

**ANCILLARY ACTIVITIES OPERATING BUDGETS FOR THE  
FISCAL YEAR ENDING JUNE 30, 2018**

**A Recommendation**

1. **Division and Department:** Student Affairs and Finance and Administration, Oakland Center and University Housing
2. **Introduction:** Proposed budgets for the Oakland Center and University Housing are presented for approval for the fiscal year ending June 30, 2018.

The ancillary activities presented represent operations connected with and in support of the educational mission of Oakland University (University). Each ancillary budget is presented in a similar format, using common terminology and revenue, expense, and University Support categories. The "all funds" budget model is used to construct the proposed budgets. The all funds model provides a comprehensive picture of the financial activities of each unit. This format depicts operating and capital transactions in the General Fund, Auxiliary Fund, Designated Fund, Expendable Restricted Fund, and Plant Fund. Gifts are included, but the fund balances in permanent endowments are not included as there is no discretion with regard to their use. Distributions from endowments are included.

3. **Previous Board Action:** The Board of Trustees (Board) approved the FY2017 ancillary budgets on April 11, 2016.
4. **Budget Implications:** See individual program descriptions for budget implications.
5. **Educational Implications:** See individual program descriptions for educational implications.
6. **Personnel Implications:** See individual program descriptions for personnel implications.
7. **University Reviews/Approvals:** The ancillary activities budgets were prepared by the ancillary units, reviewed by the Financial Performance Review Committee, Budget and Financial Planning Office, Vice President for Student Affairs, Vice President for Finance and Administration, and President.
8. **Recommendation:**

RESOLVED, that the Board of Trustees approves the FY2018 budgets for the Oakland Center and University Housing, with expenditures and transfers not

**Ancillary Activities Operating Budgets for the  
Fiscal Year Ending June 30, 2018  
Oakland University  
Board of Trustees Formal Session  
April 3, 2017  
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to exceed the expense total for each unit as reflected in the attached budgets, except as set forth; and, be it further

RESOLVED, that all expenditures and transfers beyond the approved expense total must have prior approval of the President or his/her designee and these amounts will be reported on a periodic basis to the Board of Trustees; and, be it further

RESOLVED, that the Board of Trustees authorizes the President, the appropriate Vice President, and their respective designees, to perform all acts and deeds and to execute and deliver all contracts, instruments and documents required by this resolution that are necessary, expedient and proper in connection with the FY2018 budgets and the ongoing administration of the FY2018 budgets; and, be it further

RESOLVED, that said contracts, instruments and documents shall be reviewed by and be in a form acceptable to the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations and conform to the legal standards of the Vice President for Legal Affairs and General Counsel.

**9. Attachments:**


A. Description of Programs and Proposed Budgets, FY2018

Submitted to the President  
on 3/22, 2017 by

  
\_\_\_\_\_  
Glenn McIntosh  
Vice President for Student Affairs

  
\_\_\_\_\_  
John W. Beaghan  
Vice President for Finance and Administration  
and Treasurer to the Board of Trustees

Recommended on 3/23, 2017  
to the Board for approval by

  
\_\_\_\_\_  
George W. Hynd  
President

## Oakland Center

### Description of Program

The Oakland Center serves as a community center for students, faculty, staff and university guests. It offers a wide-range of services and amenities such as: campus-wide food service, university bookstore, credit union, meeting and conference room facilities, departmental and student organization offices. The Oakland Center continues to experience strong and growing student utilization attracting diverse campus programs and external community interest.

### Key Performance Indicators

	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
Number of meeting room reservations	6,829	6,778	7,534
Number of meeting attendees	321,333	300,719	312,554

- Annual FY2017 foot traffic totaled 1,758,502 which marks a 5.8% percent increase over the previous year.
- 270,842 pedestrian entries were recorded during September 2017 a 7% increase over the previous year.
- 385 Banquet Room events were held with 76,444 attendees.

### FY2017 Explanation of Major Changes

- Compensation expenses were reduced due to administrative staff retirement vacancies and the hiring of new custodians.
- Other transfers include monies returned due to the closing of several plant funds.
- The roof and parapet wall repair project was scaled down due to building expansion and renovation. Modified repairs were made with cost included in the repair and maintenance budget line.
- Increase within investment income results from higher fund balances as well as rising interest rates.

### FY2018 Budget Assumptions

- Per the contract, year two estimated Barnes and Noble bookstore commissions are equal to ninety percent (90%) of the FY2017 guaranteed commission of \$875,000. In addition, bookstore revenue includes \$55,000 which represents 1/10<sup>th</sup> of the \$550,000 Barnes & Noble signing bonus.
- The FY2018 Chartwells food service commission is guaranteed at \$484,000. Projected food service revenues from camps and reimbursements bring the total to \$576,550.
- Conference revenues and related expenses, included in supplies and services, are projected to decline slightly due to meeting rooms being taken off-line for the renovation.

## Oakland Center

### FY2018 Budget Assumptions (continued)

- Compensation expenditures decreased due to custodial staff that transferred out of the department and were replaced.
- The university budget format requires reporting the value of facility rental to university departments as revenue. The Oakland Center service value in revenue is \$127,438. The revenue is off-set by overhead charges of \$294,740.
- Total transfer activity includes year-three of the annual food service amortization \$100,000 amount.

**Oakland University**  
**Ancillary Activities Operating Budget**  
**Oakland Center**  
**Proposed Budget - All Funds**  
**FY2018**

	FY2017 BUDGET	FY2017 ESTIMATED ACTUAL	FY2018 PROPOSED BUDGET
<b>Revenue:</b>			
Operating Revenue			
Bookstore Commissions	\$ 930,000	\$ 930,000	\$ 842,500
Conferences	200,000	200,000	150,000
Food Service	532,550	534,510	576,550
Other	150,092	150,092	150,092
Total Operating Revenue	-	-	-
Retail Sales	-	-	-
OU Purchased Services	116,262	116,262	127,438
Gifts and Grants	525	185	-
Investment Income	325	2,534	3,400
Total Revenue	<u>\$ 1,929,754</u>	<u>\$ 1,933,583</u>	<u>\$ 1,849,980</u>
<b>Expenditures:</b>			
Compensation	\$ 1,175,157	\$ 1,125,000	\$ 1,143,128
Supplies and Services	313,559	313,500	263,500
Travel	3,500	4,500	6,500
Repairs and Maintenance	245,645	225,000	231,750
Cost of Retail Sales	-	-	-
Equipment	76,800	76,800	79,100
Insurance	25,088	20,119	21,643
Utilities	360,000	360,000	378,000
Debt Service	80,866	80,866	80,866
Overhead charged by OU	295,680	295,680	294,740
Other Transfers	100,000	73,217	100,000
Total Expenditures	<u>\$ 2,676,295</u>	<u>\$ 2,574,682</u>	<u>\$ 2,599,227</u>
<b>Net Income</b>	<u>\$ (746,541)</u>	<u>\$ (641,099)</u>	<u>\$ (749,247)</u>
<b>University Support:</b>			
Student Tuition Allocation	\$ 1,134,159	\$ 1,134,159	\$ 1,134,159
Total University Support	<u>\$ 1,134,159</u>	<u>\$ 1,134,159</u>	<u>\$ 1,134,159</u>
<b>Net Income with University Support</b>	<u>\$ 387,618</u>	<u>\$ 493,060</u>	<u>\$ 384,912</u>
<b>Ending Balances prior to Major Cap. Expenditures:</b>			
Restricted Fund Balance *	\$ -	\$ -	\$ -
Unrestricted Fund Balance	1,790,123	1,895,565	2,208,477
Less: Major Capital Expenditures	102,000	72,000	-
<b>Total Ending Fund Balance</b>	<u>\$ 1,688,123</u>	<u>\$ 1,823,565</u>	<u>\$ 2,208,477</u>
Restriction 1		\$ -	
Restriction 2		-	
Restriction 3		-	
Restricted Fund Balance *		<u>\$ -</u>	

**Oakland University  
Oakland Center  
Proposed Major Capital Expenditures  
FY2018**

<b>Item Description</b>	<b>Estimated Cost</b>
FY2018 capital expenditures are contained within the bond-funded Oakland Center expansion/renovation project and are not reflected in the operating budget.	-
<b>FY2018 Total</b>	<u><u>\$ -</u></u>

## Department of University Housing

### Description of Program

The Department of University Housing has administrative oversight for on-campus housing operations including budget, facility operations, maintenance, programming, support services and personnel.

### Key Performance Indicators

	<u>FY2015</u>	<u>FY2016</u>	<u>FY2017</u>
Opening Occupancy	2,611	2,711	2,738
Renovation and Refurbishing Projects	\$2,546,708	\$9,839,370	\$4,935,619
Chartwells Board Rate Increase	3%	3%	3%

### FY2017 Explanation of Major Changes

1. Increase in operating revenue over the Board approved FY2017 budget is due to a higher than budgeted occupancy.
2. The university has provided a new budget template. The new format includes the value of facility rentals to university departments as revenue. The University Housing service value for FY2017 is \$38,470.
3. Decrease in compensation is due to salary savings resulting from position vacancies as well as the reclassification of graduate assistant tuition being moved from compensation into supplies and services for FY2017 and FY2018.
4. Decrease in repairs and maintenance is due to deferring two projects into FY2018.

AVN Security Camera Upgrade	\$60,000
AVN IT – Switches Upgrade	\$95,000

5. Increase in major capital expenditures reflects the West Vandenberg furniture replacement project of \$431,000 and accelerating the final funding component of the Vandenberg Hall Infrastructure Project for Phase III, \$295,505, originally planned to be included in the FY2019 Housing budget.

## Department of University Housing

### FY2018 Budget Assumptions

1. The **Standard Residence Hall** budget reflects a 3 percent double room rate increase in room and board. The proposed room rates position Oakland University Housing at the middle tier among other Michigan Universities. The recommended rates are as follows:

Year	FY2016	FY2017	FY2018
Academic Year Rate (double room)	\$9,250	\$9,620	\$9,910
Academic Year Rate (single room)	\$10,062	\$10,464	\$10,775
Summer Semester – Base Rate (double room)	\$2,906	\$3,022	\$3,115
Summer Semester – Base Rate (single room)	\$3,140	\$3,265	\$3,365
Percentage Incr. (Acad. Yr. – double)	4%	4%	3%

2. The **Oak View Hall** budget reflects a 3 percent room rate increase in room and board. The recommended rates are as follows:

Year	FY2016	FY2017	FY2018
Academic Year Rate (freshmen double room)	\$9,724	\$10,120	\$10,425
Academic Year Rate (upper class single room suite)	\$10,088	\$10,620	\$10,940
Summer Semester Rate (freshmen double room)	\$3,406	\$3,543	\$3,650
Summer Semester Rate (upper class single room suite)	\$3,530	\$3,706	\$3,820
Percentage Increase (freshmen & upper class)	4%	4.07% & 5.27%	3%



## Department of University Housing

### FY2018 Budget Assumptions (continued)

3. The **Ann V. Nicholson Apartments** budget reflects a 3 percent rate increase. The recommended rates are as follows:

Year	FY2016	FY2017	FY2018
Academic Year Rate (3 and 4 Bedrooms)	\$7,696	\$8,010	\$8,250
Academic Year Rate (2 Bedrooms)	\$8,086	\$8,420	\$8,675
Summer Semester Rate (3 and 4 Bedrooms)	\$3,650	\$3,798	\$3,910
Summer Semester Rate (2 Bedrooms)	\$4,056	\$4,223	\$4,350
Percentage Increase (3&4 BR & 2 BR)	4%	4.08% & 4.13%	3%

4. The **George T. Matthews Apartments** budget reflects a 3 percent rate increase. The recommended rate is as follows:

Year	FY2016	FY2017	FY2018
Academic Year Rate	\$8,008	\$8,270	\$8,520
Summer Semester Rate	\$4,056	\$4,188	\$4,315
Percentage Increase	4%	3.27%	3%

5. There is an increase in compensation resulting from the estimated merit increases for administrative professionals and unionized staff wages. However, the overall compensation line is lower due to the reclassification of graduate assistant tuition.
6. Increase in supplies and services reflects an increase in extended stay utilization, an increase in technology band width cost as well as the reclassification of graduate assistant tuition.
7. Increase in food service reflects a 3% increase in Chartwells' board rates and a student requested dining enhancement.
8. Increase in repairs and maintenance reflects the addition of a comprehensive online work control system as well as deferred maintenance from FY2017 into FY2018.

## **Department of University Housing**

### **FY2018 Budget Assumptions (continued)**

9. Major capital expenditures reflect \$5,939,950 for funding phase III of the Vandenberg infrastructure project as well as the balance of funding for phase II. Capital expenditures also reflect student lounge furniture for East Vandenberg as well as appliance replacement in the Ann V. Nicholson and George T. Matthews apartments.

**Oakland University**  
**Ancillary Activities Operating Budget**  
**University Housing**  
**Proposed Budget - All Funds**  
**FY2018**

	FY2017 BUDGET	FY2017 ESTIMATED ACTUAL	FY2018 PROPOSED BUDGET
<b><u>Revenue:</u></b>			
Operating Revenue			
Room & Board	\$ 22,377,756	\$ 22,820,256	\$ 23,530,665
Conferences	200,000	200,000	200,000
Other	439,953	439,953	439,953
Retail Sales	-	-	-
OU Purchased Services	38,470	38,470	38,353
Gifts and Grants	-	-	-
Investment Income	2,000	7,500	7,000
Total Revenue	<u>\$ 23,058,179</u>	<u>\$ 23,506,179</u>	<u>\$ 24,215,971</u>
<b><u>Expenditures:</u></b>			
Compensation	\$ 4,935,543	\$ 4,556,062	\$ 4,836,948
Supplies and Services	656,936	893,630	918,027
Student Programming & Retention	515,680	515,680	531,150
Food Services	4,754,608	4,754,608	4,930,586
Travel	30,000	30,000	30,000
Repairs and Maintenance	1,471,108	1,321,108	1,750,500
Cost of Retail Sales	-	-	-
Equipment	171,200	171,200	171,200
Insurance	141,431	141,431	128,612
Utilities	1,635,000	1,635,000	1,660,000
Debt Service	3,297,719	3,297,719	3,354,378
Overhead charged by OU	513,908	513,908	529,260
Other Transfers	114,833	54,833	54,833
Total Expenditures	<u>\$ 18,237,966</u>	<u>\$ 17,885,179</u>	<u>\$ 18,895,494</u>
Net Income	<u>\$ 4,820,213</u>	<u>\$ 5,621,000</u>	<u>\$ 5,320,477</u>
<b><u>University Support:</u></b>			
Bear Bus Operation	\$ 159,000	\$ 159,000	\$ 159,000
Total University Support	<u>\$ 159,000</u>	<u>\$ 159,000</u>	<u>\$ 159,000</u>
Net Income with University Support	<u>\$ 4,979,213</u>	<u>\$ 5,780,000</u>	<u>\$ 5,479,477</u>
<b><u>Ending Balances prior to Major Cap. Expenditures:</u></b>			
Restricted Fund Balance *	\$ -	\$ -	\$ -
Unrestricted Fund Balance	9,121,851	9,922,638	9,739,625
Less: Major Capital Expenditures	4,935,985	5,662,490	5,939,950
Total Ending Fund Balance	<u>\$ 4,185,866</u>	<u>\$ 4,260,148</u>	<u>\$ 3,799,675</u>
Restriction 1		\$ -	
Restriction 2		-	
Restriction 3		-	
Restricted Fund Balance *		<u>\$ -</u>	

**Oakland University  
University Housing  
Proposed Major Capital Expenditures  
FY2018**

<b>Item Description</b>	<b>Estimated Cost</b>
Vandenberg Hall Infrastructure Project - Supplement for Phase II	\$ 3,561,786
Vandenberg Hall Infrastructure Project - Phase III	1,873,214
AVN and GTM Appliance Replacement	396,950
Lounge Furniture - East Vandenberg	108,000
<b>FY2018 Total</b>	<b><u>\$ 5,939,950</u></b>