Medical Program.

Credit tuition increased by \$7.5M made up of \$4.6M for domestic student fees and \$2.9M for international student fees. The increases reflect increased enrolment as well as a 2% increase in domestic (the maximum allowed by the Province of BC for domestic fees) and international student fees. Included also is the one time adjustment of \$2.2M related to the change in accounting for uncollectible accounts approach noted above.

As the 2% increase is below the university's actual rate of inflation, international student fees will be increasing by 4% in 2017/18.

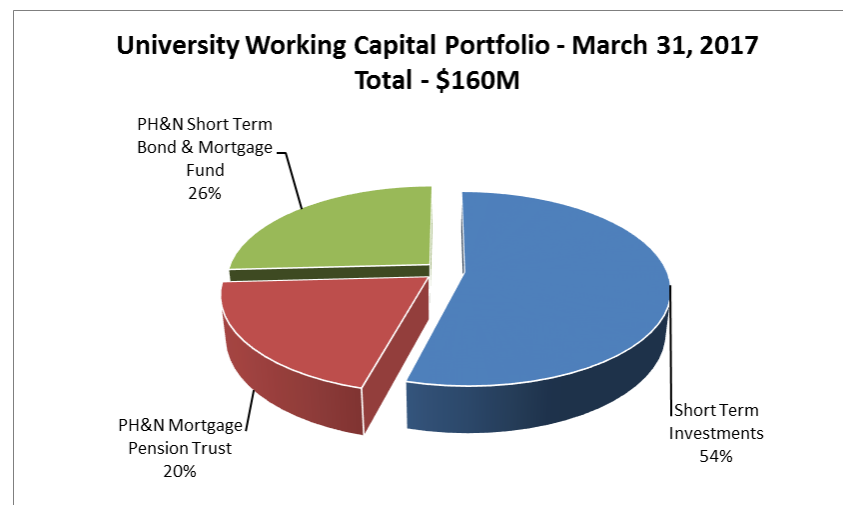


Non-credit tuition decreased by \$1.0M due to reduced enrolments in Continuing Studies.

Investment income was consistent with the previous year reflecting a return on the university's working capital of 1.7% compared to last year's return of 1.6%.

The short term Investments of the portfolio are invested in Guaranteed Investment Certificates (GICs) all with terms to maturity under 1 year. The long-term investments of the working capital portfolio are professionally managed by Phillips Hager and North (PH&N). The working capital portfolio provides daily liquidity along with enhanced returns from investments with a longer duration. The investments are as shown in the working capital portfolio chart.

During the year, the University temporarily invested short-term investments in the Province's Central Deposit Program.



Academic salaries increased by \$3.5M reflecting progression through the ranks, negotiated increases and Economic Stability dividend increase. Support staff salaries increased by \$5.0M with progression and Economic Stability Dividend increases for Professional Employees Association staff, limited salary increases for Management Exempt staff due to the impact of the Provincial Executive Compensation wage freeze, and negotiated increases for CUPE local 915 and local 917 staff. Employee benefits increased by \$1.3 due to higher salaries, and increased CPP and WorkSafe BC costs.

Ancillary Enterprises Fund – Schedule B

An ancillary operation is a department that is required to be financially self-sufficient. That is, each operation must generate sufficient revenue to not only cover its annual operating costs, including any compensation changes, but also provide adequate funding to address building maintenance or renovation requirements as well as capital expansion needs.

Schedule B (page 36) of the attached fund accounting schedules show the financial results of university ancillary operations both on and off campus.

Off-campus Business Enterprises include the operations of the Broad Street commercial/residential rental properties owned by the university and the property rental and hotel operations owned by Heritage Realty Properties Ltd., both accounted for using the equity method of accounting. The hotel operations and rental properties, received as part of the Michael C. Williams' estate, provide a large and sustainable cash flow to the university. During the year \$1.0M was provided by Heritage Realty to the university to support initiatives consistent with the wishes of the donor.

Off-campus Business Enterprises also include the Vancouver Island Technology Park Trust, accounted for using the equity method of accounting, and the operations of the University of Victoria Properties Investments Inc. The University of Victoria Properties Investments Inc. acts as trustee for the Trust and also manages the Marine Technology Centre owned by the university. The Vancouver Island Technology Park provides a range of commercial space for external high-tech companies and some UVic research and teaching activities. The Trust is intended to be self-funding with a return on investment provided to the university. During the year \$770K was provided by VITP Trust to support university priorities.

The results of the on campus ancillary operations including the bookstore, housing food and conference services, parking and child care are summarized in the Ancillary Budget – Schedules K through O (pages 46-50).

Specific Purposes Fund – Schedule C

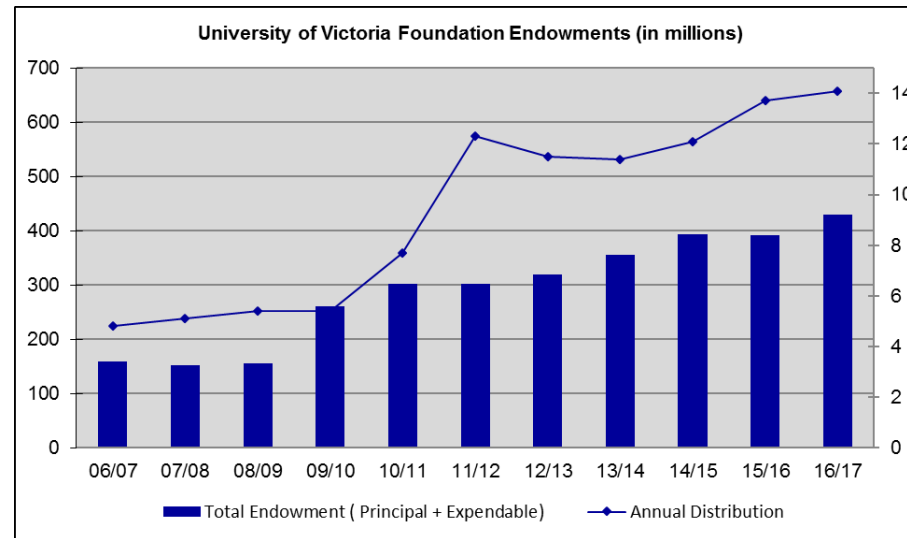
The Specific Purposes Fund includes the expendable funds of the University of Victoria Foundation, the Foundation for the University of Victoria and the U.S. Foundation for the University of Victoria. It also includes the revenues and expenses of the LTD Trust as well as UVic Industry Partnerships.

Overall, expenditures exceeded revenue by \$40.4M. A total of \$10.8M was transferred out, with the majority of the balance added to endowment principal to protect against the eroding effects of inflation or to Sponsored Research to provide funding to certain research centers who receive their funding from endowments. The Specific Purpose fund balance increased by \$29.7M to \$107.2M, of which \$89.5M (83%) represents the portion of funds within the UVic Foundation, referred to as the expendable fund, that is available to be expended in accordance with the terms of the endowment.

Other highlights include:

- Investment income increased by \$43.0M, primarily within the UVic Foundation, following a modest year in 2015/16.

Most endowment funds benefitting the university and its students are held by the University of Victoria Foundation. The Foundation's investments experienced a strong return this year with investment income of \$48.9M representing a 9.8% return for the year ended March 31. With the receipt of \$5.8M of endowment contributions less disbursements of \$16.5M, the total market value of the UVic Foundation endowment fund increased from \$391M to \$429.5M, comprised of \$340M of principal and \$89.5M of expendable funds.



The Foundation’s investments are managed by professional investment counsel with separate managers for Canadian equity and Canadian fixed income mandates, global equity mandates split evenly between two managers, a real estate manager and an infrastructure manager. The Foundation’s investment policy provides for a target asset mix of 25% fixed income, 25% Canadian equities, 30% global equities, 10% real estate and 10% infrastructure. External investment consultants assist the Foundation’s Board in monitoring performance and considering an appropriate asset mix.

The Foundation’s endowment management policy follows a “total-return” approach with awards based on 4.0% of the December 31 inflation adjusted balance of the funds principal, with an additional 0.5% available for funds with a market value in excess of 108% of inflation adjusted principal. In 16/17, given strong financial results over the last few year, 59% or 723 funds were allocated a 4.5% distribution. In most years, an amount is capitalized to the principal of each endowment to protect against the eroding effects of inflation and for this year the amount added to the principal for this purpose was \$4.4 million.

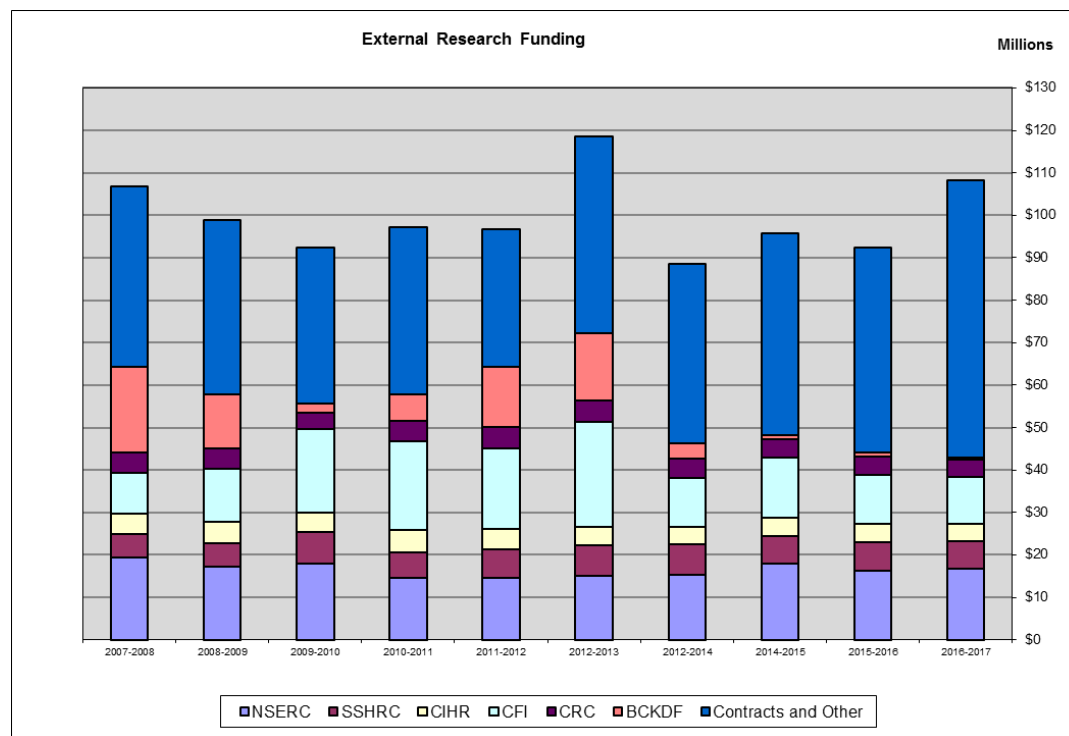
Sponsored Research Fund – Schedule D

The Sponsored Research fund includes the revenues and expenses of the related entities including Oceans Networks Canada, Pacific Climate Impacts Consortium, TRIUMF and WCUMSS.

Sponsored Research expenditures for the year exceeded revenues by \$5.9M although a net amount of \$4.4M was transferred in from other funds resulting in a net increase in the fund balance of \$10.3M to leave a balance of \$56.5M. This balance represents external grant funding that has been received but not yet spent.

Revenues increased by \$15.8M (17.2%) to \$108M while expenditures increased by \$0.2M (0.2%). The university's faculty continued their high level of success in attracting research grants and contracts. The university ranks third amongst Canadian comprehensive research intensive universities in total research funding, first in NSERC/CIHR grants and sixth in SSHRC grants.

The following shows the trend of sponsored research funding over the last 10 years.



Capital Fund – Schedule E

The Capital Fund includes monies designated for the acquisition of major capital assets and renovations, although capital assets such as equipment, furnishings, computer equipment and library holdings are recorded as expenditures in other funds to match the funding source. Revenues in the Capital Fund increased by \$19.5M due to an increase in Provincial funding of \$16.7M related to routine capital and maintenance, and the \$9.4M portion of the operating grant designated for capital expenditures during the year.

Expenditures increased by \$0.4M to \$31.2M due to the completion of a number of priority and major maintenance projects. Construction has commenced on the District Energy Plant project. Other projects of note include renovations to science buildings, renovations to support engineering growth and the completion of seismic design work for various buildings.

Operating Budget Schedules F through J

Each year the budget office prepares operating fund budget schedules in order to provide management and the Board of Governors with information to assess the financial performance of operations for the fiscal year. These schedules differ from the fund accounting statements (Statements 1 to 3 and Schedules A through E) in that they compare actual results, both revenue and expense, for the fiscal year against the budget plan, whereas the fund accounting statements provide a comparison of actual results with those of the previous year. These budget schedules provide useful information to determine whether changes to budget or changes in activity should be made for the current or future fiscal years.

Another difference between the budget schedules and the fund accounting statements is that they are prepared on a function basis, as compared to an object basis (i.e., type of expense), which better reflects university budgetary responsibility, accountability and control.

The detailed budget versus actual schedules for the year ended March 31, 2017 include schedules F through J and can be found at pages 40-45. These schedules compare actual operating results for fiscal 2016-17 with the total budget for the year. The total budget column includes not only the base budget for each functional area or revenue item but also any non-recurring / one time entries for that year. These entries include one-time items such as a drawdown of carry forward or equipment reserves, budget reallocations between different functional areas or an allocation from a central budget (e.g., enrolment management funds or salary increase budget) to a department.

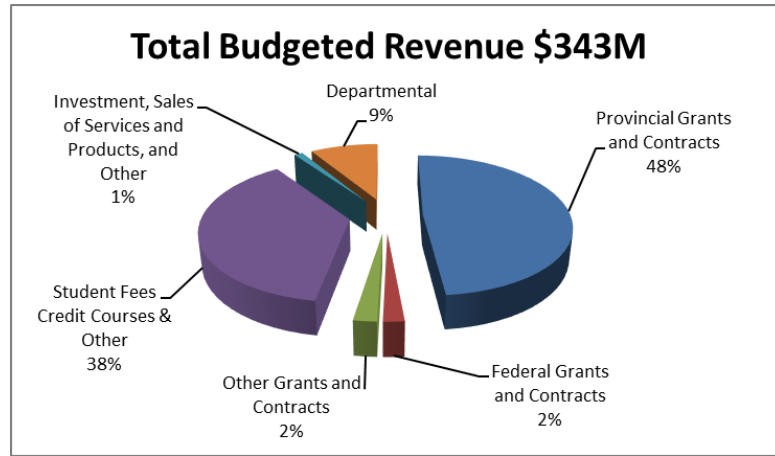
The following points should be kept in mind when reviewing these schedules:

- unfavourable variances from the budget (i.e., either revenues or cost recoveries are less than budget; or expenditures are greater than budget) are shown with brackets;
- benefits are budgeted and accounted for centrally and therefore costs within each function do not include benefits whereas the external PSAS statement have benefits allocated to functions;
- the revenue amounts per schedule F will not align with the revenue on Statement 3 or Schedule A of the fund accounting statements as statement F shows department revenue separately. Department revenue will include revenue from sources such as provincial and federal grants, student fees etc; and
- variations from budget are sometimes offset by variations in related revenues or expenditures. For example, an apparent shortfall in revenues may be offset by reduced expenditures or alternatively, an expenditure in excess of budget may be compensated for by increased revenues or cost recoveries (see schedule I (page 43) for a summary).

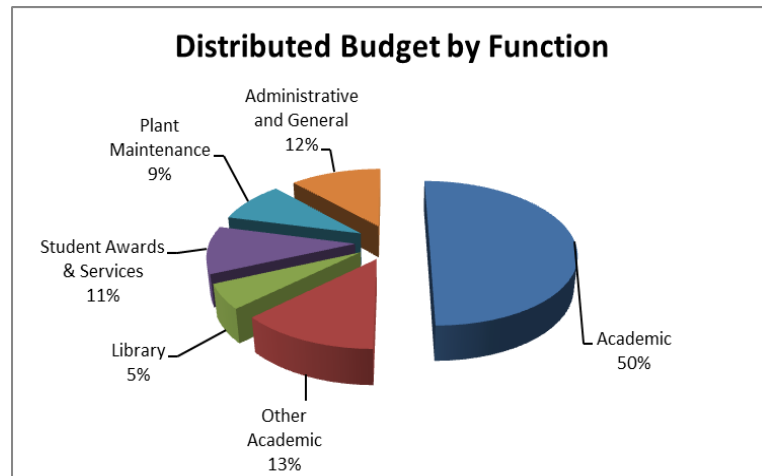
Operating Budget – Schedule F

Revenue and Expenditure Overview

Total budgeted revenue in 2016-17 was \$343M comprised of the following sources:



The majority of this funding is allocated to support academic purposes as follows:



Year End Results

As noted above, for the fiscal year ended March 31, 2017 there was an excess of operating revenue over expenditures of \$3.1M. This excess is a result of a number of items as follows:

- Positive results as compared to budget due to increased or unanticipated revenue and/or favourable expenditures variances;
- Planned reserves for future major capital projects and equipment replacement;
- Planned sources of non-recurring funding; and
- Costs related to capital and entities that are funded by operating but are presented as interfund transfers (below the line) whereas they are budgeted as expenditures (\$27.0M for 2016-17 as noted above).

In comparing actual results to budget there was a positive result of \$12.0M comprised of \$13.6M in additional revenue offset by \$1.6M in additional expenditures or transfers. The negative variance on expenditures overall is due to transferring operating budget to the capital fund to support priority capital projects not funded from external sources. The provincial government requires a 25% institutional contribution to most capital projects that they support. For the past year, most of this required contribution 25% was funded through the designation of the Provincial operating grant for funding capital projects noted above.

From a budget responsibility point of view this overall positive variance is derived as follows:

Central revenue (tuition, investment income, internal financing and other)	\$ 7.2M
Central expenditures and recoveries (benefits, overhead and centrally allocated budgets, transfers to capital)	<u>\$ -8.4M</u>
Negative variance from central accounts	\$ -1.2M
Positive variance from departmental accounts	<u>\$13.2M</u>
Total	<u>\$12.0M</u>

Central Revenue Accounts

The primary sources of general operating revenue are government grant, tuition and investment income. In 2016-17 the additional revenue of \$7.2M or 2.3% of central revenue budgets resulted from:

1. Tuition revenue \$ 6.59M

As noted previously, \$2.2M of the above variance is a result of the change in the recording of uncollectible accounts. This is a one-time adjustment and is therefore not expected to occur in the future. The balance of the variance is primarily the result of domestic and international enrolment that was higher than the budget—this variance was projected in the fall based on early student numbers. The 3 year budget plan has been developed to reflect an overall steady state for international students. This will result in years where revenue is higher than budget as a large single year cohort moves through their program to graduation.

2. Investment income (\$0.73M - \$0.04M)..... \$ 0.69M

Schedule F shows a budget variance of \$0.73M for investment income. This amount, however, is offset by negative variance of \$0.04M from internal loans which is shown under administrative and general in schedule I (page 43) as it is an internal allocation. Therefore the Investment income budget, once internal financing is taken into account, had \$0.69M of revenue beyond budget. This variance is a result of slightly better money market returns than anticipated.

As per the university policy to ensure multi-year financial planning for equipment replacement, \$0.2M of the investment income balance was allocated to department equipment reserves and \$0.1M was allocated to ancillary reserves.

3. Other income \$ -0.08M

The small negative variance is the result of an accumulation of small amounts from various accounts (the largest of which for 2016-17 included exchange on US deposits due to the declining Canadian dollar and additional recoveries on benefits).

Impact on Future Budgets from Revenue Variances

In the development of the 2017-18 tuition budget both domestic and international enrolment levels were modeled for 3 years. Based on this modeling the budget for tuition revenue for 2017-18, as approved by the Board, was increased by \$3.4M generally reflecting planned increases and current steady state enrolment levels. We will continue to review the tuition budget each fall to ensure that the rolling 3 year plans reflects expected enrolment levels.

With respect to the investment income, given the current interest rate environment the budget will need to be monitored each year to assess whether the level of budget is still achievable. There is a reserve to protect against losses that will occur when interest rates rise which, for the short term pool and given our bond allocation, could be in excess of \$1.0M for every 1% increase in rates.

Other central revenue budgets will not be adjusted as the variances are considered insignificant.

Central Expenditures and Recoveries

Central accounts include compensation (benefits, salary, position turnover etc.), overhead recoveries as well as contingency funds. In 2016-17 the negative central variance of \$8.5M resulted from:

1. Benefits \$1.4M

The benefit accounts continue to have a positive result as a result of departmental position vacancies (\$1.6M) which is offset by the cost of term positions and other unforeseen benefit costs.

2. Overhead recoveries\$0.04M

This variance is the result of additional overhead research income.

3. Centrally Allocated Budgets..... \$-9.9M

As noted above, centrally allocated budgets include those budgets required to fund compensation costs for the year. They also include funds to top-up vacant positions once filled and a contingency amount to cover unforeseen events. These accounts are reviewed each year as part of the development of the annual budget to ensure they remain appropriate. The negative variance this year is a result of transferring \$10.4M of prior year accumulated funds to the capital reserve to better reflect their intended use. Previously these funds were retained in operating until expenditures were incurred in the capital fund at which time they were transferred. On-going we will now transfer funds committed to capital in the year allocated.

Impact on Future Budgets from Expenditure Variances

The benefits budget variance will continue as long as there continues to be vacant positions and as such no changes will be made to the budget.

The overhead variance is not considered significant but is reviewed each year based on information from research on projected contract revenue and the revenue trend over the last few years.

Centrally allocated budgets are considered appropriate at this time as if the \$10.4M had not been transferred to the capital fund, the centrally allocated budgets variance balance would be \$0.5M or less than 0.5% of actual expenditures. This is not considered material.

Departmental Accounts

As noted above, overall department budgets had a year-end positive variance of \$13.2M. Departments are expected, for the most part, to have favourable year end balances as they are required to put aside funds to address future equipment replacement and capital needs. In 2016-17 departments planned to allocate \$4.1M to reserves for this purpose with actual transfers totaling \$5.6M.

A large source, \$6.4M, of positive budget variances within departments resulted from actual departmental revenue exceeding budget. Departmental revenue is largely comprised of external funding (i.e., gifts, grants, sales, non-credit tuition, application and athletic fees, etc.),

and as such is not consistent year to year, making it difficult for departments to predict or rely on for on-going expenditures. Given this fact, most departments budget this revenue conservatively. Some examples of revenue received in 2016-17 include application and program fees; MBA non-credit and MGB fees in Business; recoveries for marine science vessel usage; external cost recoveries (i.e., McGill and Vancouver Island Cancer Centre); one-time government program grants; auditorium fees; field school fees; Fine Arts shows (i.e., concerts and theatre); space rental; and athletic club fees. For some departments the positive revenue result is offset by increased expenditures (Schedule J – page 44).

Within the expenditures budgets, the largest sources of positive variance were in academic (\$2.9M) and the other academic budgets (\$2.7M). The academic variance resulted mainly from vacant faculty positions and faculty start-up allocations not yet spent. The other academic variance resulted mainly from internal research grants and overhead allocated but not yet spent. The remaining expenditure variances are a result of partial year hires, favourable supply account variances or drawdowns from reserves or carry forward in excess of the actual costs.

At the individual faculty and department level almost all were on or under budget when available carry forward is taken into account. Some units within a faculty or department however were over budget by small amounts. These deficits will be a first charge against the unit's budget in 2017-18 or have been offset by carryover or alternatively have been covered at the faculty level.

Operating Budget – Schedule G

This schedule provides a breakdown of departmental revenue by functional area. Some highlights include:

- The department / faculty with the largest budgeted departmental revenue is continuing studies at \$14.8M. Continuing studies is a mainly self-funded Division and, as such, tuition for their programs is allocated to them directly. As well, they are required to fund salary increases within the program areas. The Division has also used revenues to support capital expansion, including the recently completed addition to the Continuing Studies building.
- Student services departmental revenue is mainly comprised of student athletic and recreation fees, physiotherapy fees, and external funding for Health Services.

Operating Budget – Schedules H through J

Schedules H and I summarize total budget, actual results and a comparison to the prior year of expenditure budgets by function. These schedules provide information on relative sizes of faculties and departments with the largest budgets held by the tri-faculties - Science at \$25.1M, Social Sciences at \$23.3M and Humanities at \$21.0M. The 'other academic' budget of \$25.6M is comprised of many smaller functions such as Academic Advising, Learning and Teaching Centre, faculty professional development, faculty research - internal grants and travel, research services and centres, overhead research, and academic related information technology.

In most areas expenditures increased as compared to the prior year, largely a result of compensation increases including the progression through the ranks or ranges and the settlement agreements. Increases in non-academic areas are also mainly comprised of compensation increases from the settlement agreements and progress through range for some employee groups.

Schedule J, as noted previously, compares additional departmental revenue against expenditures to demonstrate that additional revenue is often offset by additional expenditures. (e.g., Cooperative Studies' positive variance in department revenue of \$75K is mostly offset by a negative expenditure variance of -\$71K).

Ancillary Budget – Schedules K through O

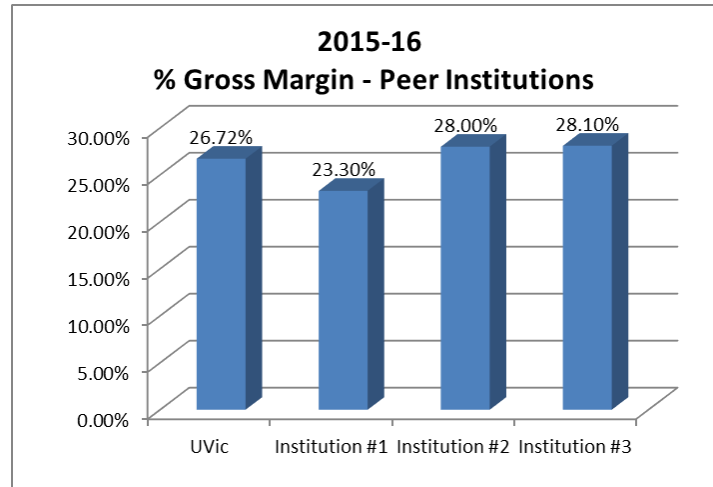
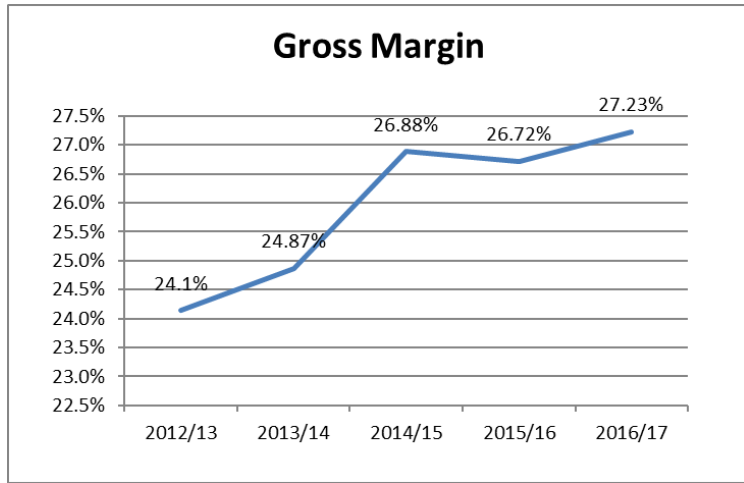
Schedule B (page 36) of the attached fund accounting schedules show the financial results of university ancillary operations both on and off campus. The results of the off campus businesses were noted above. This section will focus on the results of the on campus ancillary operations as well as provide information on some key performance indicators (KPI).

While these operations are often viewed as on campus “businesses,” it is important to know that while they are required to be financially self-sufficient, they also contribute to student life on campus and are therefore important service areas. The result of this approach is that each area may make program decisions that are not necessarily financially driven. For example, parking services subsidizes employee and student bus passes in an effort to reduce traffic to campus, residence services operates student life programs and food services has extended hours to support academic purposes. Given the above it is difficult to compare these operations to what appear to be similar off campus businesses.

Bookstore – Schedule K

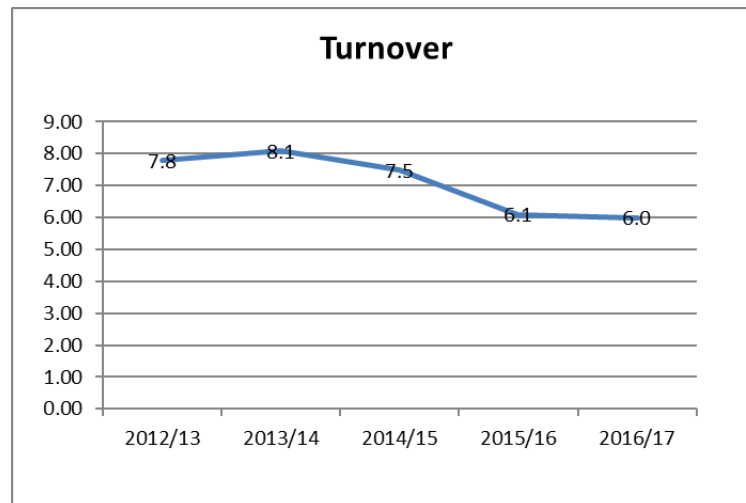
Schedule K (page 46) attached shows the financial results of the bookstore operations, which include the computer store, compared to budget as well as the results of the prior year. As budgeted, both revenue and expenses for fiscal 2017 are less than the prior year. The majority of the sales decrease was in textbook sales; however, UVic remained very close to industry trends. The overall financial results for the store was higher than budgeted by \$245K mainly as a result of higher than anticipated merchandise sales, non-textbook sales and Finnerty's sales. This enabled a larger than anticipated transfer to the capital reserve at year end.

The following KPIs provide useful information against which to assess the operations of the Bookstore:

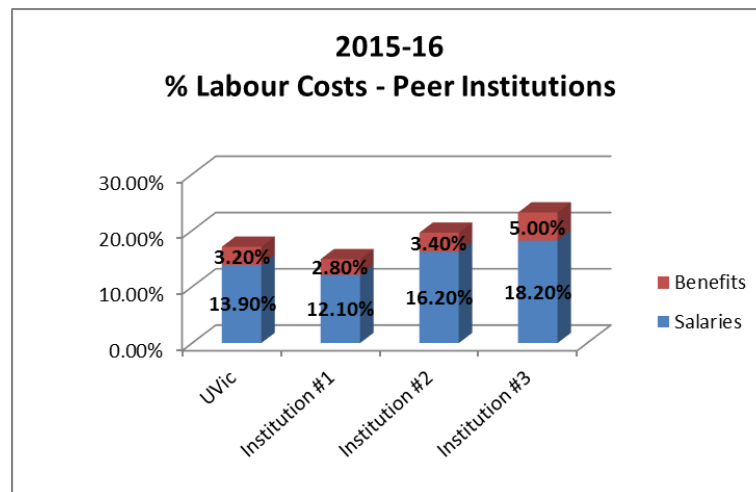


The above charts show that gross margin as a percentage of sales has increased slightly at 27.23% in 2016-17 and has generally been on a positive trajectory over the last 5 years. As well, the Bookstore's gross margin compares well with other similar sized institutional bookstores (peer institutions using 15-16 as the most recent data for comparison).

Turnover rates, though down very slightly from the prior year, continue to be strong at 6.0 times:



Wages reflect continued oversight and control over labour costs with duties from vacated positions redistributed to existing positions as the opportunity arises. The average of the peer group is 19.2% of total costs and therefore our operations are consistent with peers as outlined in the following chart:



The above comparison data is from the National Association of College Stores – Large Stores Group and has been shared on a confidential basis therefore the names have not been included.

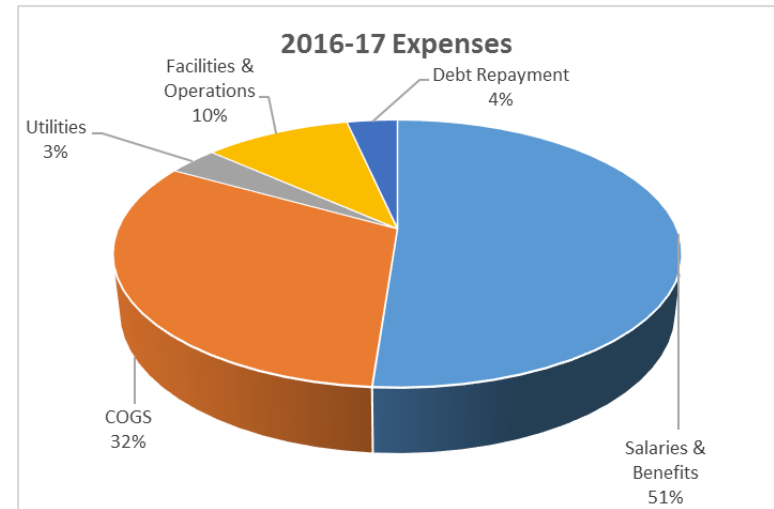
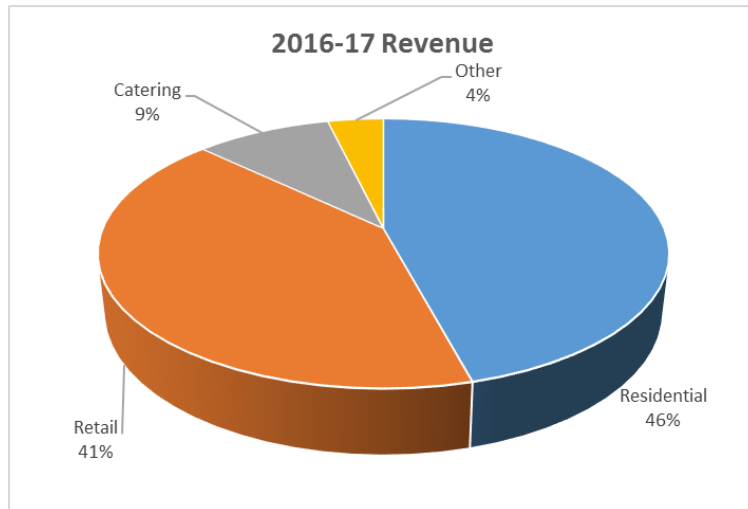
Food Services – Schedule L

Schedule L (page 47) shows the 2016-17 results of the food service operation on campus. Total revenue grew by 2.7% compared to the prior year, while total expenses decreased by 0.7%. This resulted in improved financial results over the prior at a net operating loss of \$132K (\$730K in 15/16), which includes the debt repayment of \$601K related to Mystic Market renovations. The 2016-17 financial result reflects a number of initiatives led by the leadership team in UNFS to adjust its financial course and ensure the operations are sustainable long term. These initiatives include: introduction of national brands, implementation of cost control measures, increased financial oversight including cash handling processes, as well as improved forecasting through better procurement and inventory management.

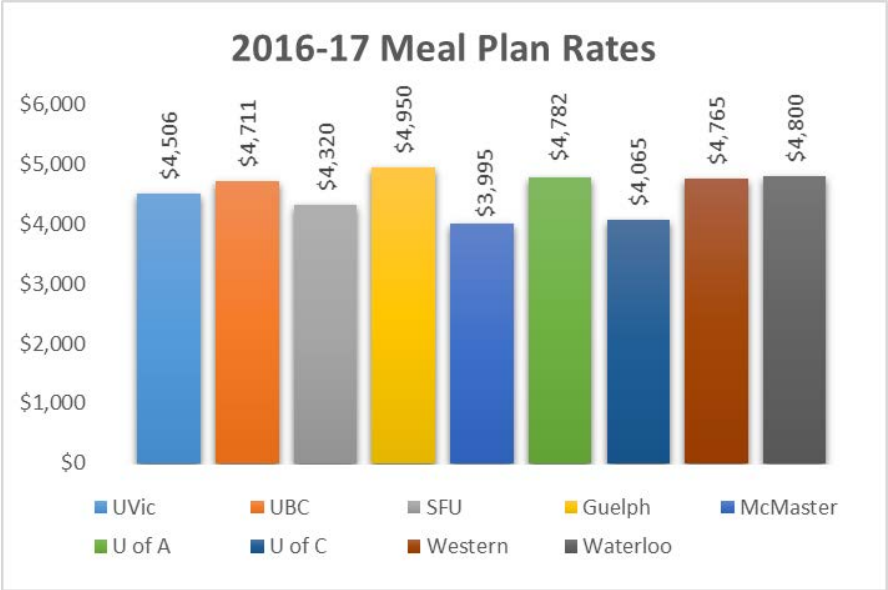
The department is well on the path to financial sustainability. The goal is to return to the results which provide for an allocation to reserve each year in order to ensure future capital renewal can occur. As food services continues to move through the transition to sustainability, it is anticipated that the department will require further organizational and operational changes. These changes are overseen by the University Food Services Financial Oversight and Planning Committee (FOPC), which includes representation from Student Affairs, Financial Services, Purchasing Services, Human Resources, Internal Audit and other related key stakeholders who guided food services through 43 operational objectives. The FOPC met on a regular basis to review and recommend: an interim business plan for 2016-17 that included quarterly progress reporting to Executive Council; a list of core projects, including timelines and project leads; a strategy to develop a comprehensive business

plan for 2017-2020; and a comprehensive communications plan that outlines and advises stakeholders on related changes, including seeking feedback from the Board.

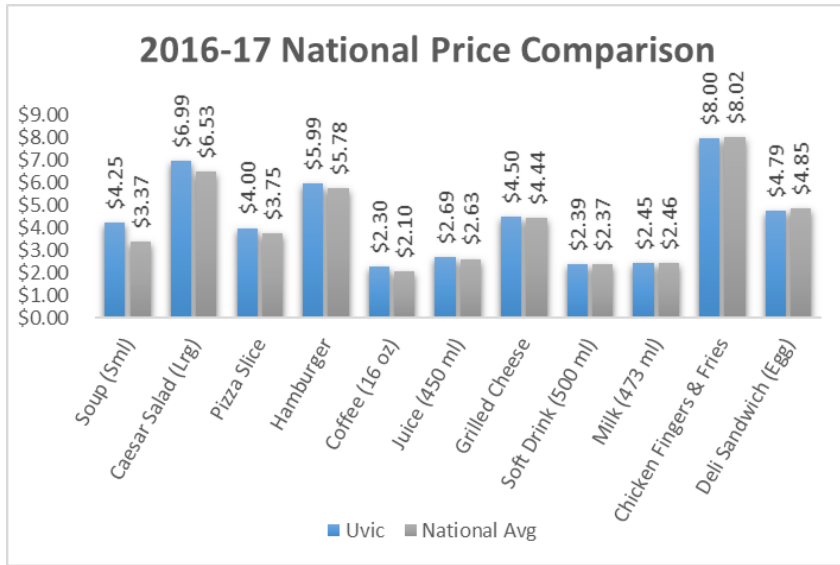
The majority of food service revenue comes from on campus housing through the residence meal program (46%), with retail sales and catering contributing 41% and 9% respectively. As for expenses, the majority stem from labour (51%) and cost of goods sold (32%):



In regards to pricing, food services monitors both the mandatory meal program and specific product pricing. For the meal program UVic pricing is comparable to peer institutions as follows:



On food product pricing, the university's food service department is a self-operation whereas most campuses across Canada contract out their food operations. This fact makes comparing information nationally difficult as, unlike bookstores, information on operations is not readily available. There is information, however on product pricing available through the Canadian College and University Food Service Association (CCUFSA). Using this information, UVic's retail pricing compares as follows:



UVic's prices are generally in line with the national average. The department pays a very competitive wage compared to other Food Services operations and contributes significantly to the overall university sustainability program through purchasing an estimated 85% of its products locally.

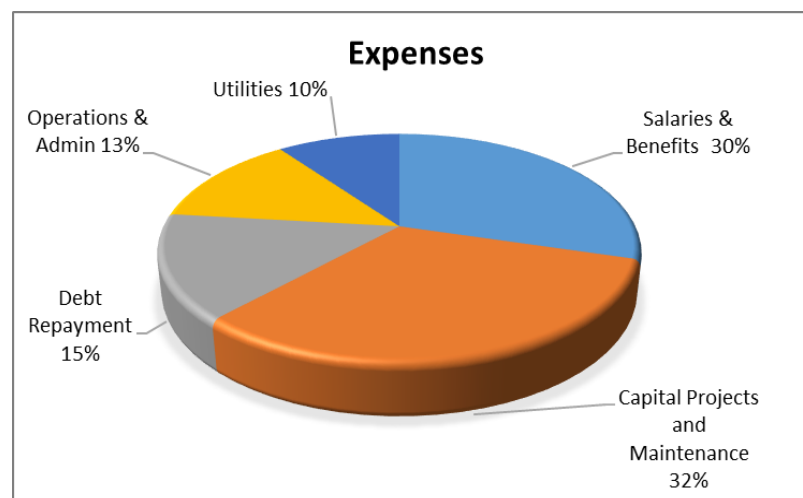
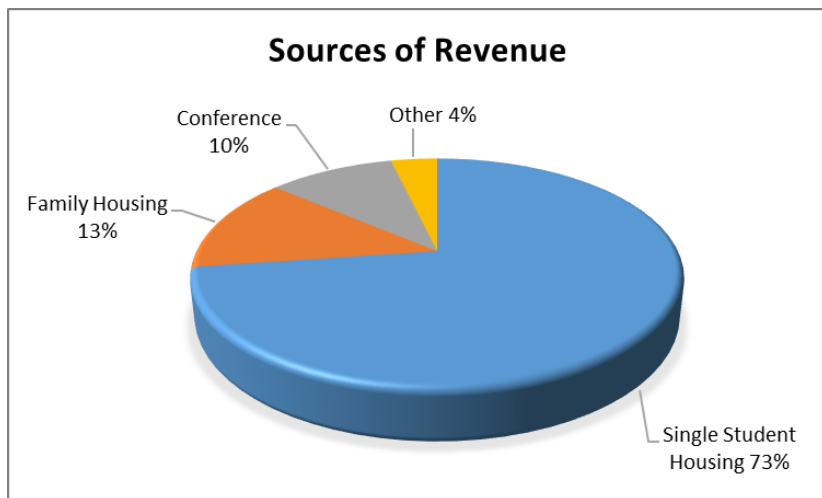
Residence Services – Schedule M

For 2016-17, schedule M (page 48), shows that revenue for residence services has increased by 7.2% compared to the prior year while expenses have increased by 14.0%. This result required a reserve draw down of \$0.5M and reflects the multiyear plan to begin to address deferred maintenance. A 10 year capital renewal plan was developed with intentions to complete approximately \$82M in related projects over ten years, beginning in 2014-15. During 2016-17, a total of \$4M was invested in renewal and capital projects, bringing the total over 3 years to \$12.5M. As well in 2016/17 an additional \$1.1M was spent on preventative and demand maintenance.

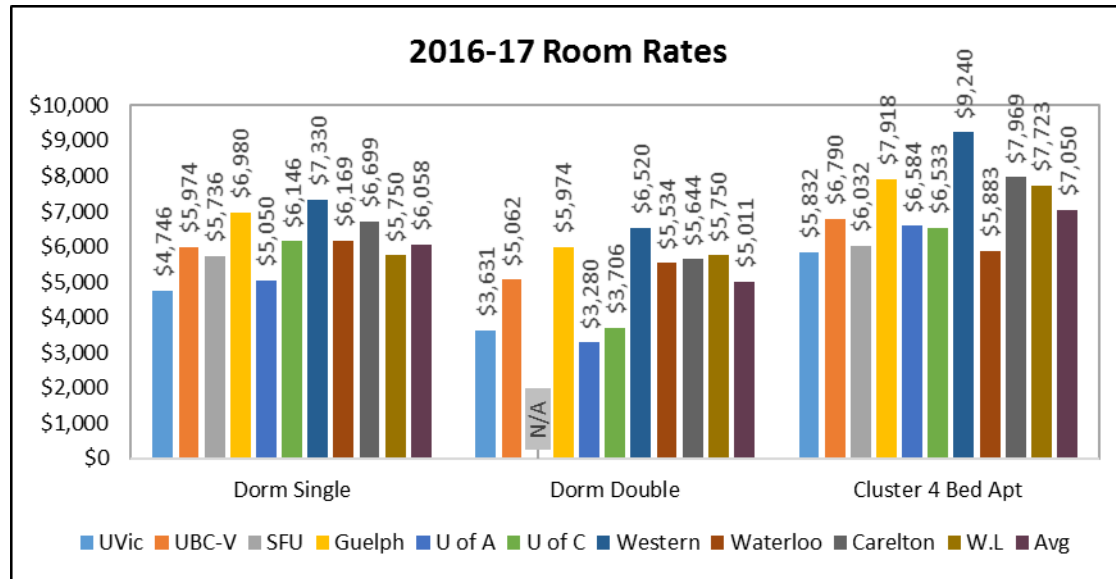
The 10 year renewal plan was developed after the 2011-2013 external assessment of the university's deferred maintenance was completed. This assessment work included looking at the residence inventory and reviewed each building's physical condition using an industry standard index called the facilities condition index or FCI. The FCI for housing in 2014-15 when the 10 year plan started was 0.40, which is considered poor to critical. As of April 2017, including work undertaken to date, the FCI index has declined slightly to 0.37. FCI is calculated by dividing total cost of existing deficiencies by the current replacement value of the facility. A score of 0.00 indicates excellent building condition while a score of 1.00 indicates a facility in the poorest condition.

With the amount drawn down in the current year, the reserve balance is now at \$4.9M. This fund will continue to be used to support planned capital renewal and address deferred maintenance with the goal of reversing the decline in the condition of the buildings and support the University's recruitment and retention goals through safe and affordable accommodation for students.

The majority of housing revenue (73%) is generated from dorm/apartment revenue, followed by family housing at 13% and conferences at 10%. With respect to expenses, the majority is for labour at 30% and maintenance and renewal costs at 32%:



Despite last year's residence rate increase of 6%, UVic's residence rates for dorm and apartment style rooms remain considerably below peer institutions'. As shown in the following graph UVic's rate for a dorm single was \$4,746 or 22% less than the average of our comparable institutions at \$6,058 as follows:

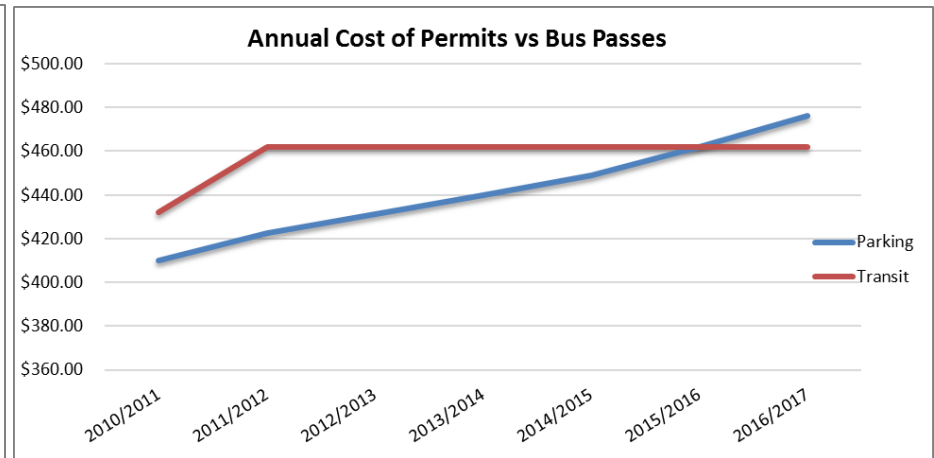
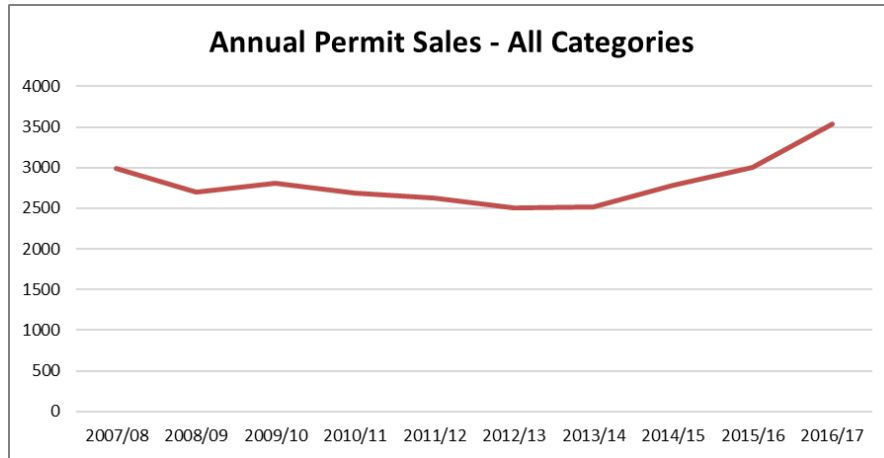


While living in residence is not directly comparable to off-campus living, the average rate for a single room in residence was \$629 per month, whereas, according to the 2016 CMHC data, the average rental rates in Victoria ranged from \$785 (bachelor); to \$912 (one bedroom), to \$1,188 (two bedroom), and continue to increase.

Parking Services – Schedule N

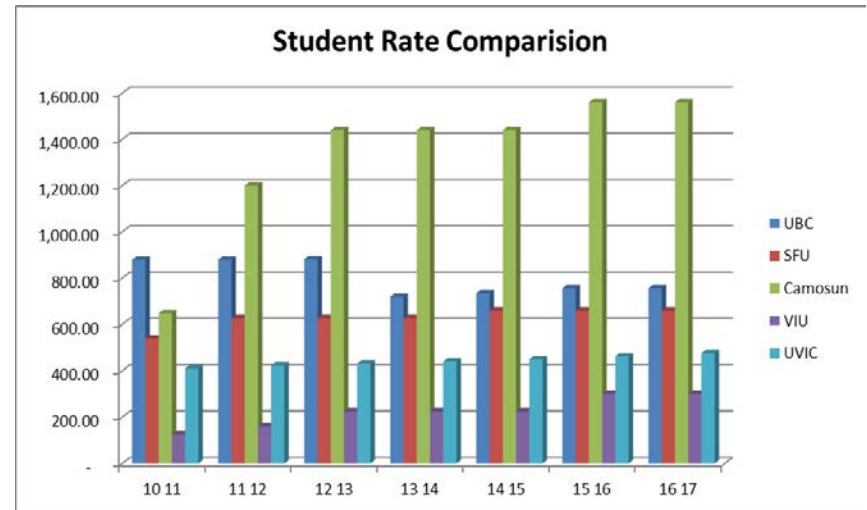
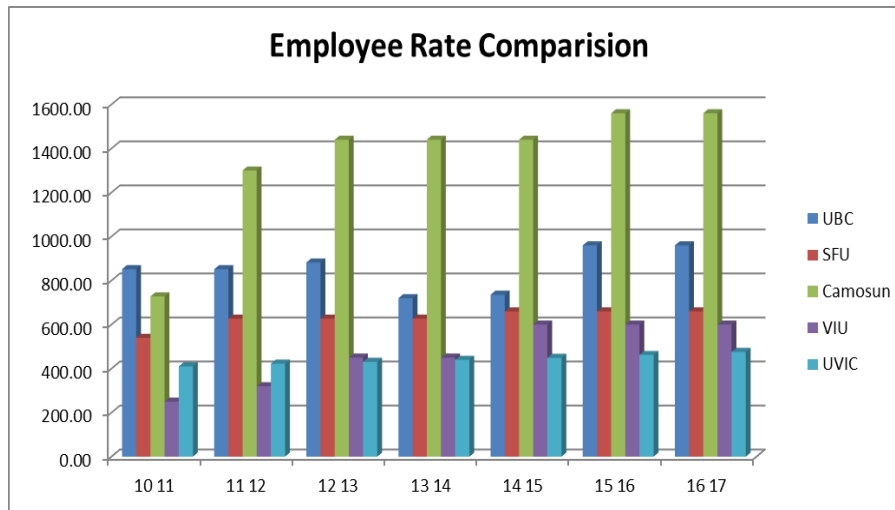
The parking services budget includes revenue and expenses associated with the management of parking on campus as well as the university's travel options programs which includes, among other things, the student and staff bus pass programs. Schedule N (page 49) attached shows that revenue increased 9.6% year over year. This increase is the result of an increase in permit prices and number of permits sold. Total expenses were down slightly year over year mainly as the result of decreased equipment purchases. Overall net financial results were less than anticipated with \$1.5M transferred to reserve compared to the budget plan of \$2.2M.

The following charts outline some of the KPIs that parking services monitor:

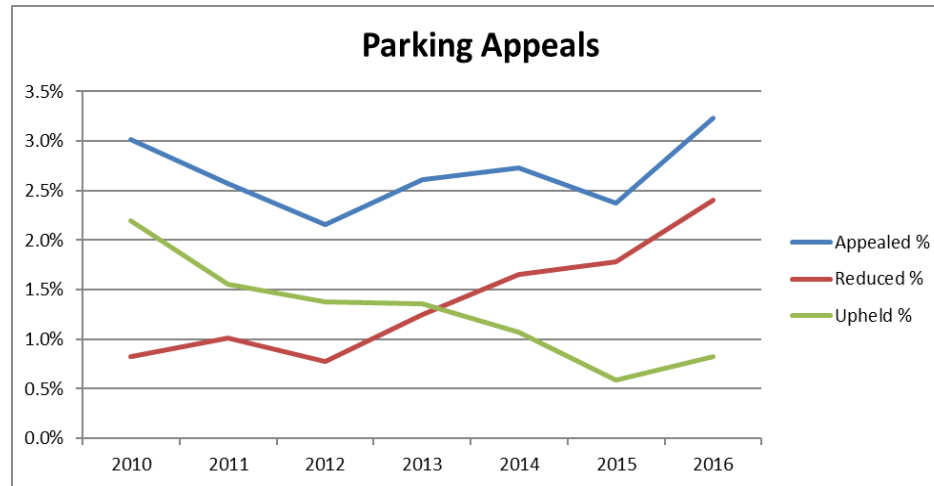


While normally a goal for a parking operation would be to grow permit sales, the university is committed to minimizing vehicle traffic to campus. The chart on the left shows that over a 10 year period the number of permits sold declined until the last couple of years. This decline and subsequent growth has occurred over a period where there was significant growth in the on-campus population. The chart on the right outlines one of the strategies UVic employs to encourage alternative transportation. Over time through permit increases and subsidies for the bus pass the cost to park now surpass the cost of the subsidized employee bus pass.

Employee and student parking rates, for an annual parking pass, are either less than or comparable to peers institutions as follows:



Another source of revenue for parking services is fines. While this is a source of revenue, the objective of issuing citations (fines) is to ensure the safety (e.g., parking in fire lanes) and access (parking without paying) of patrons. While the department issues over 18,500 fines in a year, very few are appealed as follows:



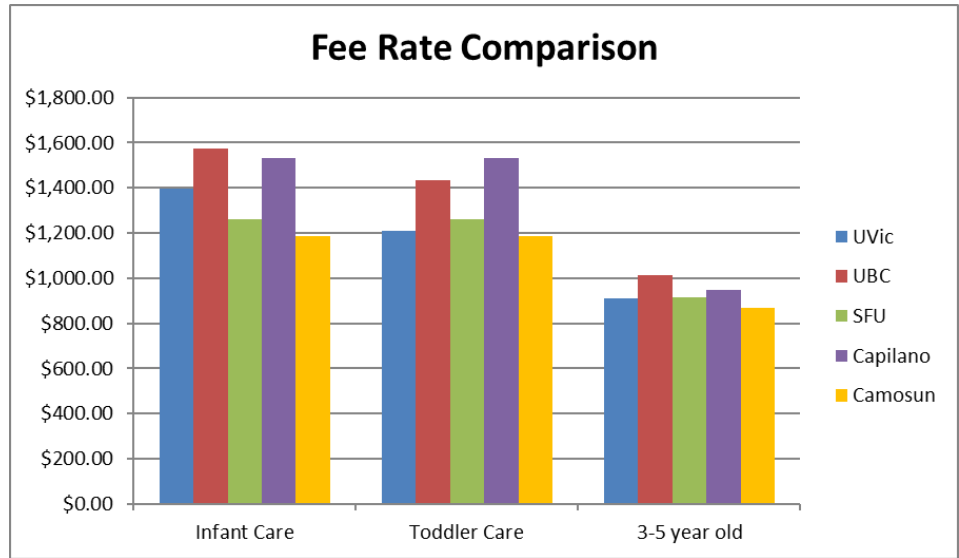
Of those appealed through an independent committee made up of representatives from the campus community, most are upheld with only 2.4% reduced.

Child Care – Schedule O

Child Care services provides full and part time day programs for children aged 6 months to 5 years and after school and summer programs for school age children. Schedule O (page 50) attached shows that revenue and expenses are fairly consistent year to year with small changes to reflect fee increases or changes in compensation. While child care services are expected to replace larger equipment, the facilities were provided through funding from government, donors and the university.

Total expenditures for the year exceeded revenues by \$35K due mostly to a decrease in supported child payments.

Child care monitors the rates of other comparable institutions to ensure parent fees are reasonable. The following chart compares our 2017 fees at various care levels to other educational institutions:



This chart shows that our child care fees are in line with other similar institutions.

Attachments: Consolidated Fund Accounting Financial Statements and Schedules (Statements 1 through 3 and schedules A through O)



**University
of Victoria**

Consolidated Fund Accounting Financial Statements and Schedules

for the

UNIVERSITY OF VICTORIA

Years ended March 31, 2017 and 2016

(Prepared without audit)

UNIVERSITY OF VICTORIA**BALANCE SHEET**

As at March 31, 2017 (in thousands of dollars)

	2017	2016
ASSETS		
Cash and temporary investments	91,913	87,422
Accounts receivable	55,445	47,254
Prepaid expenses	16,991	15,325
Inventories	3,484	2,522
Long-term investments	100,780	89,970
Endowment investments (2017 cost \$388,175; 2016 cost \$375,254)	430,384	394,539
PLANT ASSETS		
Land and site improvements	63,310	57,536
Buildings	788,459	763,524
Equipment and furnishings	205,560	217,087
Library holdings	133,484	130,835
	<u>1,889,810</u>	<u>1,806,014</u>
LIABILITIES		
Accounts payable and accrued liabilities	27,146	25,827
Deferred revenue	12,714	11,570
Long-term debt	50,799	52,829
Employee future benefits	25,422	23,811
FUND BALANCES		
Expendable funds		
Appropriated (Schedule 2)		
General Operating	104,123	128,088
Ancillary Enterprises	11,050	9,789
Capital Fund	(24,794)	(54,135)
Unappropriated (Schedule 3)		
General Operating	-	-
Ancillary Enterprises	9,222	9,071
Specific Purposes	107,237	77,555
Sponsored Research	56,506	46,215
Capital	13,724	12,301
Non-expendable funds (Schedule 4)		
Student Loan	22	73
Endowment Principal	339,928	330,220
EQUITY IN PLANT ASSETS (Schedule 5)	<u>1,156,711</u>	<u>1,132,800</u>
	<u>1,889,810</u>	<u>1,806,014</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN APPROPRIATED EXPENDABLE FUNDS

FUND ACCOUNTING - SCHEDULE 2
 (Prepared without audit)

Year ended March 31, 2017 (in thousands of dollars)

	Balance at beginning of year	Released to meet expenditures	Additions and/ or transfers during year	Balance at end of year
GENERAL OPERATING FUND				
Equipment				
Printing and duplicating	1,313	89	18	1,242
Network services	3,384	283	229	3,330
Other departments	12,220	999	2,290	13,511
Capital and renovation projects	30,218	28,783	23	1,458
Academic and administrative program development and operation support	17,587	6,353	662	11,896
Research support	14,132	3,281	3,056	13,907
Student assistance and financial aid	3,931	639	3,286	6,578
Employee obligations, training and support	13,582	1,464	2,814	14,932
Information technology and technical support	6,701	1,190	439	5,950
Other commitments	3,030	833	9,418	11,615
Contingency	9,389	1,122	(1,752)	6,515
Externally funded Island Medical Program	3,694	619	731	3,806
Insurance and utilities	5,685		449	6,134
Library prepaid expenses	3,222	3,222	3,249	3,249
	<u>128,088</u>	<u>48,877</u>	<u>24,912</u>	<u>104,123</u>
ANCILLARY ENTERPRISES FUND				
Equipment replacement and capital improvements				
Bookstore	1,547	33	300	1,814
Food services	-			-
Student residences	5,396	526		4,870
Parking services	2,301		1,535	3,836
Childcare	15	15		-
Heritage Realty Properties	530			530
	<u>9,789</u>	<u>574</u>	<u>1,835</u>	<u>11,050</u>
CAPITAL FUND				
Plant Assets funded to/from Appropriations				
Capital reserve	-		29,139	29,139
Residences	(2,619)		561	(2,058)
Centre for Athletic Recreation and Special Abilities	(26,058)	3,056		(29,114)
Others	(25,458)	737	3,434	(22,761)
	<u>(54,135)</u>	<u>3,793</u>	<u>33,134</u>	<u>(24,794)</u>
TOTAL APPROPRIATED EXPENDABLE FUNDS	<u>83,742</u>	<u>53,244</u>	<u>59,881</u>	<u>90,379</u>
2016 COMPARATIVE	<u>84,679</u>	<u>44,793</u>	<u>43,856</u>	<u>83,742</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN UNAPPROPRIATED EXPENDABLE FUNDS

FUND ACCOUNTING -SCHEDULE 3

Year ended March 31, 2017 (in thousands of dollars)

(Prepared without audit)

	General Operating	Ancillary Operations	Specific Purpose	Sponsored Research	Capital	Total 2017	Total 2016
REVENUE AND OTHER ADDITIONS							
Government grants and contracts - provincial	167,926	1,414	2,142	14,328	26,167	211,977	191,222
- federal	7,581		151	61,440	568	69,740	70,331
- other	7,298			15,415		22,713	17,475
Student fees - credit courses	136,058		488	1		136,547	128,820
- non credit courses	11,404		25			11,429	12,396
- other	7,594		29			7,623	7,425
Gifts, grants and bequests	1,878	29	8,830	11,622	708	23,067	19,688
Sales of services and products	10,009	49,622	6,710	3,873	427	70,641	66,799
Investment income	2,544	994	49,489	2	10	53,039	10,135
Equity in earnings of long term investments		486				486	958
Other revenue	4,599	205	755	1,462	932	7,953	5,917
Capital borrowing					3,066	3,066	-
	<u>356,891</u>	<u>52,750</u>	<u>68,619</u>	<u>108,143</u>	<u>31,878</u>	<u>618,281</u>	<u>531,166</u>
EXPENDITURE AND OTHER DEDUCTIONS							
Salaries - academic	105,873		2,134	5,278		113,285	109,952
- other instruction and research	16,128		2,175	23,373		41,676	41,490
- support staff	109,894	17,098	875	9,449	11	137,327	130,830
Total salaries	<u>231,895</u>	<u>17,098</u>	<u>5,184</u>	<u>38,100</u>	<u>11</u>	<u>292,288</u>	<u>282,272</u>
Employee benefits	43,483	3,955	1,182	5,325	2	53,947	51,917
Travel	6,321	82	1,465	5,525		13,393	14,396
Library acquisitions	8,535		287			8,822	8,051
Supplies and expenses	32,100	5,325	9,312	21,945	7,671	76,353	68,805
Equipment additions and replacements	6,963	859	2,670	13,006	1,843	25,341	21,047
Equipment rental and maintenance	4,328	195	33	2,086		6,642	9,699
Utilities	5,954	2,383	7	367	34	8,745	8,932
Scholarships, fellowships and bursaries	16,195		7,152	12,526		35,873	37,157
Cost of goods sold	-	13,017				13,017	13,938
Debt service	1,779	1,228			4,502	7,509	4,457
Construction and renovation contracts	2,347	2,124	181	57	18,955	23,664	27,012
Property Acquisitions						-	760
Internal cost allocations	(6,088)	3,898	704	3,270	(1,784)	-	-
	<u>353,812</u>	<u>50,164</u>	<u>28,177</u>	<u>102,207</u>	<u>31,234</u>	<u>565,594</u>	<u>548,443</u>
TRANSFERS AND APPROPRIATIONS							
Inter-fund transfers	(27,044)	(1,174)	(10,760)	4,355	30,120	(4,503)	(3,703)
Appropriations released to meet expenditures	48,877	574			3,793	53,244	44,793
New appropriations	(24,912)	(1,835)			(33,134)	(59,881)	(43,856)
	<u>(3,079)</u>	<u>(2,435)</u>	<u>(10,760)</u>	<u>4,355</u>	<u>779</u>	<u>(11,140)</u>	<u>(2,766)</u>
NET INCREASE (DECREASE) DURING YEAR	-	151	29,682	10,291	1,423	41,547	(20,043)
FUND BALANCES AT BEGINNING OF YEAR	-	9,071	77,555	46,215	12,301	145,142	165,185
FUND BALANCES AT END OF YEAR	-	9,222	107,237	56,506	13,724	186,689	145,142

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN GENERAL OPERATING FUND
Year ended March 31, 2017 (in thousands of dollars)

	2017	2016
REVENUE		
Government grants and contracts - provincial	167,926	174,340
- federal	7,581	6,398
- other	7,298	7,315
Student fees-credit courses	136,058	128,554
- non credit courses	11,404	12,367
- other	7,594	7,277
Gifts, grants and bequests	1,878	1,912
Sales of services & products	10,009	8,940
Investment income	2,544	2,496
Other revenue	4,599	3,744
	<u>356,891</u>	<u>353,343</u>
EXPENDITURE		
Salaries - academic	105,873	102,350
- other instruction and research	16,128	15,388
- support staff	109,894	104,895
Total salaries	231,895	222,633
Employee benefits	43,483	42,142
Travel	6,321	6,072
Library acquisitions	8,535	7,401
Supplies and expenses	32,100	31,952
Equipment additions and replacements	6,963	7,656
Equipment rental and maintenance	4,328	3,901
Utilities	5,954	5,851
Scholarships, fellowships and bursaries	16,195	17,081
Debt service	1,779	1,791
Construction and renovation contracts	2,347	1,074
Internal cost allocations	(6,088)	(6,006)
	<u>353,812</u>	<u>341,548</u>
TRANSFERS AND APPROPRIATIONS		
Inter-fund transfers	(27,044)	(12,509)
Appropriations released to meet expenditures	48,877	34,201
New appropriations	(24,912)	(33,487)
	<u>(3,079)</u>	<u>(11,795)</u>
NET INCREASE (DECREASE) DURING YEAR	-	-
FUND BALANCE AT BEGINNING OF YEAR	-	-
FUND BALANCE AT END OF YEAR	-	-

(Prepared without audit)

UNIVERSITY OF VICTORIA

CHANGES IN ANCILLARY ENTERPRISES FUND

Year ended March 31, 2017 (in thousands of dollars)

	(1)	Off-Campus Business Enterprises									Total 2017	Total 2016	
		Bookstore & Shop	Food Services	Student Residences	Parking Services	Child Care	UVic		Heritage Realty Properties	Van. Island Technology Park Trust			Byron Price & Associates
							Broad Street Properties	UVic Properties					
REVENUE													
Sales of services and products	10,858	15,558	15,286	5,172	1,094	666	988				49,622	48,205	
Government grants - provincial	167	580	50		617						1,414	1,450	
Gifts, grants and bequests		15	7		7						29	20	
Investment income	15		54	23		834			68		994	1,094	
Equity in earnings of long term investments								(929)	1,415		486	958	
Other revenue	65	73	12	4	7	44					205	220	
	11,105	16,226	15,409	5,199	1,725	1,544	988	(929)	1,483	-	52,750	51,947	
EXPENDITURE													
Salaries-support staff	1,984	7,137	4,432	1,302	1,328		915				17,098	16,421	
Employee benefits	391	1,906	856	325	300		177				3,955	3,647	
Travel	17	18	39	8							82	121	
Supplies and expenses	174	965	2,602	1,151	80	347	-			6	5,325	5,084	
Equipment additions and replacements	35	100	685	35	4						859	722	
Equipment rental and maintenance	16	73	68	35	3						195	175	
Utilities	93	599	1,585	14	38	54					2,383	2,436	
Scholarships, fellowships and bursaries											-	1	
Cost of goods sold	7,405	5,612									13,017	13,938	
Debt service			1,228								1,228	1,226	
Renovation contracts		2	2,122								2,124	1,771	
Property purchases											-	-	
Internal cost allocations	721	(54)	2,433	791	7						3,898	3,665	
	10,836	16,358	16,050	3,661	1,760	401	1,092	-	-	6	50,164	49,207	
TRANSFERS AND APPROPRIATIONS													
Inter-fund transfers		43	117			(831)	97		(600)		(1,174)	(3,439)	
Appropriations released to meet expenditures	33		526		15						574	2,409	
New appropriations	(300)			(1,535)							(1,835)	(1,830)	
	(267)	43	643	(1,535)	15	(831)	97	-	(600)	-	(2,435)	(2,860)	
NET INCREASE (DECREASE) DURING YEAR	2	(89)	2	3	(20)	312	(7)	(929)	883	(6)	151	(120)	
FUND BALANCE AT BEGINNING OF YEAR	206	(557)	295	123	3	1,900	(14)	2,095	5,506	(486)	9,071	9,191	
FUND BALANCE AT END OF YEAR	208	(646)	297	126	(17)	2,212	(21)	1,166	6,389	(492)	9,222	9,071	

(1) Revenues are for external sales to faculty, staff and students and do not include \$57,000 (2016-\$119,000) of internal sales through the Computer Store to University departments. Of the internal cost recovery net of expenses, \$19,000 (2016 - \$27,000) represents the margin on those sales.

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN SPECIFIC PURPOSES FUND
Year ended March 31, 2017 (in thousands of dollars)

	2017	2016
REVENUE		
Government grants and contracts - provincial	2,142	1,322
- federal	151	1,038
- other		10
Student fees - credit courses	488	266
- non-credit courses	25	29
- other	29	148
Gifts, grants and bequests	8,830	5,439
Sales of services and products	6,710	5,484
Investment income	49,489	6,526
Other revenue	755	981
	<u>68,619</u>	<u>21,243</u>
EXPENDITURE		
Salaries - academic	2,134	2,234
- other instruction and research	2,175	2,225
- support staff	875	914
Total salaries	<u>5,184</u>	<u>5,373</u>
Employee benefits	1,182	848
Travel	1,465	1,510
Library acquisitions	287	650
Supplies and expenses	9,312	8,482
Equipment additions and replacement	2,670	397
Equipment rental and maintenance	33	49
Utilities	7	6
Scholarships, fellowships and bursaries	7,152	6,961
Construction and renovation contracts	181	220
Internal cost allocations	704	353
	<u>28,177</u>	<u>24,849</u>
INTER-FUND TRANSFERS	<u>(10,760)</u>	<u>(8,518)</u>
NET INCREASE (DECREASE) DURING YEAR	29,682	(12,124)
FUND BALANCE AT BEGINNING OF YEAR	<u>77,555</u>	<u>89,679</u>
FUND BALANCE AT END OF YEAR	<u>107,237</u>	<u>77,555</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN SPONSORED RESEARCH FUND
Year ended March 31, 2017 (in thousands of dollars)

	2017	2016
REVENUE		
Government grants and contracts - provincial	14,328	4,669
- federal	61,440	62,895
- other	15,415	10,150
Student fees - non credit courses	1	
Gifts, grants and bequests	11,622	10,751
Sales of services and products	3,873	3,746
Investment income	2	
Other revenue	1,462	87
	<u>108,143</u>	<u>92,298</u>
EXPENDITURE		
Salaries - academic	5,278	5,368
- other instruction and research	23,373	23,877
- support staff	9,449	8,585
Total salaries	38,100	37,830
Employee benefits	5,325	5,277
Travel	5,525	6,693
Supplies and expenses	21,945	19,415
Equipment additions and replacements	13,006	9,901
Equipment rental and maintenance	2,086	5,563
Utilities	367	612
Scholarships, fellowships and bursaries	12,526	13,114
Construction and renovation contracts	57	116
Internal cost allocations	3,270	3,448
	<u>102,207</u>	<u>101,969</u>
INTER-FUND TRANSFERS	4,355	4,439
NET INCREASE (DECREASE) DURING YEAR	10,291	(5,232)
FUND BALANCE AT BEGINNING OF YEAR	46,215	51,447
FUND BALANCE AT END OF YEAR	<u>56,506</u>	<u>46,215</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN CAPITAL FUND
Year ended March 31, 2017 (in thousands of dollars)

	2017	2016
REVENUE		
Government grants and contracts - provincial	26,167	9,441
- federal	568	
Gifts, grants and bequests	708	1,566
Sales of services and products	427	424
Investment income	10	19
Other revenue	932	885
Capital borrowing	3,066	
	<u>31,878</u>	<u>12,335</u>
EXPENDITURE		
Salaries-support staff	11	15
Employee benefits	2	3
Supplies and expenses	7,671	3,872
Equipment additions and replacements	1,843	2,371
Equipment rental and maintenance		11
Utilities	34	27
Debt service	4,502	1,440
Construction and renovation contracts	18,955	23,831
Property acquisitions		760
Internal cost allocations	(1,784)	(1,460)
	<u>31,234</u>	<u>30,870</u>
TRANSFERS AND APPROPRIATIONS		
Inter-fund transfers	30,120	16,324
Appropriations released to meet expenditures	3,793	6,047
New appropriations	(33,134)	(8,439)
NET INCREASE (DECREASE) DURING YEAR	1,423	(4,603)
FUND BALANCE AT BEGINNING OF YEAR	12,301	14,868
FUND BALANCE AT END OF YEAR	<u>13,724</u>	<u>10,265</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN GENERAL OPERATING
UNAPPROPRIATED EXPENDABLE FUNDS - BY FUNCTION
Year Ended March 31, 2017 (in thousands of dollars)

Schedule F
Budget vs. Actual

		2016-2017	2016-2017	Variation		2015-2016
		Total	Actual	from	%	Actual
		Budget	Budget	Budget		Budget
General Revenue						
		166,397	166,397	-	0%	172,844
		7,477	7,477	-	0%	6,311
		7,298	7,298	-	0%	7,313
		129,109	135,699	6,591	5%	128,159
		1,811	2,544	732	40%	2,478
		89	89	1	1%	73
		1,117	1,038	(79)	-7%	1,597
		313,298	320,542	7,244	2.3%	318,776
	G	29,941	36,349	6,408	21%	34,567
		343,239	356,891	13,652	4%	353,343
Expenditures						
	H	160,604	157,712	2,892	2%	152,566
	H	41,255	38,549	2,706	7%	35,615
	I	17,934	18,078	(144)	-1%	16,652
	I	30,597	30,930	(333)	-1%	32,548
	I	28,482	27,120	1,362	5%	27,489
	I	38,892	38,558	335	1%	35,216
		44,990	43,577	1,413	3%	42,214
		(677)	(712)	35	5%	(752)
		(9,893)	-	(9,894)	100%	-
		352,184	353,812	(1,629)	0%	341,548
Transfers and Appropriations						
		(28,065)	(27,044)	1,021		(12,509)
		48,877	48,877	-		34,201
		(11,867)	(24,912)	(13,045)		(33,487)
		8,945	(3,079)	(12,024)		(11,796)
Fund Balance at End of Year						
		-	-	-		-

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE - BY FUNCTION

Schedule G
 Budget vs. Actual

Year Ended March 31, 2017 (in thousands of dollars)

Analysis by Function	2016-2017 Total Budget	2016-2017 Actual	Variation from Budget	2015-2016 Actual
Academic				
Business	641	588	(54)	641
Education	291	435	144	390
Engineering	1	94	93	1,020
Fine Arts	160	363	203	333
Human & Social Development	9	52	43	123
Humanities	55	352	297	269
Law	301	332	31	319
Sciences	220	1,194	973	824
Social Sciences	10	131	121	106
Medical Sciences	24	416	392	529
Cooperative Education	-	75	75	13
Graduate Studies	9	43	34	88
Total Academic	<u>1,721</u>	<u>4,075</u>	<u>2,354</u>	<u>4,656</u>
Other Academic				
Continuing Studies	14,809	15,251	443	14,472
Other Academic Projects	561	796	234	1,496
Total Other Academic	<u>15,370</u>	<u>16,047</u>	<u>677</u>	<u>15,968</u>
Library	283	434	151	327
Student Awards & Services	7,652	9,268	1,616	8,342
Plant Maintenance	2,104	2,754	650	2,477
Administrative and General	<u>2,811</u>	<u>3,772</u>	<u>961</u>	<u>2,798</u>
Total Departmental Revenue	<u><u>29,941</u></u>	<u><u>36,349</u></u>	<u><u>6,408</u></u>	<u><u>34,567</u></u>

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES
ACADEMIC AND OTHER ACADEMIC
Year Ended March 31, 2017 (in thousands of dollars)

Schedule H
Budget vs. Actual

Academic	2016-2017 Total Budget	2016-2017 Actual	Variation from Budget	%	2015-2016 Actual
Business	11,980	12,131	(151)	-1%	11,567
Education	12,333	12,292	41	0%	11,910
Engineering	17,611	16,295	1,316	7%	15,583
Fine Arts	11,185	11,234	(49)	0%	11,089
Human & Social Development	18,836	18,149	687	4%	17,731
Humanities	21,006	20,880	126	1%	20,170
Law	5,353	5,266	87	2%	4,884
Science	25,100	24,843	257	1%	23,222
Social Sciences	23,335	23,046	289	1%	21,762
Medical Sciences	7,746	7,418	329	4%	8,607
Cooperative Education	5,166	5,236	(71)	-1%	5,140
Graduate Studies	953	922	31	3%	900
Total Academic	160,604	157,712	2,892	2%	152,566
Other Academic					
Continuing Studies	15,659	16,390	(730)	-5%	14,419
Other Academic Projects	25,596	22,159	3,437	13%	21,196
Total Other Academic	41,255	38,549	2,706	7%	35,615

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES
Year Ended March 31, 2017 (in thousands of dollars)

Schedule I
Budget vs. Actual

	2016-2017 Total Budget	2016-2017 Actual	Variation from Budget	%	2015-2016 Actual
Library					
Library Acquisitions	9,080	9,095	(15)	0%	7,811
Library Operations	8,854	8,983	(128)	-1%	8,842
Library Total	17,934	18,078	(144)	-1%	16,652
Student Awards & Services					
Student Awards	16,956	16,451	505	3%	17,558
Student Services	13,641	14,479	(838)	-6%	14,990
Total Student Awards & Services	30,597	30,930	(333)	-1%	32,548
Plant Maintenance					
Utilities	5,950	5,478	472	8%	5,365
Other	22,532	21,642	890	4%	22,124
Total Plant Maintenance	28,482	27,120	1,362	5%	27,489
Administrative and General					
Executive Offices	5,577	5,562	15	0%	5,095
Alumni and Development	2,900	2,896	4	0%	2,890
Administrative Registrar	5,397	5,746	(349)	-6%	5,486
Student Recruitment	3,176	3,148	29	1%	3,195
Budget and Capital Planning	1,774	1,709	65	4%	1,428
Financial Services	3,961	3,942	19	0%	3,952
Human Resources	3,926	3,806	120	3%	3,636
Chief Information Officer	3,546	3,582	(36)	-1%	3,612
Internal Financing	(1,562)	(1,524)	(38)	2%	(1,483)
Other Expenses	10,196	9,691	505	5%	7,405
Total Administrative and General	38,892	38,558	335	1%	35,216

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE AND EXPENDITURES - BY FUNCTION
Year Ended March 31, 2017 (in thousands of dollars)

Schedule J
Budget vs. Actual

Analysis by Function	2016-2017 Total Budget	2016-2017 Actual	Variation from Budget	2015-2016 Actual
Academic				
Business				
Departmental revenue	641	588	(54)	641
Expenses	11,980	12,131	(151)	11,567
Total	<u>(11,338)</u>	<u>(11,543)</u>	<u>(204)</u>	<u>(10,926)</u>
Education				
Departmental revenue	291	435	144	390
Expenses	12,333	12,292	41	11,910
Total	<u>(12,042)</u>	<u>(11,856)</u>	<u>186</u>	<u>(11,520)</u>
Engineering				
Departmental revenue	1	94	93	1,020
Expenses	17,611	16,295	1,316	15,583
Total	<u>(17,610)</u>	<u>(16,201)</u>	<u>1,409</u>	<u>(14,563)</u>
Fine Arts				
Departmental revenue	160	363	203	333
Expenses	11,185	11,234	(49)	11,089
Total	<u>(11,025)</u>	<u>(10,871)</u>	<u>154</u>	<u>(10,756)</u>
Human & Social Development				
Departmental revenue	9	52	43	123
Expenses	18,836	18,149	687	17,731
Total	<u>(18,827)</u>	<u>(18,097)</u>	<u>730</u>	<u>(17,608)</u>
Humanities				
Departmental revenue	55	352	297	269
Expenses	21,006	20,880	126	20,170
Total	<u>(20,951)</u>	<u>(20,528)</u>	<u>423</u>	<u>(19,901)</u>
Law				
Departmental revenue	301	332	31	319
Expenses	5,353	5,266	87	4,884
Total	<u>(5,052)</u>	<u>(4,934)</u>	<u>118</u>	<u>(4,566)</u>
Sciences				
Departmental revenue	220	1,194	973	824
Expenses	25,100	24,843	257	23,222
Total	<u>(24,880)</u>	<u>(23,650)</u>	<u>1,230</u>	<u>(22,398)</u>
Social Sciences				
Departmental revenue	10	131	121	106
Expenses	23,335	23,046	289	21,762
Total	<u>(23,325)</u>	<u>(22,915)</u>	<u>410</u>	<u>(21,656)</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE AND EXPENDITURES - BY FUNCTION
Year Ended March 31, 2017 (in thousands of dollars)

Schedule J
Budget vs. Actual

Medical Sciences				
Departmental revenue	24	416	392	529
Expenses	<u>7,746</u>	<u>7,418</u>	<u>329</u>	<u>8,607</u>
Total	<u><u>(7,722)</u></u>	<u><u>(7,002)</u></u>	<u><u>721</u></u>	<u><u>(8,078)</u></u>
Cooperative Education				
Departmental revenue	-	75	75	13
Expenses	<u>5,166</u>	<u>5,236</u>	<u>(71)</u>	<u>5,140</u>
Total	<u><u>(5,166)</u></u>	<u><u>(5,162)</u></u>	<u><u>4</u></u>	<u><u>(5,126)</u></u>
Graduate Studies				
Departmental revenue	9	43	34	88
Expenses	<u>953</u>	<u>922</u>	<u>31</u>	<u>900</u>
Total	<u><u>(944)</u></u>	<u><u>(879)</u></u>	<u><u>65</u></u>	<u><u>(812)</u></u>
Other Academic				
Continuing Studies				
Departmental revenue	14,809	15,251	443	14,472
Expenses	<u>15,659</u>	<u>16,390</u>	<u>(730)</u>	<u>14,419</u>
Total	<u><u>(851)</u></u>	<u><u>(1,139)</u></u>	<u><u>(288)</u></u>	<u><u>53</u></u>
Other Academic Projects				
Departmental revenue	561	796	234	1,496
Expenses	<u>25,596</u>	<u>22,159</u>	<u>3,437</u>	<u>21,196</u>
Total	<u><u>(25,035)</u></u>	<u><u>(21,364)</u></u>	<u><u>3,671</u></u>	<u><u>(19,700)</u></u>
Library				
Departmental revenue	283	434	151	327
Expenses	<u>17,934</u>	<u>18,078</u>	<u>(144)</u>	<u>16,652</u>
Total	<u><u>(17,651)</u></u>	<u><u>(17,644)</u></u>	<u><u>7</u></u>	<u><u>(16,326)</u></u>
Student Services				
Departmental revenue	7,652	9,268	1,616	8,342
Expenses	<u>30,597</u>	<u>30,930</u>	<u>(333)</u>	<u>32,548</u>
Total	<u><u>(22,945)</u></u>	<u><u>(21,662)</u></u>	<u><u>1,282</u></u>	<u><u>(24,206)</u></u>
Plant Maintenance				
Departmental revenue	2,104	2,754	650	2,477
Expenses	<u>28,482</u>	<u>27,120</u>	<u>1,362</u>	<u>27,489</u>
Total	<u><u>(26,378)</u></u>	<u><u>(24,366)</u></u>	<u><u>2,012</u></u>	<u><u>(25,012)</u></u>
Administrative and General				
Departmental revenue	2,811	3,772	961	2,798
Expenses	<u>38,892</u>	<u>38,558</u>	<u>335</u>	<u>35,216</u>
Total	<u><u>(36,082)</u></u>	<u><u>(34,786)</u></u>	<u><u>1,296</u></u>	<u><u>(32,418)</u></u>

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND - BOOKSTORE
UNAPPROPRIATED EXPENDABLE FUNDS

Schedule K
Budget vs. Actual

Year Ended March 31, 2017 (in thousands of dollars)

	<u>2016-2017 Total Budget</u>	<u>2016-2017 Actual</u>	<u>Variation from Budget</u>	<u>%</u>	<u>2015-2016 Actual</u>
Revenue					
¹ Sales of services and products		10,858			11,304
² Sales of services and products - internal		642			697
Subtotal sales of services and products	<u>11,702</u>	<u>11,500</u>			<u>12,001</u>
Government grants - provincial		167			167
Investment income		15			14
Other revenue		<u>65</u>			<u>65</u>
Total Revenue	11,702	11,747	45	0%	12,247
Expenditures					
Salaries and benefits	2,127	2,375	(248)		2,341
Cost of goods sold	9,310	7,405	1,905		7,799
³ Operating expenses	<u>240</u>	<u>1,698</u>	<u>(1,458)</u>		<u>1,889</u>
Total Expenditures	11,678	11,478	200	2%	12,029
Transfers and Appropriations					
Interfund transfers			-		(11)
Appropriations released to meet expenditures		33	33		67
New appropriations	<u>(24)</u>	<u>(300)</u>	<u>(276)</u>		<u>(260)</u>
Total Transfers and Appropriations	<u>(24)</u>	<u>(267)</u>	<u>(243)</u>		<u>(204)</u>
NET INCREASE (DECREASE) DURING YEAR	-	2	2		14
FUND BALANCE AT BEGINNING OF YEAR		<u>206</u>	<u>206</u>		<u>192</u>
Fund Balance at End of Year	<u>-</u>	<u>208</u>	<u>208</u>		<u>206</u>

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND -
FOOD SERVICES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2017 (in thousands)

Schedule L
Budget vs Actual

	<u>2016-2017 Total Budget</u>	<u>2016-2017 Actual</u>	<u>Variation from Budget</u>	<u>%</u>	<u>2015-2016 Actual</u>
Revenue					
Sales of services and products - external		15,558			15,165
¹ Sales of services and products - internal		1,180			1,079
Subtotal sales of services and products		<u>16,738</u>			<u>16,244</u>
Government grants - provincial		580			580
Investment income					3
Other revenue		88			113
Total Revenue	<u>17,387</u>	<u>17,405</u>	18	0%	<u>16,940</u>
Expenditures					
Salaries and benefits	8,638	9,043	(405)		8,684
Cost of goods sold	5,965	5,612	353		6,139
² Operating expenses	3,361	2,883	478		2,847
Total Expenditures	<u>17,964</u>	<u>17,538</u>	426	2%	<u>17,670</u>
Transfers and Appropriations					
Interfund transfers		43	43		(382)
Appropriations released to meet expenditures					556
New appropriations					
Total Transfers and Appropriations	<u>-</u>	<u>43</u>	<u>43</u>		<u>174</u>
NET INCREASE (DECREASE) DURING YEAR	(577)	(89)	487		(556)
FUND BALANCE AT BEGINNING OF YEAR		(557)	(557)		(1)
Fund Balance at End of Year	<u>(577)</u>	<u>(646)</u>	<u>(70)</u>		<u>(557)</u>

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND -
STUDENT RESIDENCES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2017 (in thousands)

Schedule M
Budget vs Actual

	2016-2017 Total Budget	2016-2017 Actual	Variation from Budget	%	2015-2016 Actual
Revenue					
Sales of services and products		15,286			14,253
¹ Sales of services and products - internal		23			30
Subtotal sales of services and products		<u>15,309</u>			<u>14,283</u>
Government grants - provincial		50			50
Investment income		54			48
Other revenue		19			13
Total Revenue	<u>15,204</u>	<u>15,432</u>	229	2%	<u>14,394</u>
Expenditures					
Salaries and benefits	4,396	5,288	(892)		4,817
² Operating expenses	<u>7,325</u>	<u>10,785</u>	<u>(3,460)</u>		<u>9,278</u>
Total Expenditures	11,722	16,073	(4,352)	-37%	14,095
Transfers and Appropriations					
Interfund transfers		117	117		81
Appropriations released to meet expenditures		526	526		-
New appropriations	<u>(3,482)</u>		<u>3,482</u>		<u>(590)</u>
Total Transfers and Appropriations	<u>(3,482)</u>	<u>643</u>	<u>4,125</u>		<u>(509)</u>
NET INCREASE (DECREASE) DURING YEAR	-	2	2		(210)
FUND BALANCE AT BEGINNING OF YEAR		<u>295</u>	<u>295</u>		<u>505</u>
Fund Balance at End of Year	<u>-</u>	<u>297</u>	<u>297</u>		<u>295</u>

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND - PARKING SERVICES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2017 (in thousands of dollars)

Schedule N
Budget vs. Actual

	2016-2017 Total Budget	2016-2017 Actual	Variation from Budget	%	2015-2016 Actual
Revenue					
Sales of services and products		5,172			4,702
¹ Sales of services and products - internal		60			60
Subtotal sales of services and products		5,232			4,762
Investment income		23			31
Other revenue		4			5
Total Revenue	4,844	5,259	415	9%	4,798
Expenditures					
Salaries and benefits	1,575	1,627	(52)		1,572
² Operating expenses	2,335	2,094	242		2,262
Total Expenditures	3,910	3,721	190	5%	3,834
Transfers and Appropriations					
Interfund transfers			-		(1,787)
Appropriations released to meet expenditures			-		1,786
New appropriations	(934)	(1,535)	(601)		(965)
Total Transfers and Appropriations	(934)	(1,535)	(601)		(966)
NET INCREASE (DECREASE) DURING YEAR	-	3	3		(2)
FUND BALANCE AT BEGINNING OF YEAR	-	123	123		125
Fund Balance at End of Year	-	126	126		123

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND - CHILD CARE SERVICES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2017 (in thousands of dollars)

Schedule O
Budget vs. Actual

	2016-2017 Total Budget	2016-2017 Actual	Variation from Budget	%	2015-2016 Actual
Revenue					
Sales of services and products	1,148	1,094	(54)		1,107
Government grants - provincial	569	617	48		653
Investment income			-		
Other revenue	10	14	4		34
Total Revenue	1,727	1,725	(2)	0%	1,794
Expenditures					
Salaries and benefits	1,440	1,628	(188)		1,638
Operating expenses	283	132	151		138
Total Expenditures	1,723	1,760	(37)	-2%	1,776
Transfers and Appropriations					
Interfund transfers			-		
Appropriations released to meet expenditures		15	-		
New appropriations	(4)		4		(15)
Total Transfers and Appropriations	(4)	15	4		(15)
NET INCREASE (DECREASE) DURING YEAR	-	(20)	(20)		3
FUND BALANCE AT BEGINNING OF YEAR	3	3	3		-
Fund Balance at End of Year	-	(17)	(17)		3