

Financial Results and Analysis for the Year Ended March 31, 2016 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.
- 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 decreased by \$3.0M while liabilities decreased by \$6.2M. Fund balances decreased by \$10.7M and equity in plant assets grew by \$13.8M.
- Endowment investments are recorded at fair value and have decreased by \$3.8M to \$394.5M. The \$3.8M decrease is made up as follows:

Donations	\$7.1M
Investment income	6.0M
Disbursements (fees and awards)	(16.0)M
Changes in receivables/payables	<u>(0.9)M</u>
	<u><u>(\$3.8M)</u></u>

- Capital assets increased by \$11.8M with increases in buildings of \$30.8M and library holdings by \$3.8M. The largest single increase in buildings (\$8.5M) was related to the Continuing Studies addition. Increases in buildings and library holdings were offset by equipment and furnishings write offs that exceeded acquisitions by \$23M.
- Long term debt decreased by \$1.9M resulting from regularly scheduled debt payments.
- Funds held for employee future benefits, excluding any unfunded portion, increased by \$0.7M to \$23.8M and are made up as follows:

	<u>2016</u>	<u>2015</u>
Vested sick leave benefits	\$3.1M	\$3.2M
Supplemental pension obligations	6.2M	6.2M
Group life insurance	1.5M	1.5M
LTD liability	13.0M	12.2M
	<u><u>\$23.8M</u></u>	<u><u>\$23.1M</u></u>

- Endowment principal funds, held primarily in the UVic Foundation, increased by \$10.3M due to external donations of \$6.6M, UVic transfers of \$132K and capitalized investment income of \$3.6M.
- Equity in plant assets increased by \$13.8M due to capital additions of \$57.1M and debt repayment of \$2.0M less \$45.3M 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.

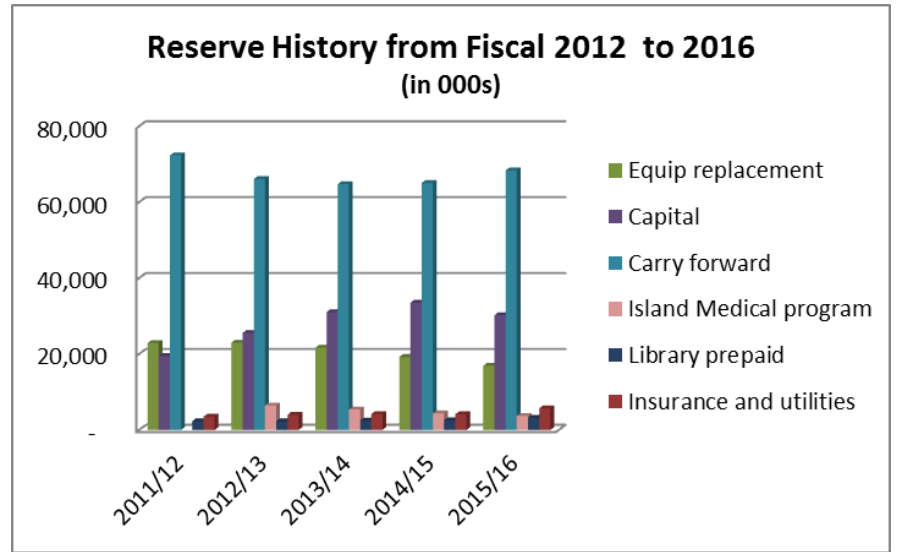
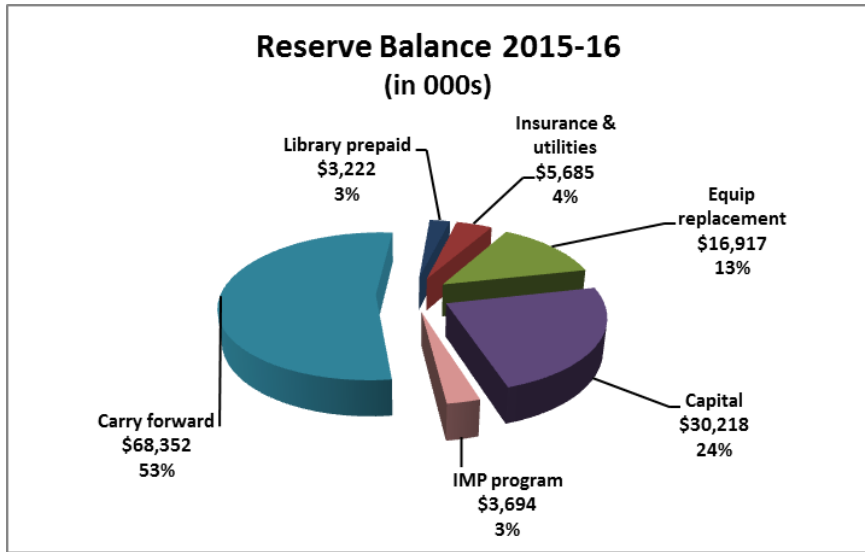
Due to restrictions in the ability of the university to borrow externally, appropriated fund balances are used on a temporary basis to fund capital projects that will generate future revenues from which to repay the internal loan (e.g., residences).

Total appropriated expendable funds were as follows:

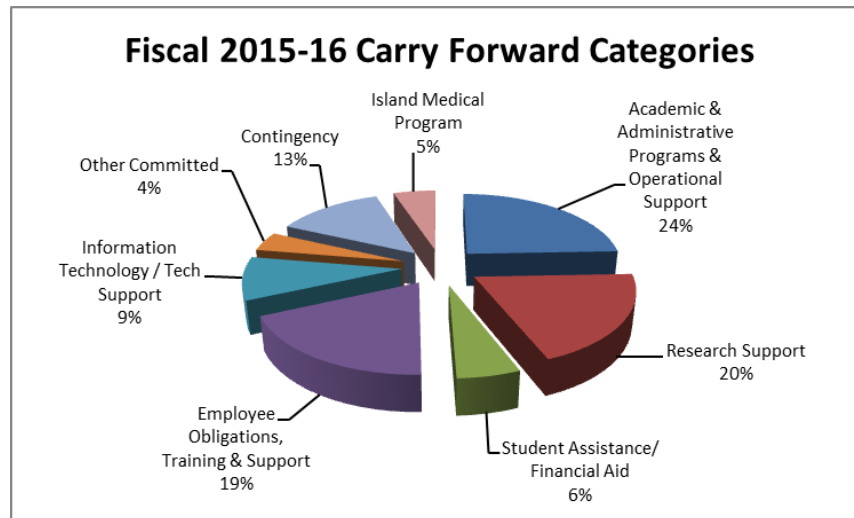
<i>(in millions of dollars)</i>	2015	2015
General operating	128.1	128.8
Ancillary enterprises	9.8	10.4
Less loans for Capital	(54.1)	(54.5)
Total	83.8	84.7

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.

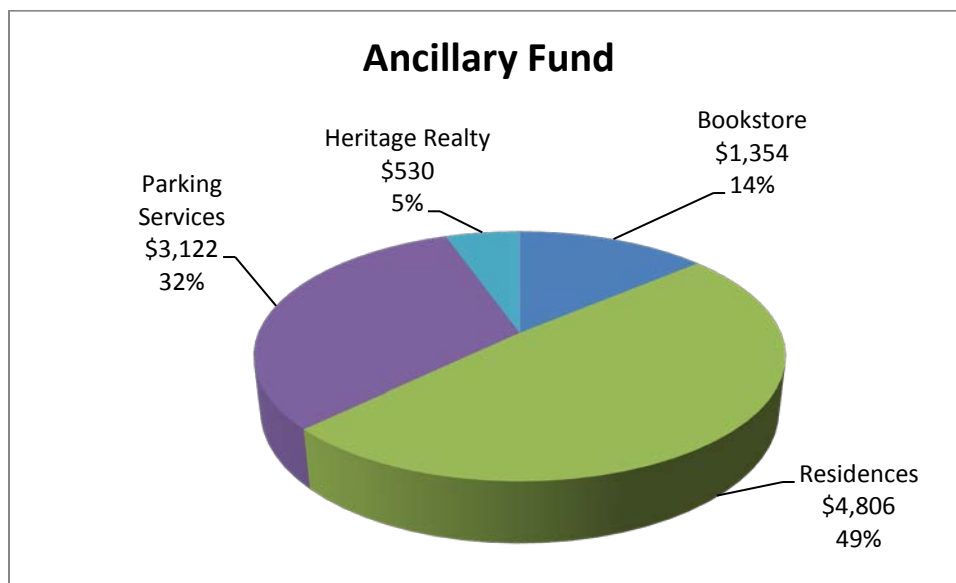


As shown in the table above, total operating fund appropriations decreased by \$0.7M in 2016. This is the result of decreases within the Equipment (\$2.3M), Capital and Renovation Projects (\$3.3), Information Technology and Technical Support (\$1.1M) and Employee Obligations (\$1.6M), Other Commitments (\$1.9M) and Externally Funded Island Medical Program (\$0.7M). However these decreases were offset by other categories, including increases in funds set aside for Program Development and Operation Support (\$4.0M), Research Support (\$2.0M), Contingency (\$1.9M), Insurance and Utilities (\$1.6M) and Library Prepaid Expenses (\$0.7M). The following chart summarizes the intended use of the carry forward balances of \$72.0M (including Island Medical Program):



The largest allocation or 24% is for program development and operational support while employee obligations including accumulated professional development, leave and other contractual commitments represent 19%. Research support is 20% of the total and is generally made up of commitments to individual faculty for research start-up, travel grants, etc. 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.

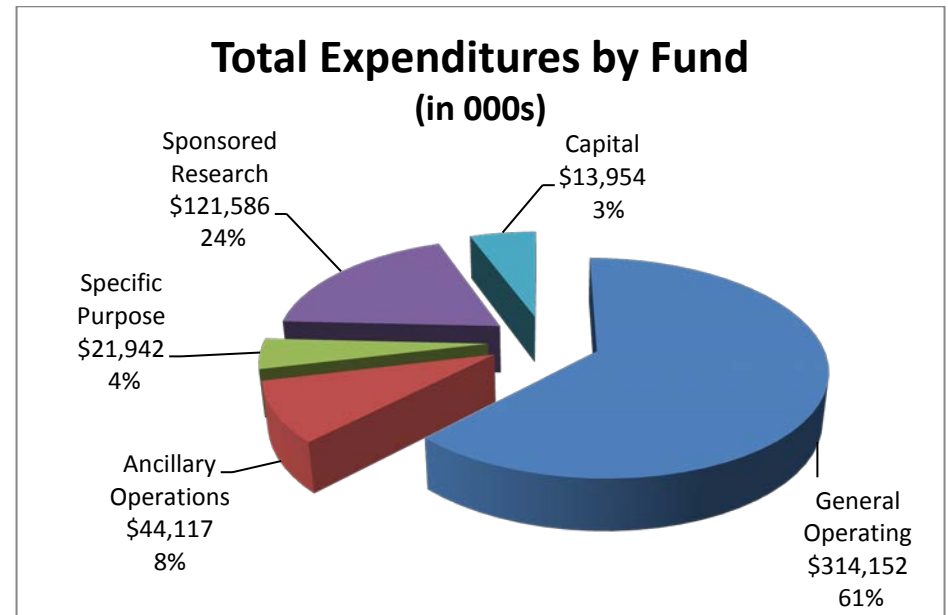
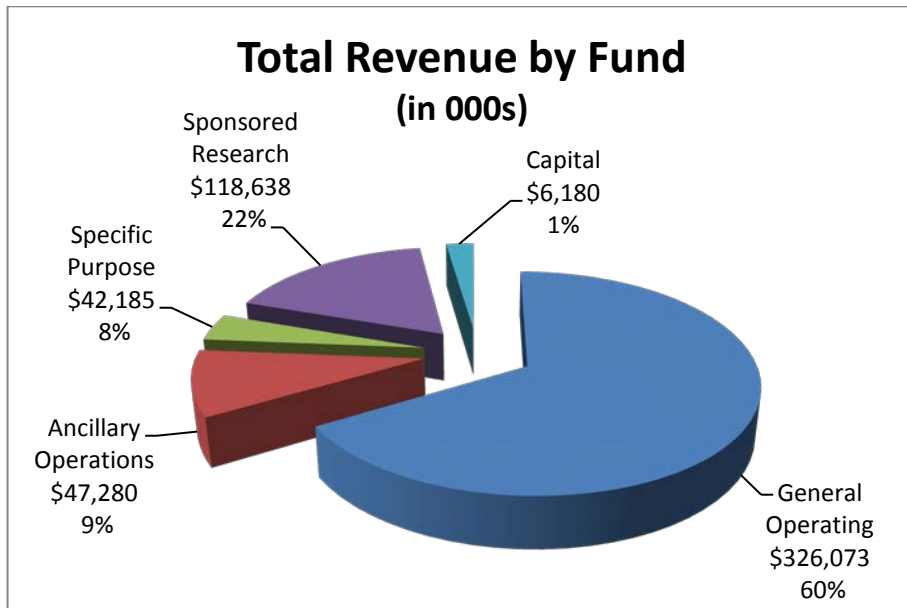
The Ancillary appropriated fund balance of \$9.8M is made up of reserves as shown in the following chart:



Unappropriated Expendable Funds – Statement 3

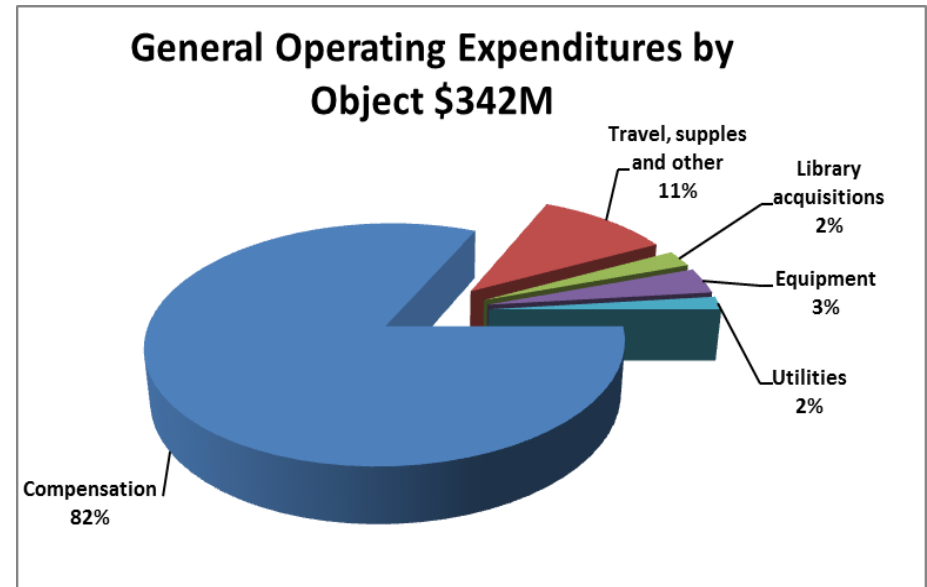
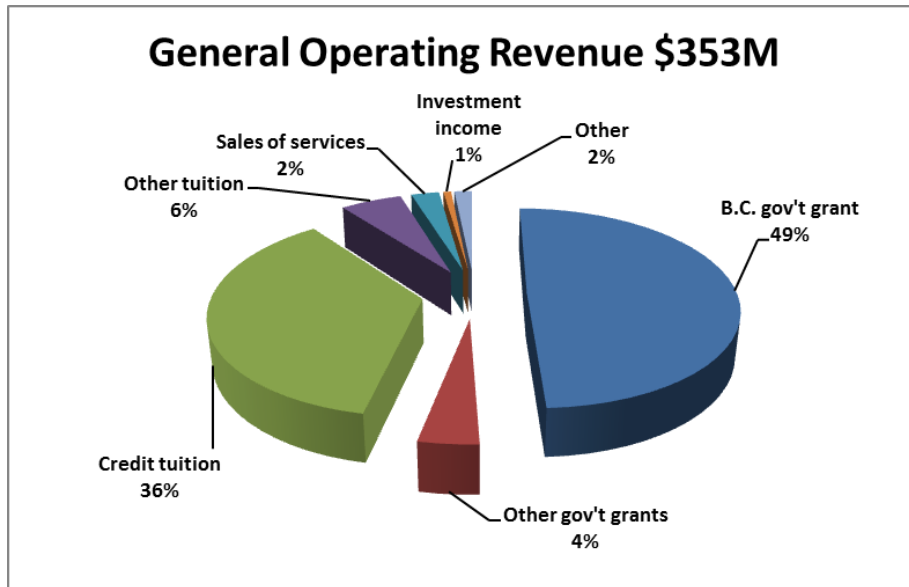
Total revenue across all five funds decreased by \$35.5M to \$531.2M, representing a decrease of 6.3% while total expenditures decreased by \$2.2M to \$548.4M representing a 0.4% decrease. On a total fund basis, total expenditures of \$548.4M exceeded revenues of \$531.2M by \$17.3M. After transferring \$3.7M to endowment principal and adding \$0.9M from appropriated reserves, total unappropriated expendable fund balances decreased by \$20.0M. This decrease is primarily in the Specific Purpose fund related to endowment spending in excess of lower 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 60% of the university's activities. Total General Operating revenues and expenditures are made up as follows:

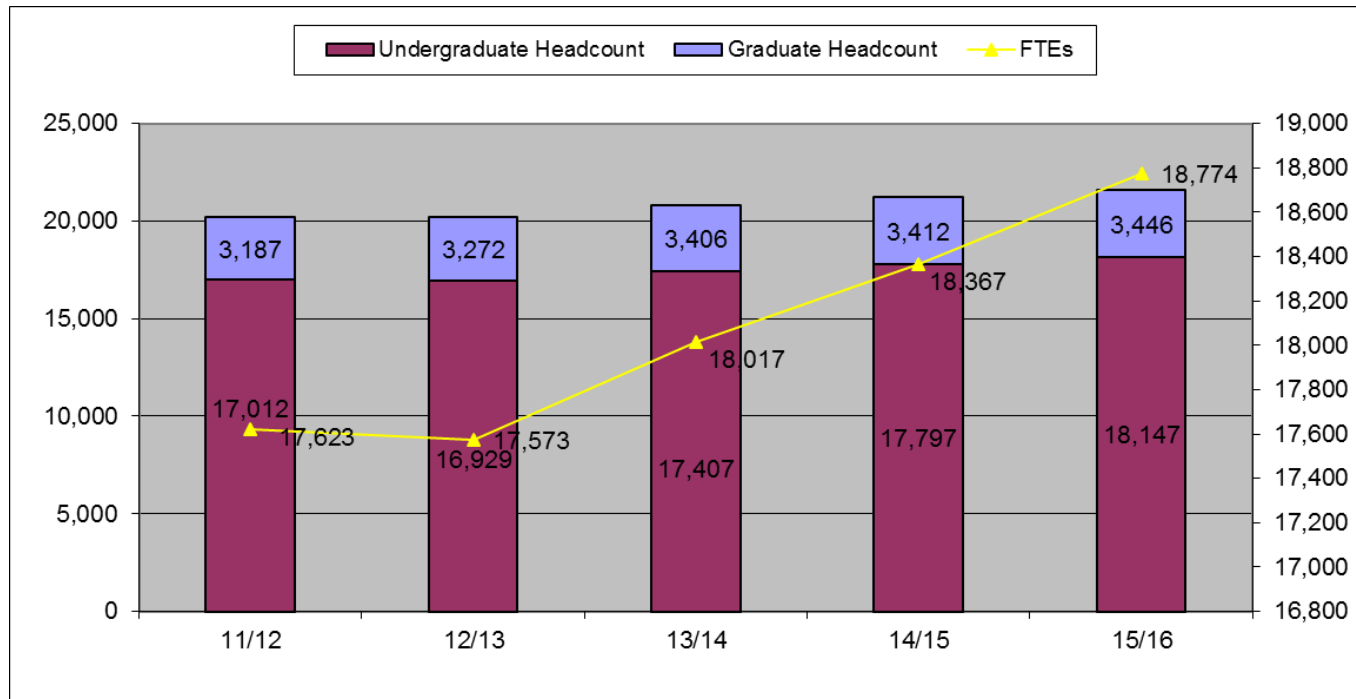


Total revenue in the General Operating Fund increased by \$6.7M (1.9%) and total expenditures increased by \$8.8M (2.6%). Government grants and tuition accounted for 89% of revenue while compensation costs (i.e., salary and benefits) accounted for 82% of total expenses.

While revenue exceeded expenditures by \$11.8M, \$12.5M was transferred to the other funds to cover the costs of commitments to a variety of capital and other projects and a net of \$0.7M was transferred from appropriated reserves bringing the General Operating fund balance to zero, which is consistent with past practice. The net excess of revenue over expenditures of \$11.8M represents 3.3% of total revenue compared to \$13.8M and 4.0% of total revenue for the year ended March 31, 2015. The excess revenue results from circumstances that are 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 provincial operating grant was \$172.8M which was reduced \$0.4M or 0.2% from the previous year. Other government grants include \$6.4M 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 \$9.5M made up of \$2.1M for domestic student fees reflecting the 2% increase in tuition fees (the maximum allowed by the Province of BC) and \$7.4M of international student fees reflecting growth in enrolment of international students that have fees higher than the domestic rate of tuition.

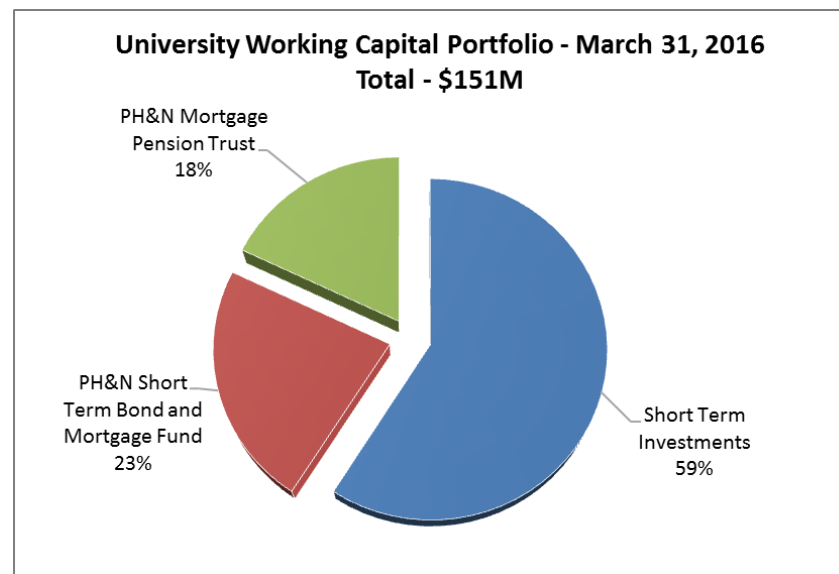


Non-credit tuition decreased by \$1.9M due to reduced enrolments in Continuing Studies.

Investment income decreased by \$2.0M due to lower returns on investments. The return on the university's working capital was 1.6% compared to last year's return of 2.8%.

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). This year the PH&N Mortgage Pension Trust was introduced and replaced the PH&N Bond Fund. 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 \$1.9M reflecting progression through the ranks and Economic Stability dividend increase. Support staff salaries increased by \$4.6M with progression and Economic Stability Dividend increases for Professional Employees Association staff, limited progression for Management Exempt staff due to the impact of the Provincial Executive Compensation wage freeze, and settlement of collective agreements with CUPE local 915 and local 917. Employee benefits increased by \$1.5M due to the higher salaries.

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 34) 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 44-48).

Specific Purposes Fund – Schedule C

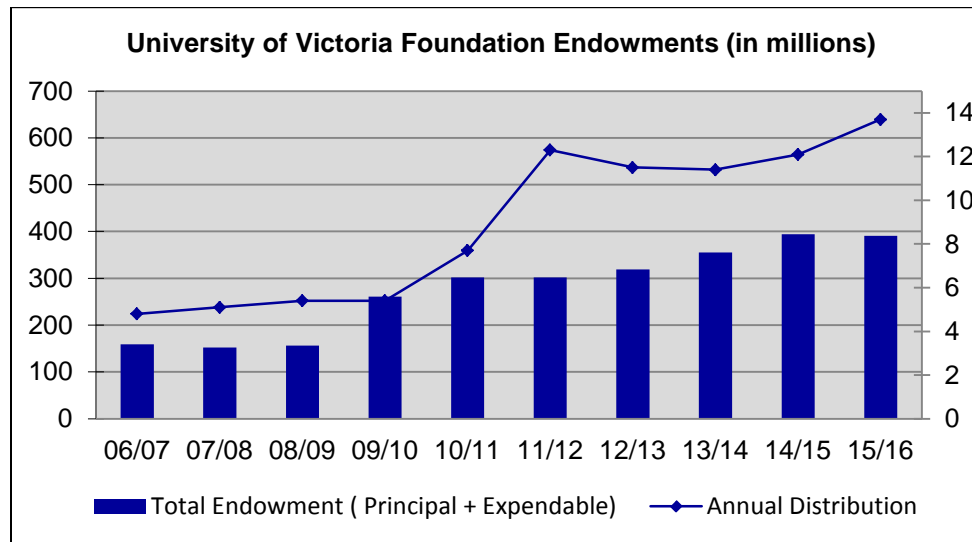
The Specific Purposes Fund includes the expendable funds of the University of Victoria Foundation, the Foundation for the University of Victoria and the U.S. Foundation for the University of Victoria. It also includes the revenues and expenses of the LTD Trust as well as UVic Industry Partnerships.

Overall, expenditures exceeded revenue by \$3.6M. A total of \$8.5M was transferred out, with the majority added to endowment principal to protect against the eroding effects of inflation, and to Sponsored Research to provide funding to certain research centers who receive their funding from endowments. The Specific Purpose fund balance decreased by \$12.1M to \$77.6M, of which \$61M 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 at any time.

Other highlights include:

- Investment income decreased by \$43.8M, primarily within the UVic Foundation, following a very good year in 2014/15.

Most endowment funds benefiting the university and its students are held by the University of Victoria Foundation. The Foundation's investments experienced a very modest return this year with investment income of \$6M representing a 0.8% return for the year ended March 31. With the receipt of \$7.1M of endowment contributions less disbursements of \$16M, the total market value of the UVic Foundation endowment fund decreased from \$394M to \$391M, comprised of \$330M of principal and \$61M 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 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 \$3.6 million.

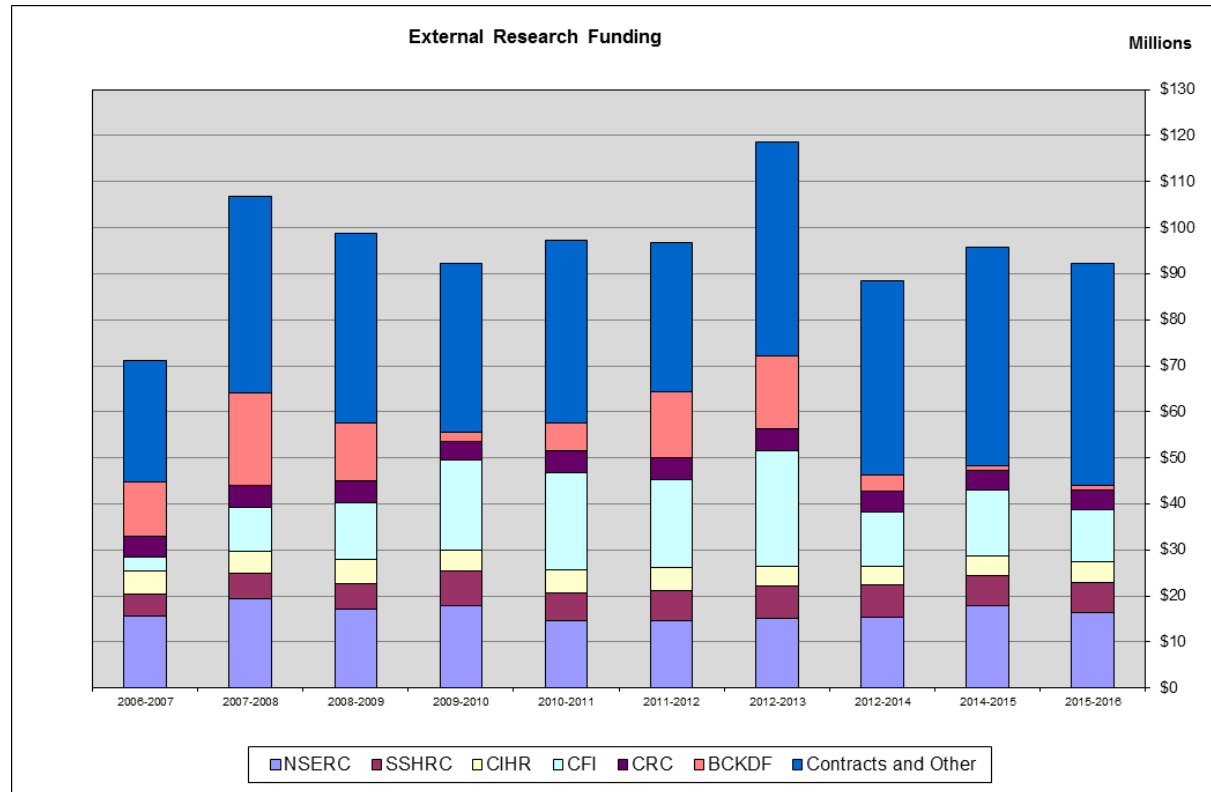
Sponsored Research Fund – Schedule D

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 \$9.7M although a net amount of \$4.4M was transferred in from other funds resulting in a net decrease in the fund balance of \$5.2M to leave a balance of \$46.2M. This balance represents external grant funding that has been received but not yet spent.

Revenues decreased by \$3.6M (3.7%) to \$92.3M while expenditures increased by \$5.4M (5.6%). 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 \$5.5M due to an increase in Provincial funding of \$7.3M related to routine capital and maintenance.

Expenditures declined by \$17.56M to \$30.9M due to the completion of the large CARSA project last year. Construction continued on the Continuing Studies building expansion, construction commenced on phase 2 of the Enterprise Data Centre and a number of routine capital renovations were completed.

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 the operations of the institution for the fiscal year. These schedules differ from the fund accounting statements (Statements 1 to 3 and Schedule 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, 2016 include schedules F through J and can be found at pages 38-43. These schedules compare actual operating results for fiscal 2015-16 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.

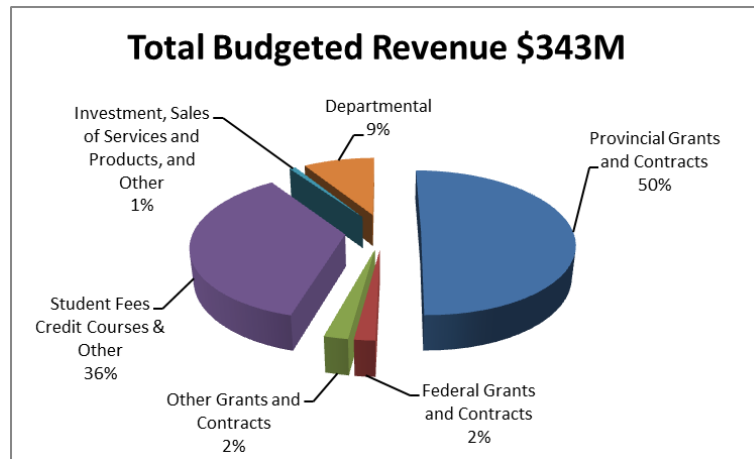
The following points should be kept in mind when reviewing these schedules:

- 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 for a summary).

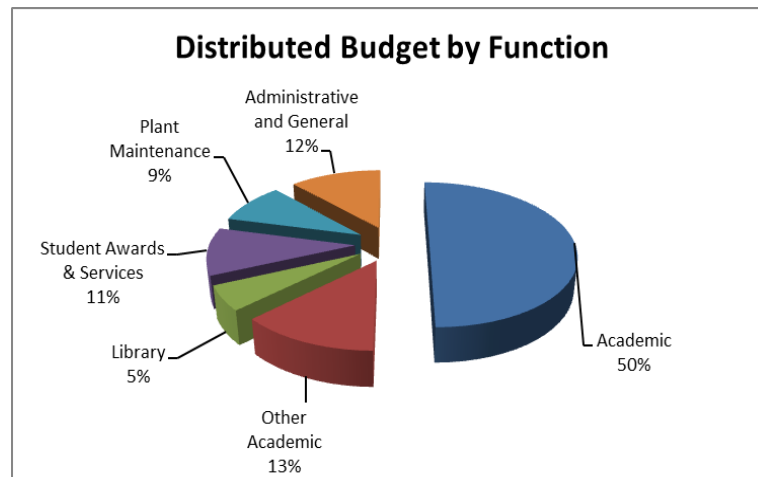
Operating Budget – Schedule F

Revenue and Expenditure Overview

Total budgeted revenue in 2015-16 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, 2016 there was an excess of operating revenue over expenditures of \$11.8M. 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 (\$12.5M for 2015-16 as noted above).

In comparing actual results to budget there was a positive result of \$21.4M comprised of \$9.9M in additional revenue and an \$11.5M positive variance on expenditures.

From a budget responsibility point of view this positive variance is derived from both central (39%) and departmental budgets (61%) as follows:

Central revenue (tuition, investment income, internal financing and other)	\$ 6.0M
Central expenditures and recoveries (benefits, overhead and centrally allocated budgets)	<u>\$ 2.3M</u>
Positive variance from central accounts	\$ 8.3M
Positive variance from departmental accounts	<u>\$13.1M</u>
Total	<u><u>\$21.4M</u></u>

Central Revenue Accounts

The primary sources of general operating revenue are government grant, tuition and investment income. In 2015-16 the additional revenue of \$6.0M or 1.9% of the central revenue budget resulted from:

1. Tuition revenue \$ 4.53M

International enrolment grew beyond budget plan again in 2015. A positive variance in this budget line was projected in the fall based on early enrolment numbers and the budget moving forward was reviewed based on these models (see below).

2. Investment income (\$0.8M - \$.08M) \$ 0.72M

Schedule F shows a budget variance of \$0.8M for investment income. This amount however is offset by negative variance of \$0.1M from internal loans which is shown under administrative and general in schedule I (page 41) as it is an internal allocation. Therefore the Investment income budget, once internal financing is taken into account, had a surplus balance in 2015-16 of \$0.7M. This surplus 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 \$0.70M

This variance is an accumulation of small amounts from various accounts the largest of which for 2015-16 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 2016-17 tuition budget both domestic and international enrolment levels were modeled for the next 3 years. Based on this modeling the budget for tuition revenue for 2016-17, as approved by the Board, was increased by \$3.1M. When developing the 2017-18 budget in the fall of 2016, enrolment levels will again be reviewed to determine whether further adjustments should be considered given early indications of 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 and therefore appropriate. As noted above there is a reserve to protect against losses that will occur when interest rates rise.

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 2015-16 the positive central variance of \$2.3M resulted from:

1. Benefits \$1.8M

The benefit accounts continue to have a positive result as a result of departmental position vacancies (\$1.6M). The remaining variance generally results from budgeting for a full annual increase for a benefit change even though actual increases are only a portion of the year (benefits on salary increases, increase in Employment Insurance or extended health, etc.).

2. Overhead recoveries \$0.1M

This variance is the result of additional overhead research income. Overhead recoveries fluctuate from year to year and are difficult to estimate given they are derived from contract research grants.

3. Centrally Allocated Budgets.....\$0.4M

As noted above centrally allocated budgets include budgets to fund compensation increases. 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.

Impact on Future Budgets from Expenditure Variances

Given the favorable variance in the benefits budget is largely a result of vacant positions this variance will continue as long as there continues to be vacant positions.

The overhead variance is not considered significant but will be reviewed for 2017-18 based on information from research on projected contract revenue and the revenue trend over the last few years.

Centrally allocated budgets are considered prudent to provide funds for unforeseen events or strategic one time allocations. The total variance represents less than 1.0% of actual expenditures for the year.

Departmental Accounts

As noted above, departments had a year-end positive budget variance of \$13.1M. 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 2015-16 departments planned to allocate \$4.1M to reserves for this purpose with actual transfers totaling \$7.3M - \$6.0M for equipment and \$1.3M for capital.

A large source of positive budget variances within departments is departmental revenue which was \$3.9M higher than budgeted. 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 2015-16 include donations; MBA non-credit and MGB fees in Business; recoveries for marine science vessel usage; external cost recoveries (i.e., Vancouver Island Cancer Centre); one-time government program grants; auditorium fees; field school fees; Fine Arts shows (i.e., women's choir, theatre); and athletic club fees. For some departments the positive revenue result is offset by increased expenditures (Schedule J).

Within the expenditures budgets, the largest sources of positive variance were in other academic (\$4.2M) budgets and the utility budget (\$1.0M). The utilities variance resulted from continued efforts within facilities management to reduce utility costs through continuous optimization programs, a favourable winter and lower prices for natural gas obtained through joint procurement. The other academic variance resulted mainly from internal research grants and overhead allocated but not yet spent as well as the third and final year of term funding to support international students. The remaining expenditure variances resulted from vacant positions or 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 2016-17 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 \$15.3M. 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 \$24.0M, Social Sciences at \$22.4M and Humanities at \$20.4M. The 'other academic' budget of \$24.6M 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.

Most areas had increased expenditures as compared to the prior year. This increase is largely a result of compensation increases including the progression through the ranks or ranges and the settlement agreements. Increases in nonacademic 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. Continuing studies' negative variance in department revenue of -\$841K is largely offset by a positive expenditure variance of \$839K).

Ancillary Budget – Schedules K through O

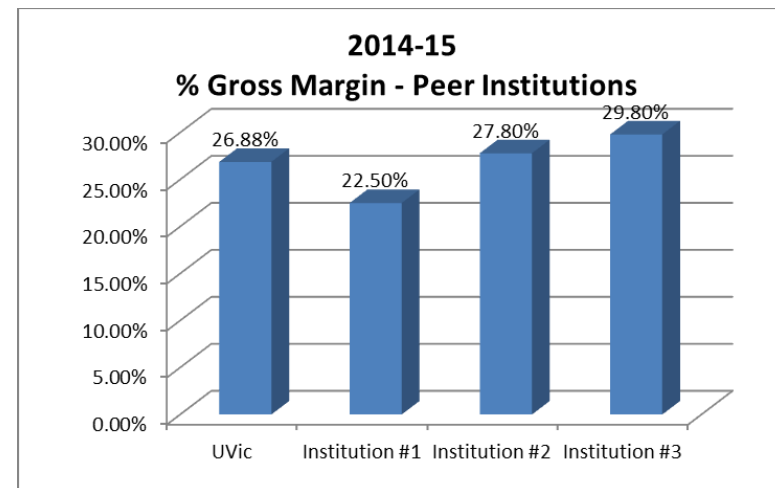
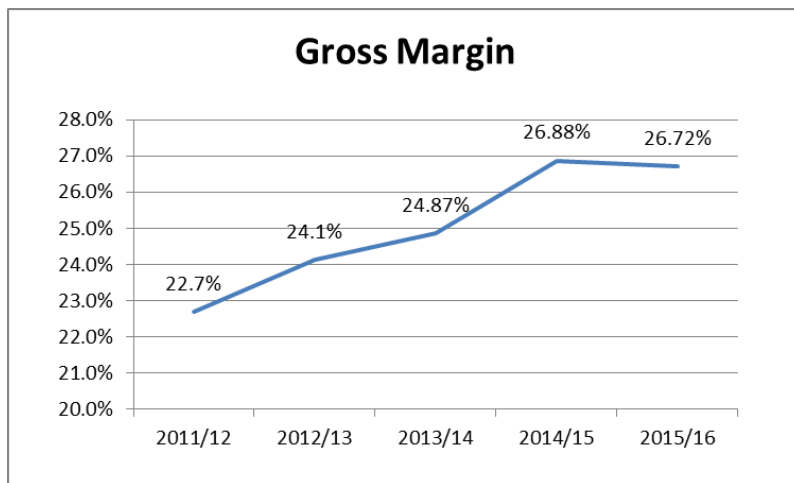
Schedule B (page 34) of the attached fund accounting schedules show the financial results of university ancillary operations both on and off campus. The results of the off campus businesses were noted above. This section will focus on the results of the on campus ancillary operations as well as provide 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

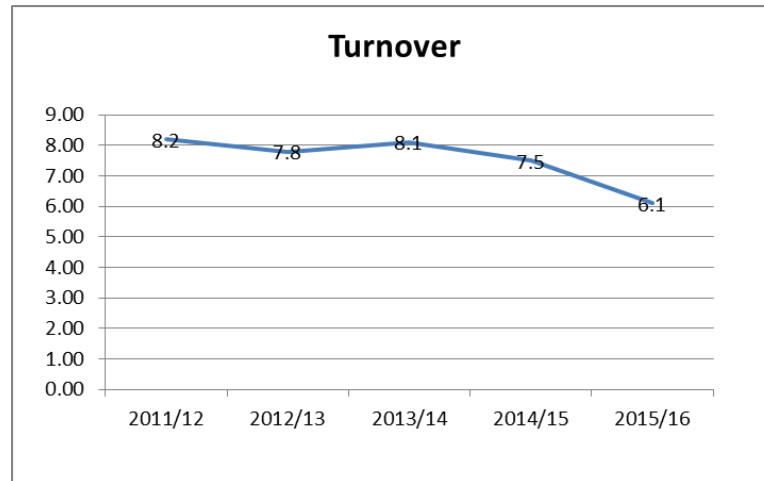
Schedule K (page 44) attached shows the financial results of the bookstore operations, which include the computer store, compared to budget as well as the results of the prior year. As anticipated, both revenue and expenses for fiscal 2016 are slightly less than the prior year. The majority of the sales decrease was within the Computer Store. Although there was a slight decrease in textbook sales, UVic outperformed industry trends. The overall financial results for the store was higher than budgeted by \$198K mainly as a result of higher than anticipated merchandise sales. This enabled a larger transfer to the capital reserve at year end.

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

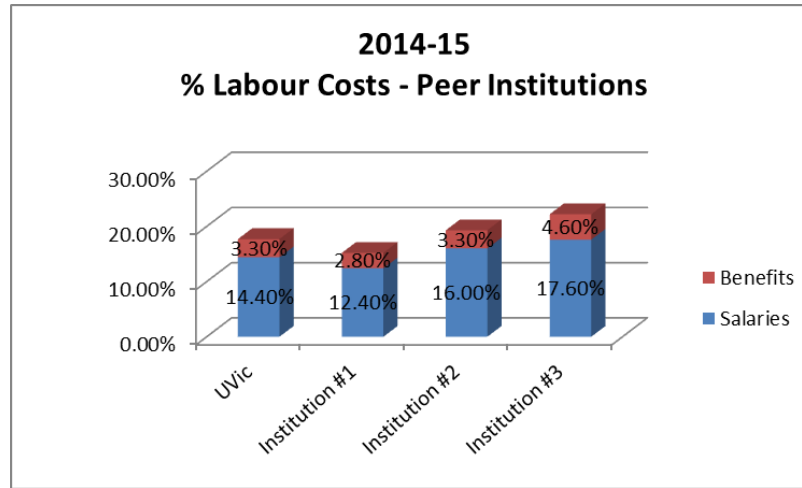


The above charts show that gross margin as a percentage of sales is fairly flat at 26.72% in 2015-16. The Bookstore's gross margin compares well with other similar sized institutional bookstores (peer institutions using 14-15 as the most recent data for comparison).

Turnover rates, though down from the prior year, continue to be strong at 6.1 times:



Wages reflect the continued oversight and control over labour costs. Duties from vacated positions continue to be redistributed to existing positions as the opportunity arises. The average of the peer group is 18.8% of total costs and therefore our operations are consistent with peers as outlined in the following chart:



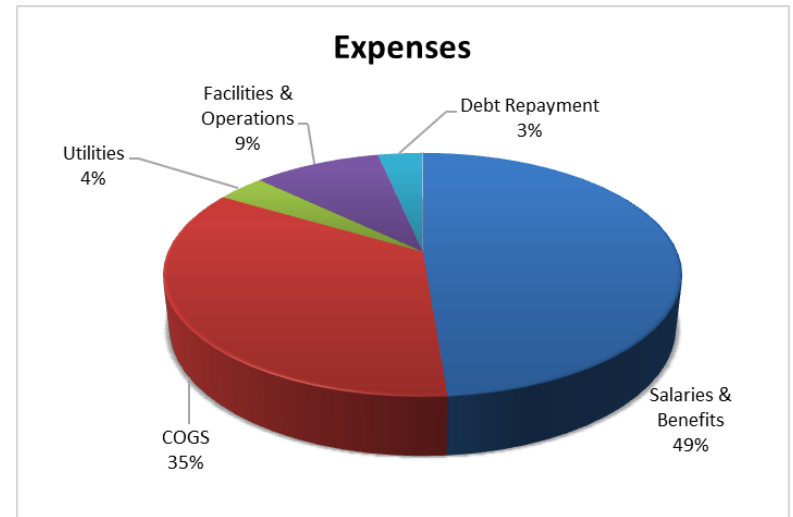
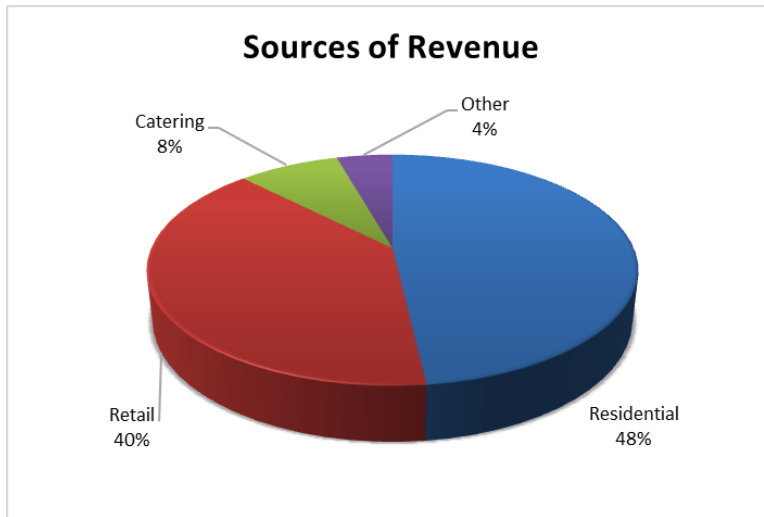
The above comparison data is from the National Association of College Stores – Large Stores Group and has been shared on a confidential basis therefore the names have not been included.

Food Services – Schedule L

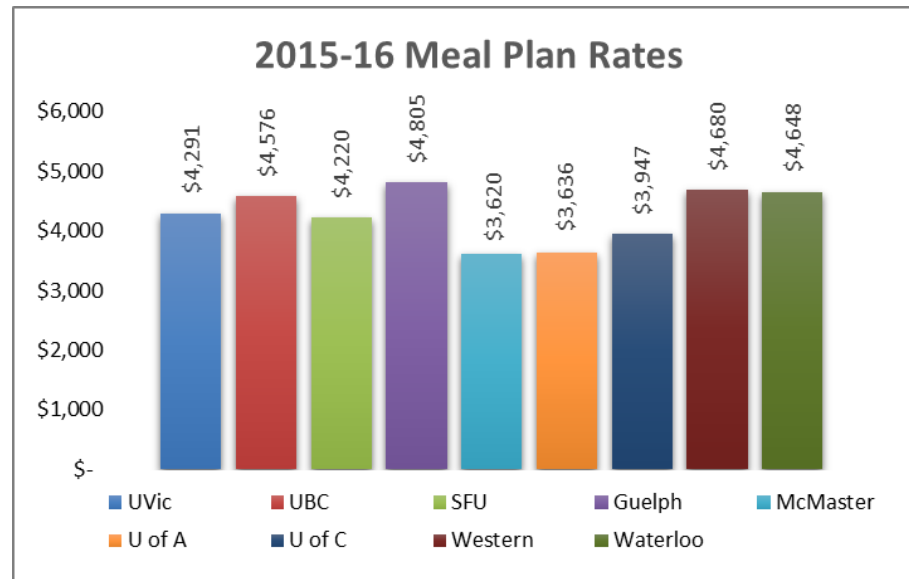
Schedule L (page 45) shows the 2015-16 results of the food service operation on campus. Total revenue grew by 4.5% compared to the prior year, while total expenses grew by only 2.8%. The financial results have improved with a net operating loss of \$730K (compared to a loss of \$983K in the prior year), which includes the debt repayment of \$592K related to Mystic Market construction for the first time. The operating deficit required food services (UNFS) to withdraw the remaining \$174K from their reserves at year end. The 2015-16 financial result reflects a number of initiatives led by the leadership team in UNFS in order to correct the losses from prior years. These initiatives include: implementation of cost control measures, increased financial oversight including cash handling processes, as well as improved forecasting through better procurement and inventory management.

The University is committed to making the necessary changes to achieve financial sustainability within food services and begin generating reserve funds to address debt and capital renewal. As food services proceeds through the transition from deficit to profitability, it is anticipated that the department will require further organizational and operational changes. In order to implement and evaluate the required changes, a University Food Services Financial Oversight and Planning Committee (FOPC), that includes representation from Student Affairs, the Budget Office, Financial Services, Purchasing Services, Human Resources, Internal Audit and other related key stakeholders has been established. The FOPC meets on a regular basis to review and recommend: an interim business plan for 2016-17 that includes 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; a comprehensive communications plan that outlines and advises stakeholders on related changes, including seeking feedback from the Board on the overall plan and process proposed.

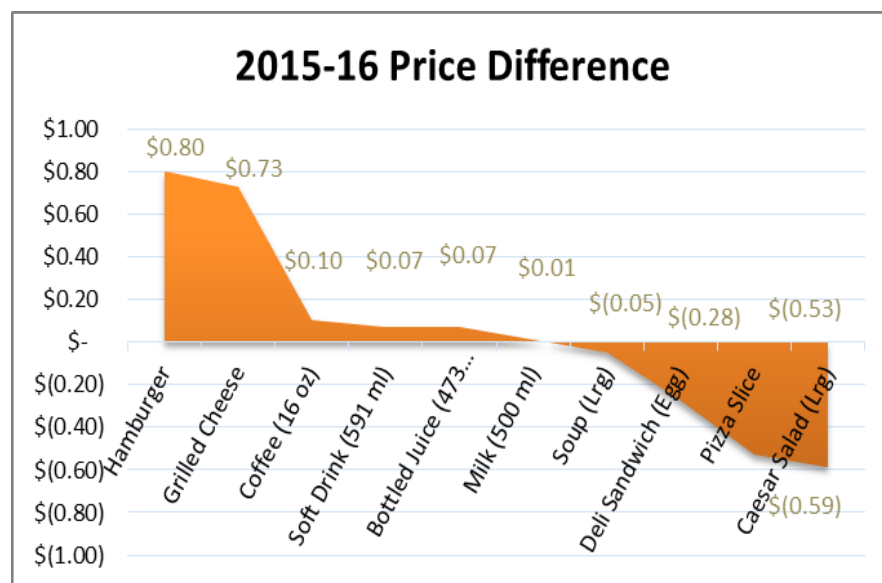
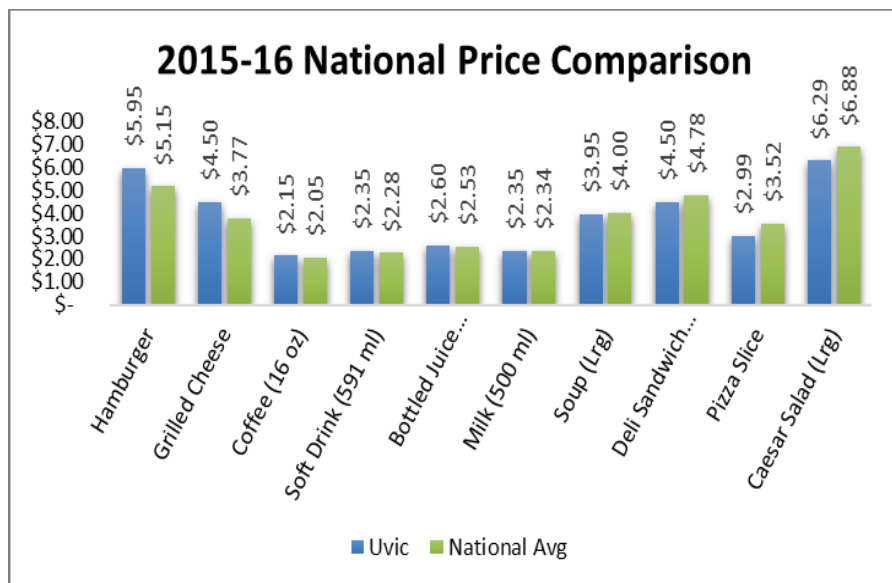
The majority of food service revenue comes from on campus housing through the residence meal program (48%), with retail sales and catering contributing 40% and 8% respectively. As for expenses, the majority stem from labour (49%) and cost of goods sold (35%):



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:

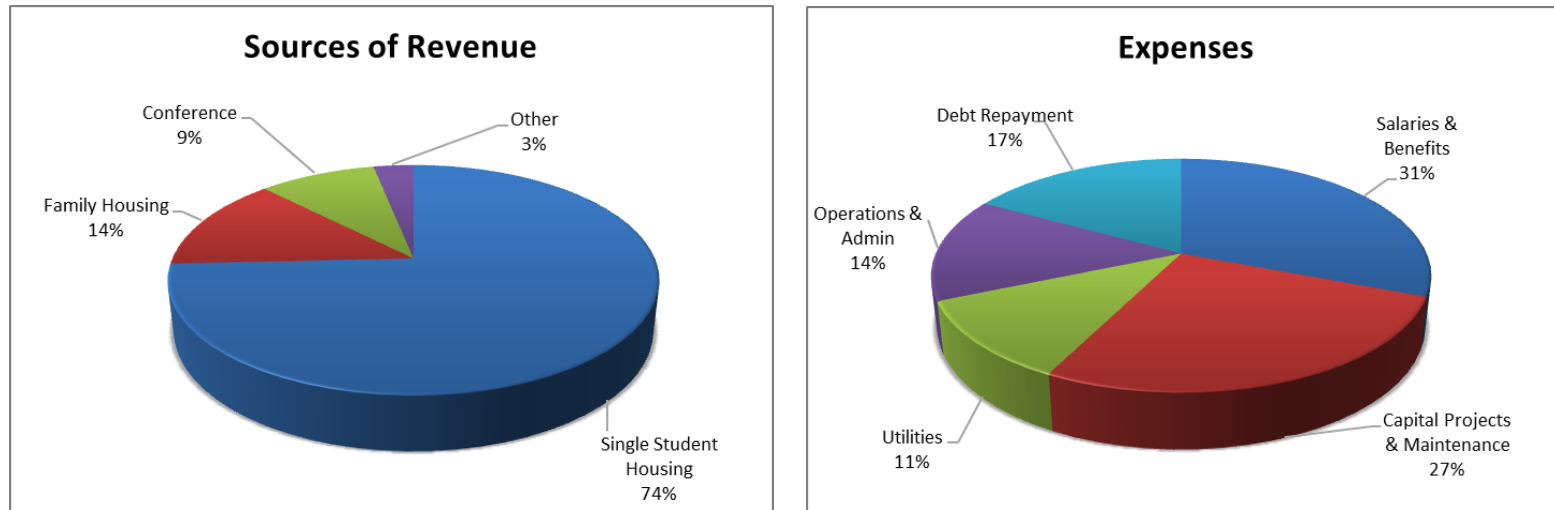


UVic's prices are generally in line with the national average. The department pays a very competitive wage compared to other Food Services operations and contributes significantly to the overall university sustainability program through purchasing an estimated 85% of its products locally.

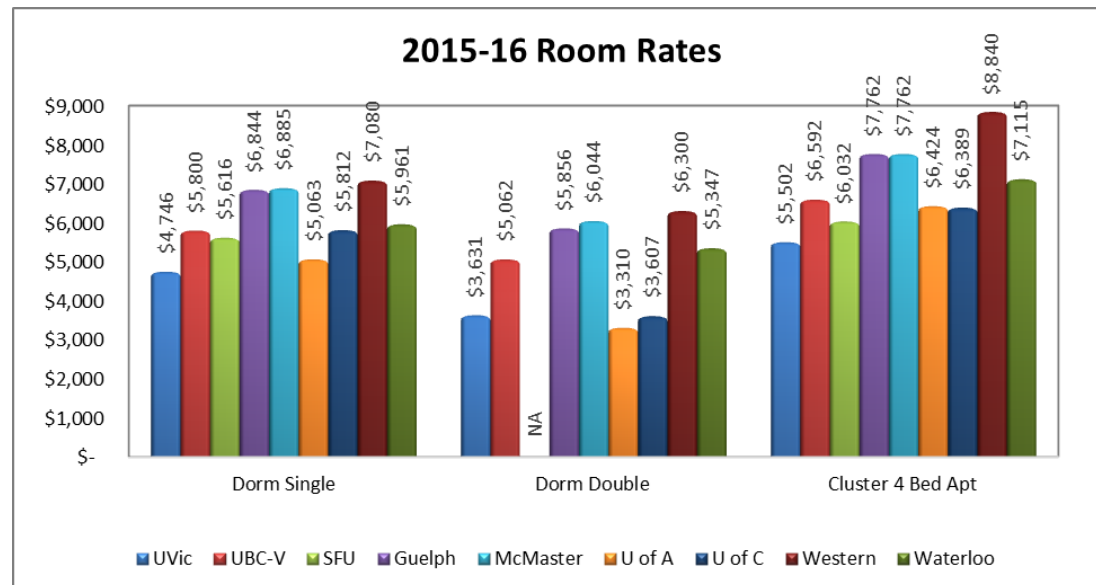
Residence Services – Schedule M

For 2015-16, schedule M (page 46), shows that revenue for residence services has increased by 5.6% compared to the prior year while expenses have increased by 19.4%. This expenditure increase includes debt repayment and significant capital project expenses with the net result still being an operating surplus. \$590K was contributed towards capital reserves at year end, which is a significant decrease from previous year's contributions due to increased spending on planned capital projects. The reserve fund, now at \$5.4M, is vital for the department to continue to support planned capital expenses and address deferred maintenance to reverse the decline in the condition of the buildings and support the University's recruitment and retention goals through safe and affordable accommodation for first year students.

The majority of housing revenue (74%) is generated from dorm/apartment revenue, followed by family housing at 14% and conferences at 9%. With respect to expenses, the majority is for labour at 31% and maintenance and renewal costs at 27%:



Despite last year's residence rate increase of 13%, UVic's residence rates for dorm and apartment style rooms remain considerably below peer institutions'. UVic's 2015-16 rates compare to comparative institutions as follows:



While living in residence is not directly comparable to off-campus living, the average rate for a single room in residence was \$578 per month, whereas, according to the 2015 CMHC data, the average rental rates in Victoria ranged from \$742 (bachelor); to \$867 (one bedroom), to \$1128 (two bedroom), and continue to increase.

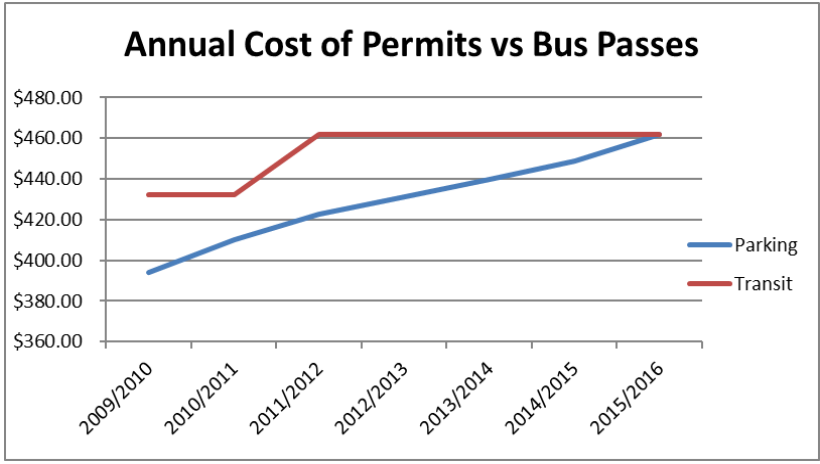
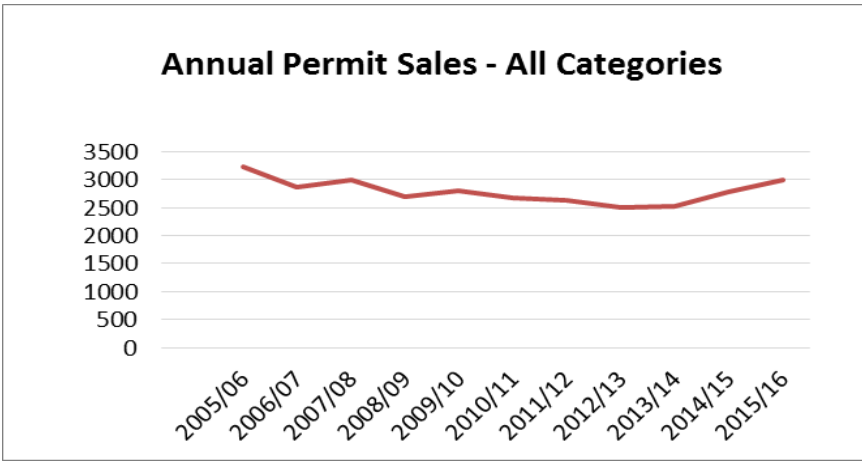
In 2011-2013 an assessment by an external organization of the university's deferred maintenance was undertaken. This assessment work included looking at the residence inventory and reviewed each building's physical condition using an industry standard index called the facilities condition index or FCI. The FCI for housing in 2014-15 was at .40 which is considered poor to critical. The 2015-16 FCI index was not available at this time, and will be updated at the end of the calendar year, once the last two years' projects are updated through the facilities management system.

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 2015-16, a total of \$3.7M was spent on maintenance and capital projects, of which \$2.8M were allocated as specific capital projects. A 13% increase in residence dormitory rates was implemented in September 2015, with a 6% increase planned for the next two years, followed by an annual 4% increase in year's five to ten of the plan. The resulting increase in revenue will be used to continue addressing deferred maintenance, with an estimated \$5M in renewal work, including building envelope assessments, structural repairs, interior finishes, upgrades to windows, roofs, decks and electrical, planned for 2016-17.

Parking Services – Schedule N

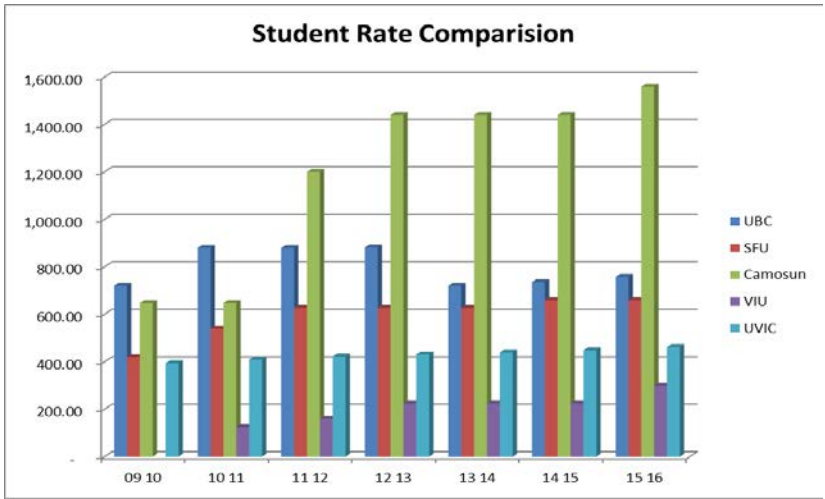
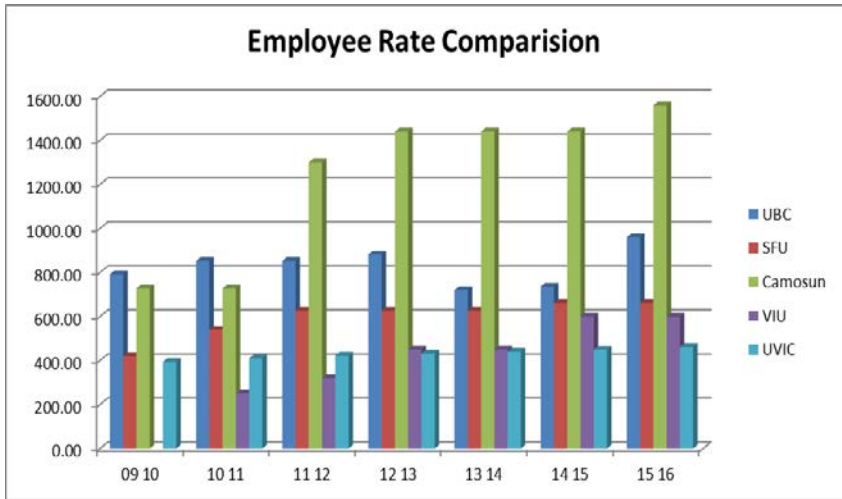
The parking services budget includes revenue and expenses associated with the management of parking on campus as well as the university's travel options programs which includes, among other things, the student and staff bus pass programs. Schedule N (page 47) attached shows that revenue increased 1.3% year over year and exceeded budget. This increase is mainly the result of an increase in permit prices. Total expenses were also up year over year mainly as the result of debt servicing for parkade loan and equipment purchases. Overall financial results were less than anticipated with actual at \$1.0M compared to planned \$2.0M therefore the department contributed less to the capital reserve than predicted.

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

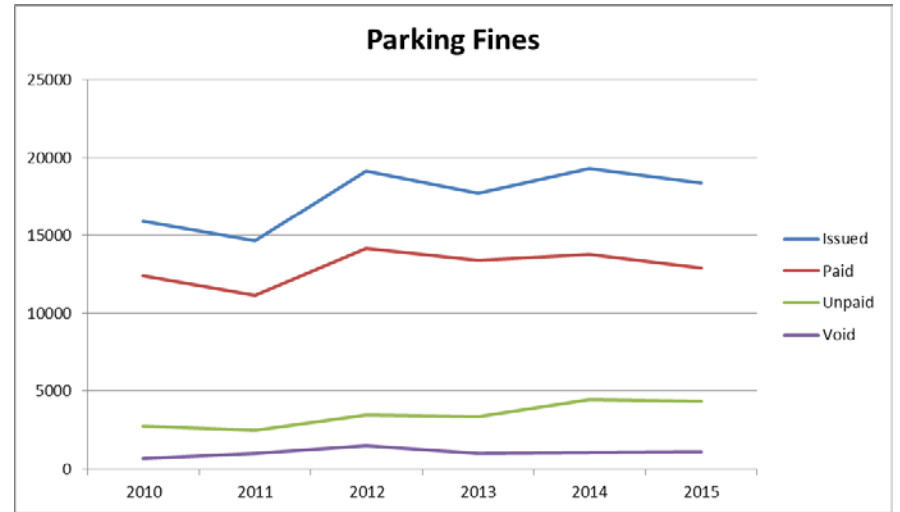
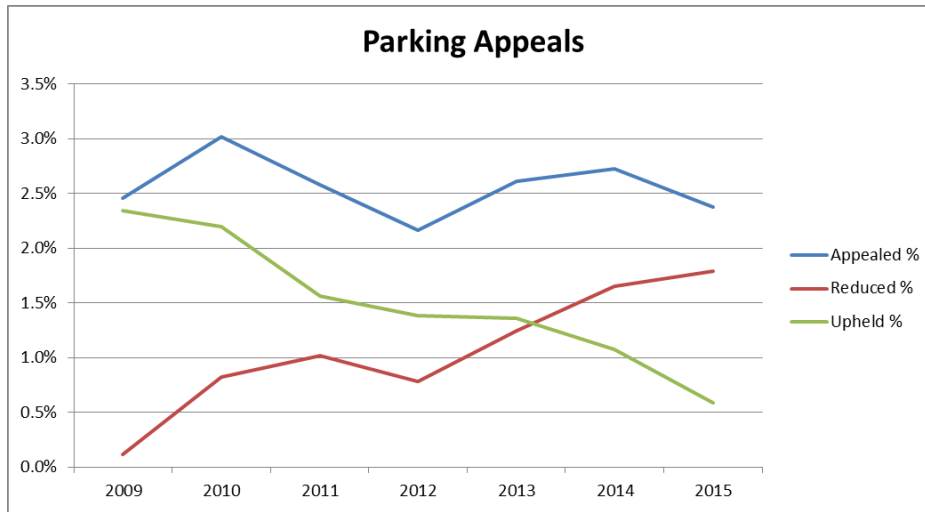


While normally a goal for a parking operation would be to grow permit sales, the university is committed to minimizing vehicle traffic to campus. The chart on the left shows that over an 11 year period the number of permits sold has declined during a period of significant growth in the on campus population. 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 two rates are comparable.

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 18,000 fines in a year, very few are appealed as follows:



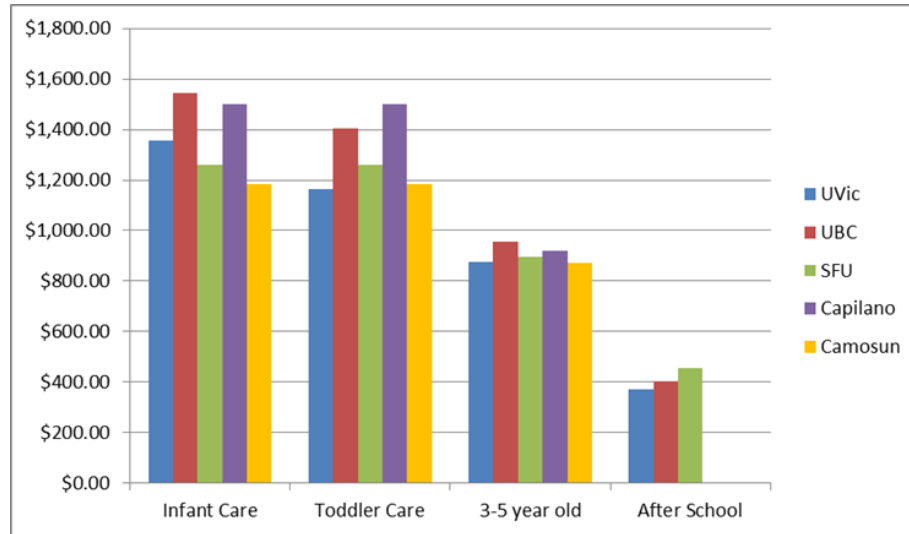
Of those appealed through an independent committee made up of representatives from the campus community, most are upheld with less than 2% reduced.

Child Care – Schedule O

Child Care services provides full and part time day programs for children aged 6 months to 5 year and after school and summer programs for school age children. Schedule O (page 48) 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 revenue for the year exceeded expenditures by \$18K which allowed an appropriation to the reserve account.

Child care monitors the rates of other comparable institutions to ensure parent fees are reasonable. The following chart compares our 2016 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)

(Prepared without audit)

UNIVERSITY OF VICTORIA
BALANCE SHEET

As at March 31, 2016 (in thousands of dollars)

	2016	2015
ASSETS		
Cash and temporary investments	87,422	100,725
Accounts receivable	47,254	48,720
Prepaid expenses	15,325	15,372
Inventories	2,522	3,182
Long-term investments	89,970	85,537
Endowment investments (2016 cost \$375,254; 2015 cost \$331,667)	394,539	398,354
PLANT ASSETS		
Land and site improvements	57,536	57,248
Buildings	763,524	732,752
Equipment and furnishings	217,087	240,065
Library holdings	130,835	127,075
	<u>1,806,014</u>	<u>1,809,030</u>
LIABILITIES		
Accounts payable and accrued liabilities	25,827	31,417
Deferred revenue	11,570	10,981
Long-term debt	52,829	54,739
Employee future benefits	23,811	23,058
FUND BALANCES		
Expendable funds		
Appropriated (Statement 2)		
General Operating	128,088	128,803
Ancillary Enterprises	9,789	10,368
Capital Fund	(54,135)	(54,491)
Unappropriated (Statement 3)		
General Operating		
Ancillary Enterprises	9,071	9,191
Specific Purposes	77,555	89,679
Sponsored Research	46,215	51,447
Capital	12,301	14,868
Non-expendable funds		
Student Loan	73	73
Endowment Principal	330,220	319,940
EQUITY IN PLANT ASSETS	<u>1,132,800</u>	<u>1,118,957</u>
	<u>1,806,014</u>	<u>1,809,030</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN APPROPRIATED EXPENDABLE FUNDS

FUND ACCOUNTING - Statement 2
(Prepared without audit)

Year ended March 31, 2016 (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	1,646	354	21	1,313
Network services	4,072	1,396	708	3,384
Other departments	13,509	3,669	2,380	12,220
Capital and renovation projects	33,504	11,794	8,508	30,218
Academic and administrative program development and operation support	13,609	3,972	7,950	17,587
Research support	12,094	1,651	3,689	14,132
Student assistance and financial aid	3,926	1,748	1,753	3,931
Employee obligations, training and support	15,147	1,160	(405)	13,582
Information technology and technical support	7,824	2,141	1,018	6,701
Other commitments	4,960	1,291	(639)	3,030
Contingency	7,483	1,284	3,190	9,389
Externally funded Island Medical Program	4,371	943	266	3,694
Insurance and utilities	4,126		1,559	5,685
Library prepaid expenses	2,531	2,798	3,489	3,222
	128,803	34,201	33,487	128,088
ANCILLARY ENTERPRISES FUND				
Equipment replacement and capital improvements				
Bookstore	1,354	67	260	1,547
Food services	556	556		-
Student residences	4,806		590	5,396
Parking services	3,122	1,786	965	2,301
Childcare			15	15
Heritage Realty Properties	530			530
	10,368	2,409	1,830	9,789
CAPITAL FUND				
Plant Assets funded to/from Appropriations				
Residences	(3,180)		561	(2,619)
Centre for Athletics, Recreation and Special Abilities	(31,152)		5,094	(26,058)
Others	(20,159)	8,183	2,884	(25,458)
	(54,491)	8,183	8,539	(54,135)
TOTAL APPROPRIATED EXPENDABLE FUNDS	84,680	44,793	43,856	83,742
2015 COMPARATIVE	110,186	65,766	40,260	84,679

(Prepared without audit)

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN UNAPPROPRIATED EXPENDABLE FUNDS
 Year ended March 31, 2016 (in thousands of dollars)

	General Operating	Ancillary Operations	Specific Purpose	Sponsored Research	Capital	Total 2016	Total 2015
REVENUE AND OTHER ADDITIONS							
Government grants and contracts-provincial	174,340	1,450	1,322	4,669	9,441	191,222	188,441
-federal	6,398		1,038	62,895		70,331	71,937
-other	7,315		10	10,150		17,475	16,165
Student fees-credit courses	128,554		266			128,820	119,042
- non credit courses	12,367		29			12,396	15,705
- other	7,277		148			7,425	7,155
Gifts, grants and bequests	1,912	20	5,439	10,751	1,566	19,688	22,994
Sales of services and products	8,940	48,205	5,484	3,746	424	66,799	62,110
Investment income	2,496	1,094	6,526		19	10,135	56,361
Equity in earnings of long term investments		958				958	1,352
Other revenue	3,744	220	981	87	885	5,917	5,374
	<u>353,343</u>	<u>51,947</u>	<u>21,243</u>	<u>92,298</u>	<u>12,335</u>	<u>531,166</u>	<u>566,636</u>
EXPENDITURE AND OTHER DEDUCTIONS							
Salaries - academic	102,350		2,234	5,368		109,952	107,972
- other instruction and research	15,388		2,225	23,877		41,490	42,203
- support staff	104,895	16,421	914	8,585	15	130,830	125,526
Total salaries	<u>222,633</u>	<u>16,421</u>	<u>5,373</u>	<u>37,830</u>	<u>15</u>	<u>282,272</u>	<u>275,701</u>
Employee benefits	42,142	3,647	848	5,277	3	51,917	51,128
Travel	6,072	121	1,510	6,693		14,396	13,591
Library acquisitions	7,401		650			8,051	8,296
Supplies and expenses	31,952	5,084	8,482	19,415	3,872	68,805	69,701
Equipment additions and replacements	7,656	722	397	9,901	2,371	21,047	16,803
Equipment rental and maintenance	3,901	175	49	5,563	11	9,699	4,664
Utilities	5,851	2,436	6	612	27	8,932	8,680
Scholarships, fellowships and bursaries	17,081	1	6,961	13,114		37,157	37,440
Cost of goods sold	-	13,938				13,938	14,094
Debt service	1,791	1,226			1,440	4,457	4,493
Construction and renovation contracts	1,074	1,771	220	116	23,831	27,012	44,702
Property Acquisitions					760	760	1,365
Internal cost allocations	(6,006)	3,665	353	3,448	(1,460)	-	-
	<u>341,548</u>	<u>49,207</u>	<u>24,849</u>	<u>101,969</u>	<u>30,870</u>	<u>548,443</u>	<u>550,658</u>
TRANSFERS AND APPROPRIATIONS							
Inter-fund transfers	(12,509)	(3,439)	(8,518)	4,439	16,324	(3,703)	(7,167)
Appropriations released to meet expenditures	34,201	2,409			8,183	44,793	65,766
New appropriations	(33,487)	(1,830)			(8,539)	(43,856)	(40,260)
	<u>(11,795)</u>	<u>(2,860)</u>	<u>(8,518)</u>	<u>4,439</u>	<u>15,968</u>	<u>(2,766)</u>	<u>18,339</u>
NET INCREASE (DECREASE) DURING YEAR	-	(120)	(12,124)	(5,232)	(2,567)	(20,043)	34,317
FUND BALANCES AT BEGINNING OF YEAR	-	9,191	89,679	51,447	14,868	165,185	130,868
FUND BALANCES AT END OF YEAR	-	9,071	77,555	46,215	12,301	145,142	165,185

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN GENERAL OPERATING FUND
Year ended March 31, 2016 (in thousands of dollars)

	2016	2015
REVENUE		
Government grants and contracts -provincial	174,340	174,788
-federal	6,398	6,234
-other	7,315	6,692
Student fees-credit courses	128,554	119,042
-non credit courses	12,367	14,303
-other	7,277	7,056
Gifts, grants and bequests	1,912	1,741
Sales of services & products	8,940	8,750
Investment income	2,496	4,521
Other revenue	3,744	3,494
	<u>353,343</u>	<u>346,621</u>
EXPENDITURE		
Salaries - academic	102,350	100,462
- other instruction and research	15,388	15,790
- support staff	104,895	100,333
Total salaries	222,633	216,585
Employee benefits	42,142	40,674
Travel	6,072	6,093
Library acquisitions	7,401	7,829
Supplies and expenses	31,952	30,933
Equipment additions and replacements	7,656	6,225
Equipment rental and maintenance	3,901	3,642
Utilities	5,851	5,679
Scholarships, fellowships and bursaries	17,081	18,385
Debt service	1,791	1,403
Construction and renovation contracts	1,074	1,168
Internal cost allocations	(6,006)	(5,842)
	<u>341,548</u>	<u>332,774</u>
TRANSFERS AND APPROPRIATIONS		
Inter-fund transfers	(12,509)	(14,483)
Appropriations released to meet expenditures	34,201	32,098
New appropriations	(33,487)	(31,462)
	<u>(11,795)</u>	<u>(13,847)</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, 2016 (in thousands of dollars)

	(1)	Off-Campus Business Enterprises									Total 2016	Total 2015
		Bookstore & Shop	Food Services	Student Residences	Parking Services	Child Care	UVic Broad Street Properties	UVic Properties	Heritage Realty Properties	Van. Island Technology Park Trust		
REVENUE												
Sales of services and products	11,304	15,165	14,253	4,702	1,107	697	977				48,205	46,834
Government grants - provincial	167	580	50		653						1,450	1,459
Gifts, grants and bequests		1	2		17						20	944
Investment income	14	3	48	31		940			58		1,094	1,524
Equity in earnings of long term investments								(322)	1,280		958	1,352
Other revenue	65	112	11	5	17	10					220	184
	<u>11,550</u>	<u>15,861</u>	<u>14,364</u>	<u>4,738</u>	<u>1,794</u>	<u>1,647</u>	<u>977</u>	<u>(322)</u>	<u>1,338</u>	<u>-</u>	<u>51,947</u>	<u>52,297</u>
EXPENDITURE												
Salaries-support staff	1,948	6,981	4,064	1,259	1,329		840				16,421	16,065
Employee benefits	393	1,703	753	313	309		176				3,647	3,512
Travel	30	56	26	9							121	66
Supplies and expenses	316	960	2,095	1,053	83	506	63			8	5,084	4,178
Equipment additions and replacements	53	56	259	348	6						722	343
Equipment rental and maintenance	17	48	67	41	2						175	149
Utilities	80	639	1,586	31	41	59					2,436	2,213
Scholarships, fellowships and bursaries			1								1	1
Cost of goods sold	7,799	6,139									13,938	14,094
Debt service			1,226								1,226	1,221
Renovation contracts			1,744	10		17					1,771	1,015
Property purchases											-	1,365
Internal cost allocations	696	9	2,244	710	6						3,665	2,654
	<u>11,332</u>	<u>16,591</u>	<u>14,065</u>	<u>3,774</u>	<u>1,776</u>	<u>582</u>	<u>1,079</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>49,207</u>	<u>46,876</u>
TRANSFERS AND APPROPRIATIONS												
Inter-fund transfers	(11)	(382)	81	(1,787)		(842)	102		(600)		(3,439)	(13,706)
Appropriations released to meet expenditures	67	556		1,786							2,409	11,107
New appropriations	(260)		(590)	(965)	(15)						(1,830)	(3,787)
	<u>(204)</u>	<u>174</u>	<u>(509)</u>	<u>(966)</u>	<u>(15)</u>	<u>(842)</u>	<u>102</u>	<u>-</u>	<u>(600)</u>	<u>-</u>	<u>(2,860)</u>	<u>(6,386)</u>
NET INCREASE (DECREASE) DURING YEAR	14	(556)	(210)	(2)	3	223	-	(322)	738	(8)	(120)	(965)
FUND BALANCE AT BEGINNING OF YEAR	192	(1)	505	125	-	1,677	(14)	2,417	4,768	(478)	9,191	10,156
FUND BALANCE AT END OF YEAR	<u>206</u>	<u>(557)</u>	<u>295</u>	<u>123</u>	<u>3</u>	<u>1,900</u>	<u>(14)</u>	<u>2,095</u>	<u>5,506</u>	<u>(486)</u>	<u>9,071</u>	<u>9,191</u>

(1) Revenues are for external sales to faculty, staff and students and do not include \$119,000 (2015-\$203,000) of internal sales through the Computer Store to University departments. Of the internal cost recovery net of expenses, \$27,000 (2015 - \$31,000) represents the margin on those sales.

(Prepared without audit)

UNIVERSITY OF VICTORIA
 CHANGES IN SPECIFIC PURPOSES FUND
 Year ended March 31, 2016 (in thousands of dollars)

	2016	2015
REVENUE		
Government grants and contracts -provincial	1,322	1,327
-federal	1,038	909
-other	10	
Student fees - credit courses	266	
-non-credit courses	29	1,402
- other	148	98
Gifts, grants and bequests	5,439	7,424
Sales of services and products	5,484	3,061
Investment income	6,526	50,308
Other revenue	981	495
	<u>21,243</u>	<u>65,024</u>
EXPENDITURE		
Salaries - academic	2,234	2,165
- other instruction and research	2,225	1,812
- support staff	914	899
Total salaries	<u>5,373</u>	<u>4,876</u>
Employee benefits	848	1,728
Travel	1,510	1,314
Library acquisitions	650	467
Supplies and expenses	8,482	10,145
Equipment additions and replacement	397	550
Equipment rental and maintenance	49	42
Utilities	6	150
Scholarships, fellowships and bursaries	6,961	6,239
Construction and renovation contracts	220	2
Internal cost allocations	353	524
	<u>24,849</u>	<u>26,037</u>
INTER-FUND TRANSFERS	<u>(8,518)</u>	<u>(10,510)</u>
NET INCREASE (DECREASE) DURING YEAR	<u>(12,124)</u>	<u>28,477</u>
FUND BALANCE AT BEGINNING OF YEAR	<u>89,679</u>	<u>61,202</u>
FUND BALANCE AT END OF YEAR	<u>77,555</u>	<u>89,679</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN SPONSORED RESEARCH FUND
 Year ended March 31, 2016 (in thousands of dollars)

	2016	2015
REVENUE		
Government grants and contracts -provincial	4,669	8,774
-federal	62,895	64,794
-other	10,150	9,473
Student fees - non credit courses		1
Gifts, grants and bequests	10,751	9,914
Sales of services and products	3,746	2,420
Other revenue	87	486
	<u>92,298</u>	<u>95,862</u>
EXPENDITURE		
Salaries - academic	5,368	5,345
- other instruction and research	23,877	24,601
- support staff	8,585	8,213
Total salaries	<u>37,830</u>	<u>38,159</u>
Employee benefits	5,277	5,213
Travel	6,693	6,118
Supplies and expenses	19,415	21,038
Equipment additions and replacements	9,901	8,571
Equipment rental and maintenance	5,563	827
Utilities	612	598
Scholarships, fellowships and bursaries	13,114	12,815
Construction and renovation contracts	116	21
Internal cost allocations	3,448	3,224
	<u>101,969</u>	<u>96,584</u>
INTER-FUND TRANSFERS	4,439	5,222
NET INCREASE (DECREASE) DURING YEAR	(5,232)	4,500
FUND BALANCE AT BEGINNING OF YEAR	51,447	46,947
FUND BALANCE AT END OF YEAR	<u>46,215</u>	<u>51,447</u>

(Prepared without audit)

UNIVERSITY OF VICTORIA
CHANGES IN CAPITAL FUND
Year ended March 31, 2016 (in thousands of dollars)

	2016	2015
REVENUE		
Government grants and contracts-provincial	9,441	2,093
Gifts, grants and bequests	1,566	2,971
Sales of services and products	424	1,045
Investment income	19	8
Other revenue	885	715
	<u>12,335</u>	<u>6,832</u>
EXPENDITURE		
Salaries-support staff	15	16
Employee benefits	3	1
Supplies and expenses	3,872	3,407
Equipment additions and replacements	2,371	1,114
Equipment rental and maintenance	11	4
Utilities	27	40
Debt service	1,440	1,869
Construction and renovation contracts	23,831	42,496
Property acquisitions	760	
Internal cost allocations	(1,460)	(560)
	<u>30,870</u>	<u>48,387</u>
TRANSFERS AND APPROPRIATIONS		
Inter-fund transfers	16,324	26,310
Appropriations released to meet expenditures	6,047	22,561
New appropriations	(8,439)	(5,011)
NET INCREASE (DECREASE) DURING YEAR	(4,603)	2,305
FUND BALANCE AT BEGINNING OF YEAR	14,868	12,563
FUND BALANCE AT END OF YEAR	10,265	14,868

UNIVERSITY OF VICTORIA
SCHEDULE OF CHANGES IN GENERAL OPERATING
UNAPPROPRIATED EXPENDABLE FUNDS - BY FUNCTION
Year Ended March 31, 2016 (in thousands of dollars)

Schedule F
Budget vs. Actual

		2015-2016 Total Budget	2015-2016 Actual	Variation from Budget	%	2014-2015 Actual
General Revenue						
Provincial Grants and Contracts		172,844	172,844	-	0%	173,171
Federal Grants and Contracts		6,311	6,311	-	0%	6,150
Other Grants and Contracts		7,313	7,313	-	0%	6,685
Student Fees Credit Courses & Other		123,634	128,159	4,525	4%	118,798
Investment Income		1,663	2,478	814	49%	4,521
Sales of Services and Products		87	73	(13)	0%	144
Other Revenue		917	1,597	680	74%	797
Total General Revenue		312,769	318,776	6,006	2%	310,265
Departmental Revenue	G	30,675	34,567	3,892	13%	36,356
Total Revenue		343,445	353,343	9,899	3%	346,621
Expenditures						
Academic	H	154,797	152,566	2,232	1%	148,734
Other Academic	H	39,858	35,615	4,244	11%	34,906
Library	I	16,883	16,652	230	1%	16,698
Student Awards & Services	I	32,590	32,548	42	0%	32,325
Plant Maintenance	I	28,279	27,489	790	3%	24,175
Administrative and General Benefits	I	36,826	35,216	1,609	4%	35,915
		44,019	42,214	1,804	4%	40,698
Overhead Recoveries		(644)	(752)	108	17%	(677)
Centrally Allocated Budgets		395	-	395	100%	-
Total Expenditures		353,002	341,548	11,454	3%	332,774
Transfers and Appropriations						
Interfund transfers		(13,315)	(12,509)	806		(14,483)
Appropriations released to meet expenditures		33,934	34,201	267		32,098
New appropriations		(11,061)	(33,487)	(22,426)		(31,462)
Total Transfers and Appropriations		9,557	(11,796)	(21,353)		(13,847)
Fund Balance at End of Year		-	-	-		-

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE - BY FUNCTION
Year Ended March 31, 2016 (in thousands of dollars)

Schedule G
Budget vs. Actual

Analysis by Function	2015-2016 Total Budget	2015-2016 Actual	Variation from Budget	2014-2015 Actual
Academic				
Business	477	641	164	1,182
Education	197	390	194	465
Engineering	3	1,020	1,017	629
Fine Arts	159	333	174	347
Human & Social Development	2	123	121	149
Humanities	55	269	214	248
Law	301	319	18	367
Sciences	219	824	605	769
Social Sciences	10	106	96	168
Medical Sciences	216	529	313	369
Cooperative Education	-	13	13	29
Graduate Studies	9	88	79	101
Total Academic	<u>1,648</u>	<u>4,656</u>	<u>3,008</u>	<u>4,823</u>
Other Academic				
Continuing Studies	15,313	14,472	(841)	17,124
Other Academic Projects	1,035	1,496	461	617
Total Other Academic	<u>16,348</u>	<u>15,968</u>	<u>(380)</u>	<u>17,741</u>
Library	283	327	43	304
Student Awards & Services	7,445	8,342	897	7,742
Plant Maintenance	2,170	2,477	307	2,382
Administrative and General	<u>2,782</u>	<u>2,798</u>	<u>16</u>	<u>3,363</u>
Total Departmental Revenue	<u><u>30,675</u></u>	<u><u>34,567</u></u>	<u><u>3,892</u></u>	<u><u>36,356</u></u>

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES
ACADEMIC AND OTHER ACADEMIC
Year Ended March 31, 2016 (in thousands of dollars)

Schedule H
Budget vs. Actual

	2015-2016 Total Budget	2015-2016 Actual	Variation from Budget	%	2014-2015 Actual
Academic					
Business	11,757	11,567	190	2%	10,196
Education	11,952	11,910	42	0%	11,602
Engineering	15,355	15,583	(228)	-1%	15,201
Fine Arts	11,134	11,089	44	0%	10,931
Human & Social Development	18,239	17,731	508	3%	17,931
Humanities	20,414	20,170	244	1%	19,910
Law	4,942	4,884	58	1%	4,920
Science	23,978	23,222	756	3%	23,001
Social Sciences	22,355	21,762	593	3%	21,308
Medical Sciences	8,528	8,607	(79)	-1%	8,307
Cooperative Education	5,216	5,140	76	1%	4,509
Graduate Studies	927	900	27	3%	919
Total Academic	<u>154,797</u>	<u>152,566</u>	<u>2,232</u>	1%	<u>148,734</u>
Other Academic					
Continuing Studies	15,258	14,419	839	10%	16,550
Other Academic Projects	24,601	21,196	3,405	6%	18,355
Total Other Academic	<u>39,858</u>	<u>35,615</u>	<u>4,244</u>	11%	<u>34,906</u>

UNIVERSITY OF VICTORIA
GENERAL OPERATING FUND EXPENDITURES
Year Ended March 31, 2016 (in thousands of dollars)

Schedule I
Budget vs. Actual

	2015-2016 Total Budget	2015-2016 Actual	Variation from Budget	%	2014-2015 Actual
Library					
Library Acquisitions	7,794	7,811	(17)	0%	7,628
Library Operations	9,088	8,842	247	3%	9,070
Library Total	<u>16,883</u>	<u>16,652</u>	<u>230</u>	<u>1%</u>	<u>16,698</u>
Student Awards & Services					
Student Awards	18,048	17,558	491	3%	18,925
Student Services	14,541	14,990	(448)	-3%	13,400
Total Student Awards & Services	<u>32,590</u>	<u>32,548</u>	<u>42</u>	<u>0%</u>	<u>32,325</u>
Plant Maintenance					
Utilities	6,327	5,365	962	15%	5,198
Other	21,952	22,124	(172)	-1%	18,977
Total Plant Maintenance	<u>28,279</u>	<u>27,489</u>	<u>790</u>	<u>3%</u>	<u>24,175</u>
Administrative and General					
Executive Offices	5,228	5,095	133	3%	5,004
Alumni and Development	2,925	2,890	36	1%	3,185
Administrative Registrar	5,686	5,486	200	4%	5,309
Student Recruitment	3,215	3,195	20	1%	3,050
Budget and Capital Planning	1,492	1,428	64	4%	1,573
Financial Services	3,941	3,952	(12)	0%	3,806
Human Resources	4,196	3,636	560	13%	3,347
Chief Information Officer	3,991	3,612	379	9%	3,511
Internal Financing	(1,562)	(1,483)	(79)	5%	(199)
Other Expenses	7,713	7,405	308	4%	7,328
Total Administrative and General	<u>36,826</u>	<u>35,216</u>	<u>1,609</u>	<u>4%</u>	<u>35,915</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE AND EXPENDITURES - BY FUNCTION
Year Ended March 31, 2016 (in thousands of dollars)

Schedule J
Budget vs. Actual

Analysis by Function	2015-2016 Total Budget	2015-2016 Actual	Variation from Budget	2014-2015 Actual
Academic				
Business				
Departmental revenue	477	641	164	1,182
Expenses	11,757	11,567	190	10,196
Total	<u>(11,280)</u>	<u>(10,926)</u>	<u>354</u>	<u>(9,014)</u>
Education				
Departmental revenue	197	390	194	465
Expenses	11,952	11,910	42	11,602
Total	<u>(11,755)</u>	<u>(11,520)</u>	<u>235</u>	<u>(11,137)</u>
Engineering				
Departmental revenue	3	1,020	1,017	629
Expenses	15,355	15,583	(228)	15,201
Total	<u>(15,352)</u>	<u>(14,563)</u>	<u>789</u>	<u>(14,572)</u>
Fine Arts				
Departmental revenue	159	333	174	347
Expenses	11,134	11,089	44	10,931
Total	<u>(10,974)</u>	<u>(10,756)</u>	<u>218</u>	<u>(10,584)</u>
Human & Social Development				
Departmental revenue	2	123	121	149
Expenses	18,239	17,731	508	17,931
Total	<u>(18,237)</u>	<u>(17,608)</u>	<u>630</u>	<u>(17,781)</u>
Humanities				
Departmental revenue	55	269	214	248
Expenses	20,414	20,170	244	19,910
Total	<u>(20,360)</u>	<u>(19,901)</u>	<u>459</u>	<u>(19,662)</u>
Law				
Departmental revenue	301	319	18	367
Expenses	4,942	4,884	58	4,920
Total	<u>(4,641)</u>	<u>(4,566)</u>	<u>76</u>	<u>(4,553)</u>
Sciences				
Departmental revenue	219	824	605	769
Expenses	23,978	23,222	756	23,001
Total	<u>(23,759)</u>	<u>(22,398)</u>	<u>1,361</u>	<u>(22,232)</u>
Social Sciences				
Departmental revenue	10	106	96	168
Expenses	22,355	21,762	593	21,308
Total	<u>(22,345)</u>	<u>(21,656)</u>	<u>689</u>	<u>(21,140)</u>

UNIVERSITY OF VICTORIA
SCHEDULE OF DEPARTMENTAL REVENUE AND EXPENDITURES - BY FUNCTION
Year Ended March 31, 2016 (in thousands of dollars)

Schedule J
Budget vs. Actual

Medical Sciences				
Departmental revenue	216	529	313	369
Expenses	<u>8,528</u>	<u>8,607</u>	<u>(79)</u>	<u>8,307</u>
Total	<u><u>(8,312)</u></u>	<u><u>(8,078)</u></u>	<u><u>234</u></u>	<u><u>(7,937)</u></u>
Cooperative Education				
Departmental revenue	-	13	13	29
Expenses	<u>5,216</u>	<u>5,140</u>	<u>76</u>	<u>4,509</u>
Total	<u><u>(5,216)</u></u>	<u><u>(5,126)</u></u>	<u><u>89</u></u>	<u><u>(4,479)</u></u>
Graduate Studies				
Departmental revenue	9	88	79	101
Expenses	<u>927</u>	<u>900</u>	<u>27</u>	<u>919</u>
Total	<u><u>(918)</u></u>	<u><u>(812)</u></u>	<u><u>106</u></u>	<u><u>(818)</u></u>
Other Academic				
Continuing Studies				
Departmental revenue	15,313	14,472	(841)	17,124
Expenses	<u>15,258</u>	<u>14,419</u>	<u>839</u>	<u>16,550</u>
Total	<u><u>55</u></u>	<u><u>53</u></u>	<u><u>(2)</u></u>	<u><u>574</u></u>
Other Academic Projects				
Departmental revenue	1,035	1,496	461	617
Expenses	<u>24,601</u>	<u>21,196</u>	<u>3,405</u>	<u>18,355</u>
Total	<u><u>(23,566)</u></u>	<u><u>(19,700)</u></u>	<u><u>3,866</u></u>	<u><u>(17,738)</u></u>
Library				
Departmental revenue	283	327	43	304
Expenses	<u>16,883</u>	<u>16,652</u>	<u>230</u>	<u>16,698</u>
Total	<u><u>(16,599)</u></u>	<u><u>(16,326)</u></u>	<u><u>273</u></u>	<u><u>(16,394)</u></u>
Student Services				
Departmental revenue	7,445	8,342	897	7,742
Expenses	<u>32,590</u>	<u>32,548</u>	<u>42</u>	<u>32,325</u>
Total	<u><u>(25,145)</u></u>	<u><u>(24,206)</u></u>	<u><u>939</u></u>	<u><u>(24,583)</u></u>
Plant Maintenance				
Departmental revenue	2,170	2,477	307	2,382
Expenses	<u>28,279</u>	<u>27,489</u>	<u>790</u>	<u>24,175</u>
Total	<u><u>(26,109)</u></u>	<u><u>(25,012)</u></u>	<u><u>1,097</u></u>	<u><u>(21,793)</u></u>
Administrative and General				
Departmental revenue	2,782	2,798	16	3,363
Expenses	<u>36,826</u>	<u>35,216</u>	<u>1,609</u>	<u>35,915</u>
Total	<u><u>(34,044)</u></u>	<u><u>(32,418)</u></u>	<u><u>1,626</u></u>	<u><u>(32,552)</u></u>

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND - BOOKSTORE
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2016 (in thousands of dollars)

Schedule K
Budget vs. Actual

	2015-2016 Total Budget	2015-2016 Actual	Variation from Budget	%	2014-2015 Actual
Revenue					
¹ Sales of services and products		11,304			11,429
² Sales of services and products - internal		697			645
Subtotal sales of services and products	11,596	12,001			12,074
Government grants - provincial	167	167			167
Investment income	20	14			27
Other revenue	109	65			61
Total Revenue	11,892	12,247	355	3%	12,329
Expenditures					
Salaries and benefits	2,206	2,341	(135)		2,362
Cost of goods sold	8,482	7,799	683		7,750
³ Operating expenses	1,184	1,889	(706)		1,973
Total Expenditures	11,872	12,029	(157)	-1%	12,085
Transfers and Appropriations					
Interfund transfers		(11)	(11)		(80)
Appropriations released to meet expenditures		67	67		98
New appropriations	(20)	(260)	(240)		(262)
Total Transfers and Appropriations	(20)	(204)	(184)		(244)
NET INCREASE (DECREASE) DURING YEAR	-	14	14		-
FUND BALANCE AT BEGINNING OF YEAR		192	192		192
Fund Balance at End of Year	-	206	206		192

¹ Revenues are for external sales to faculty, staff and students and do not include \$697,398 (2015-\$644,571) of internal sales to departments.

² Sales of services and products - internal - in Schedule B, internal revenue is part of internal cost allocation in the expenditure section. Internal sales in above note have been reclassified to this line.

³ Operating expenses - expenses are greater than in Schedule B, as in Schedule B, internal revenue is offset by internal expenses.

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND -
FOOD SERVICES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2016 (in thousands)

Schedule L
Budget vs Actual

	2015-2016 Total Budget	2015-2016 Actual	Variation from Budget	%	2014-2015 Actual
Revenue					
Sales of services and products - external		15,165			14,561
¹ Sales of services and products - internal		1,079			938
Subtotal sales of services and products		<u>16,244</u>			<u>15,499</u>
Government grants - provincial		580			580
Investment income		3			37
Other revenue		113			95
Total Revenue	<u>16,342</u>	<u>16,940</u>	598	4%	<u>16,211</u>
Expenditures					
Salaries and benefits	8,161	8,684	(524)		8,782
Cost of goods sold	5,884	6,139	(255)		6,342
² Operating expenses	2,401	2,847	(446)		2,070
Total Expenditures	<u>16,445</u>	<u>17,670</u>	(1,225)	-7%	<u>17,194</u>
Transfers and Appropriations					
Interfund transfers		(382)	(382)		(175)
Appropriations released to meet expenditures		556			1,009
New appropriations	104	-	(104)		-
Total Transfers and Appropriations	<u>104</u>	<u>174</u>	(486)		<u>834</u>
NET INCREASE (DECREASE) DURING YEAR	-	(556)	(556)		(149)
FUND BALANCE AT BEGINNING OF YEAR		(1)	(1)		148
Fund Balance at End of Year	<u>-</u>	<u>(557)</u>	<u>(557)</u>		<u>(1)</u>

¹ Sales of services and products - internal - in Schedule B, internal revenue is part of internal cost allocation in the expenditure section.

² Operating expenses - expenses are greater than in Schedule B, as in Schedule B, internal revenue is offset by internal expenses.

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND -
STUDENT RESIDENCES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2016 (in thousands)

Schedule M
Budget vs Actual

	2015-2016 Total Budget	2015-2016 Actual	Variation from Budget	%	2014-2015 Actual
Revenue					
Sales of services and products		14,253			13,479
¹ Sales of services and products - internal		30			5
Subtotal sales of services and products		14,283			13,484
Government grants - provincial		50			50
Investment income		48			67
Other revenue		13			33
Total Revenue	14,524	14,394	(130)	-1%	13,634
Expenditures					
Salaries and benefits	4,294	4,817	(523)		4,225
Cost of goods sold		-	-		-
² Operating expenses	7,490	9,278	(1,788)		7,578
Total Expenditures	11,784	14,095	(2,311)	-20%	11,803
Transfers and Appropriations					
Interfund transfers		81	81		-
Appropriations released to meet expenditures		-	-		-
New appropriations	(2,740)	(590)	2,150		(1,625)
Total Transfers and Appropriations	(2,740)	(509)	2,231		(1,625)
NET INCREASE (DECREASE) DURING YEAR	-	(210)	(210)		206
FUND BALANCE AT BEGINNING OF YEAR		505	505		299
Fund Balance at End of Year	-	295	295		505

¹ Sales of services and products - internal - in Schedule B, internal revenue is part of internal cost allocation in the expenditure section.

² Operating expenses - expenses are greater than in Schedule B, as in Schedule B, internal revenue is offset by internal expenses.

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND - PARKING SERVICES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2016 (in thousands of dollars)

Schedule N
Budget vs. Actual

	2015-2016 Total Budget	2015-2016 Actual	Variation from Budget	%	2014-2015 Actual
Revenue					
Sales of services and products		4,702			4,423
¹ Sales of services and products - internal		60			63
Subtotal sales of services and products		<u>4,762</u>			<u>4,486</u>
Investment income		31			247
Other revenue		5			4
Total Revenue	<u>4,624</u>	<u>4,798</u>	174	4%	<u>4,737</u>
Expenditures					
Salaries and benefits	1,546	1,572	(27)		1,535
² Operating expenses	1,071	2,262	(1,190)		1,327
Total Expenditures	<u>2,617</u>	<u>3,834</u>	(1,217)	-47%	<u>2,862</u>
Transfers and Appropriations					
Interfund transfers		(1,787)	(1,787)		(10,000)
Appropriations released to meet expenditures		1,786	1,786		10,000
New appropriations	(2,008)	(965)	1,043		(1,900)
Total Transfers and Appropriations	<u>(2,008)</u>	<u>(966)</u>	1,042		<u>(1,900)</u>
NET INCREASE (DECREASE) DURING YEAR	-	(2)	(2)		(25)
FUND BALANCE AT BEGINNING OF YEAR		125	125		150
Fund Balance at End of Year	<u>-</u>	<u>123</u>	<u>123</u>		<u>125</u>

¹ Sales of services and products - internal - in Schedule B, internal revenue is part of internal cost allocation in the expenditure section.

² Operating expenses - expenses are greater than in Schedule B, as in Schedule B, internal revenue is offset by internal expenses.

UNIVERSITY OF VICTORIA
CHANGES IN ANCILLARY ENTERPRISES FUND - CHILD CARE SERVICES
UNAPPROPRIATED EXPENDABLE FUNDS
Year Ended March 31, 2016 (in thousands of dollars)

Schedule O
Budget vs. Actual

	2015-2016 Total Budget	2015-2016 Actual	Variation from Budget	%	2014-2015 Actual
Revenue					
Sales of services and products	1,182	1,107	(75)		1,077
Government grants - provincial	542	653	111		662
Investment income			-		
Other revenue	10	34	24		33
Total Revenue	<u>1,735</u>	<u>1,794</u>	59	3%	<u>1,772</u>
Expenditures					
Salaries and benefits	1,539	1,638	(99)		1,638
Operating expenses	191	138	53		132
Total Expenditures	<u>1,730</u>	<u>1,776</u>	(46)	-3%	<u>1,770</u>
Transfers and Appropriations					
Interfund transfers			-		38
Appropriations released to meet expenditures			-		
New appropriations	(5)	(15)	(10)		
Total Transfers and Appropriations	<u>(5)</u>	<u>(15)</u>	(10)		<u>38</u>
NET INCREASE (DECREASE) DURING YEAR	-	3	3		40
FUND BALANCE AT BEGINNING OF YEAR		-	-		(40)
Fund Balance at End of Year	<u>-</u>	<u>3</u>	<u>3</u>		<u>-</u>