

Financial Performance Report – Operating and Capital
FINANCE AND RESOURCE MANAGEMENT COMMITTEE

July 1, 2020 to March 31, 2021

The Financial Performance Report of income and expenditures is prepared from two sources: actual accounting data as recorded at Virginia Tech and the annual budgets which are also recorded in the university accounting system. The actual accounting data reflect the modified accrual basis of accounting, which recognizes revenues when received rather than when earned and commitments to buy goods and services as encumbrances when obligated and as an expenditure when paid. The Original Budget was approved by the Board of Visitors at the June meeting. The Adjusted Budget reflects adjustments to incorporate actual experience or changes made during the fiscal year. These changes are presented for review and approval by the Finance and Resource Management Committee and the Board of Visitors through this report. Where adjustments impact appropriations at the state level, the university coordinates with the Department of Planning and Budget to ensure appropriations are reflected accurately.

The July to March 2020-21 budget (year-to-date) is prepared from historical data which reflects trends in expenditures from previous years as well as known changes in timing. Differences between the actual income and expenditures and the year-to-date budget may occur for a variety of reasons, such as an accelerated or delayed flow of documents through the accounting system, a change in spending patterns at the college level, or increases in revenues for a particular area.

Quarterly budget estimates are prepared to provide an intermediate measure of income and expenditures. Actual revenues and expenditures may vary from the budget estimates. The projected year-end budgets are, however, the final measure of budgetary performance.

RECOMMENDATION:

That the report of income and expenditures for the University Division and the Cooperative Extension/Agricultural Experiment Station Division for the period of July 1, 2020 through March 31, 2021 and the Capital Outlay report be approved.

June 8, 2021

OPERATING BUDGET

Attachment KK

2020-21

Dollars in Thousands

| | July 1, 2020 to March 31, 2021 | | | Annual Budget for 2020-21 | | |
|---|--------------------------------|-------------|--------------|---------------------------|-------------|---------------------------|
| | Actual | Budget | Change | Original | Adjusted | Change |
| Educational and General Programs | | | | | | |
| <u>University Division</u> | | | | | | |
| <u>Revenues</u> | | | | | | |
| General Fund | \$148,610 | \$148,610 | \$-0 | \$195,326 | \$197,114 | \$1,788 (9) |
| Tuition and Fees | 603,942 | 601,066 | 2,876 | 582,266 | 602,880 | 20,614 (10) |
| All Other Income | 25,117 | 27,087 | -1,970 (1) | 46,900 | 42,721 | -4,179 (11) |
| Revenue Contingency | 0 | 0 | 0 | -25,000 | 0 | 25,000 (12) |
| CARES Act Revenue | 5,258 | 5,258 | 0 | 0 | 5,258 | 5,258 (13) |
| Total Revenues | \$782,927 | \$782,021 | \$906 | \$799,492 | \$847,973 | \$48,481 |
| <u>Expenses</u> | | | | | | |
| Academic Programs | \$-373,256 | \$-376,794 | \$3,538 | \$-505,125 | \$-537,752 | \$-32,627 |
| Support Programs | -213,231 | -214,835 | 1,604 | -294,367 | -311,615 | -17,248 |
| Reserve Drawdown | 0 | 0 | 0 | 0 | 1,394 | 1,394 (14) |
| Total Expenses | \$-586,488 | \$-591,629 | \$5,142 (2) | \$-799,492 | \$-847,973 | \$-48,481 (9,10,11,12,13) |
| NET | \$196,439 | \$190,392 | \$6,048 | \$0 | \$0 | \$0 |
| <u>CE/AES Division</u> | | | | | | |
| <u>Revenues</u> | | | | | | |
| General Fund | \$59,051 | \$59,051 | \$0 | \$75,100 | \$74,386 | \$-714 (15) |
| Federal Appropriation | 10,612 | 11,468 | -856 (3) | 15,640 | 15,647 | 7 (16) |
| All Other Income | 1,256 | 985 | 271 | 950 | 1,200 | 250 (17) |
| Revenue Contingency | 0 | 0 | 0 | -3,000 | 0 | 3,000 (18) |
| CARES Act Revenue | 2 | 2 | 0 | 0 | 2 | 2 (19) |
| Total Revenues | \$70,921 | \$71,506 | \$-585 | \$88,690 | \$91,235 | \$2,545 |
| <u>Expenses</u> | | | | | | |
| Academic Programs | \$-60,891 | \$-64,941 | \$4,050 | \$-82,286 | \$-84,831 | \$-2,545 |
| Support Programs | -3,968 | -4,237 | 269 | -6,404 | -6,404 | 0 |
| Total Expenses | \$-64,859 | \$-69,178 | \$4,319 (4) | \$-88,690 | \$-91,235 | \$-2,545 (15,16,17,18,19) |
| NET | \$6,062 | \$2,328 | \$3,734 | \$0 | \$0 | \$0 |
| Auxiliary Enterprises | | | | | | |
| Revenues | \$251,390 | \$247,312 | \$4,078 (5) | \$350,059 | \$281,270 | \$-68,789 (5) |
| Expenses | -216,872 | -237,092 | 20,220 (5) | -336,392 | -329,492 | 6,900 (5) |
| Cash Transfer | -4,389 | -4,389 | 0 (5) | 0 | -4,389 | -4,389 |
| Reserve Drawdown/(Deposit) | -30,129 | -5,831 | -24,298 (5) | -13,667 | 52,611 | 66,278 (5) |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Sponsored Programs | | | | | | |
| Revenues | \$254,022 | \$261,840 | \$-7,818 (6) | \$352,358 | \$355,254 | \$2,896 (20) |
| CARES ACT Revenue | 11,307 | 0 | 11,307 (7) | 0 | 0 | 0 |
| Expenses | -253,434 | -277,780 | 24,346 (6) | -352,358 | -355,254 | -2,896 (20) |
| Reserve Drawdown/(Deposit) | -11,895 | 15,940 | -27,835 | 0 | 0 | 0 |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Student Financial Assistance | | | | | | |
| Revenues | \$33,166 | \$34,988 | \$-1,822 | \$31,678 | \$36,461 | \$4,783 (21) |
| Expenses | -32,821 | -34,988 | 2,167 | -31,678 | -36,461 | -4,783 (21) |
| Reserve Drawdown/(Deposit) | 345 | 0 | 345 | 0 | 0 | 0 |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| All Other Programs * | | | | | | |
| Revenue | \$16,192 | \$16,663 | \$-471 | \$10,214 | \$20,990 | \$10,776 (22) |
| Expenses | -3,834 | -6,486 | 2,652 (8) | -10,214 | -9,021 | 1,193 (22) |
| Cash Transfer | -10,000 | -10,000 | 0 | 0 | -10,000 | -10,000 (22) |
| Reserve Drawdown/(Deposit) | -2,358 | -177 | -2,181 | 0 | -1,969 | -1,969 (22) |
| NET | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total University | | | | | | |
| Revenues | \$1,419,924 | \$1,414,330 | \$5,595 | \$1,632,491 | \$1,633,183 | \$692 |
| Expenses | -1,158,308 | -1,217,153 | 58,846 | -1,618,824 | -1,669,436 | -50,612 |
| Cash Transfer | -14,389 | -14,389 | 0 | 0 | -14,389 | -14,389 |
| Reserve Drawdown/(Deposit) | -44,037 | 9,932 | -53,969 | -13,667 | 50,642 | 64,309 |
| NET | \$203,190 | \$192,720 | \$10,472 | \$0 | \$0 | \$0 |

* All Other Programs include federal work study, surplus property, local funds, and unique military activities.

OPERATING BUDGET

1. All Other Income revenues are lower than projected due to lower Continuing Education revenues and lower than projected revenues in the newly established Animal Cancer Care and Research Center.
2. Expenditures are lower than projected due to timing and the impact of the university's essential spending order in response to COVID-19 pandemic.
3. The budget for federal revenue is established to match projected allotments from the federal government that are expected to be drawn down during the state fiscal year. All expenses in federal programs are covered by drawdowns of federal revenue up to allotted amounts. Federal revenue in the Cooperative Extension and Agriculture Experiment Station Division is lower than projected due to the timing of federal expense.
4. Cooperative Extension and Agriculture Experiment Station Division expenditures are lower than projected due to timing and impact of the university's essential spending order in response to COVID-19 pandemic.
5. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
6. Historical patterns have been used to develop a measure of the revenue and expenditure activity for Sponsored Programs. Actual revenues and expenses may vary from the budget estimates because projects are initiated and concluded on an individual basis without regard to fiscal year. Total sponsored research revenues and expenditures are lower than projected. The sponsored expenditures are 4.7% lower than March 31, 2020.
7. The federal government allocated \$9.7 million of CARES Act support to provide emergency financial grants to students, of which \$8.9 million was awarded and reimbursed in fiscal year 2019-20. The remaining \$0.8 million was awarded and reimbursed in early fiscal year 2020-21. In addition, the federal government allocated through the CRSSA (CARES 2) an additional \$9.7 million for emergency financial grants to students. Other miscellaneous CARES allocations received by the institution, not recorded in the Auxiliary or E&G programs, are recorded as Sponsored Programs activity.
8. Expenses for All Other Programs were lower than projected due to timing of initiatives and lower than projected Surplus Property activity.
9. The annual budget for the University Division General Fund was decreased \$2.2 million for the state share of fringe benefit rate changes and one-time savings for the healthcare holiday. The budget was increased \$4.0 million for a one-time allocation to support operations, aid or other purposes to address the COVID-19 impact.
10. In late June, the budget for Tuition and Fees was increased \$14.0 million for planned Fall 2020 enrollment growth. After summer census, the tuition and fee budget was increased by \$8.1 million for higher than projected summer 2020 enrollment. After fall census, the tuition and fee budget was decreased \$4 million for lower than projected nonresident freshman and graduate enrollments. The tuition and fee budget was increased \$3.3 million for higher than projected program fee revenues and \$0.6 million for higher than projected application fee revenues. The tuition and fee budget was decreased \$1.11 million for lower than projected winter session revenues, lower than projected undergraduate and graduate spring retention and lower than projected utilization of waivers and codified rate discounts. The tuition and fee budget was decreased \$0.3 million for technical accounting changes for student financial aid. The corresponding expenditure budgets have been adjusted accordingly.
11. The All Other Income revenue budget for the University Division were increased \$0.6 million for lower than projected revenues in the College of Veterinary Medicine Teaching Hospital, the establishment of the Animal Cancer Care and Research Center and the ViTALS Lab in the College of Veterinary Medicine, decreased \$1.7 million for Continuing Education Program revenues, decreased \$3.9 million for a technical change in fund source for the VTCSOM partnership, decreased \$0.2 million for the temporary suspension of the Campus to Campus shuttle service, and increased \$1.0 million for other income adjustments. The corresponding expenditure budgets have been adjusted accordingly.

12. The University Division revenue budget was increased \$25 million to remove the revenue contingency established for potential financial impacts due to COVID-19. The corresponding expenditure budget increase includes restoration of 2% of the preliminary expenditure budget reductions in the University Division. A 3% budget reduction remains to manage cost escalation, unfunded mandates, the fall enrollment shortfall, and impacts of COVID-19.
13. The University Division revenue budget was increased \$5.3 million to align the internal budget with the Commonwealth of Virginia's allocation of Coronavirus Relief Funds in support of personal protective equipment, disinfectant, distance learning, telework, and public health costs. The corresponding expenditure budgets have been adjusted accordingly.
14. University Division E&G expenditures budget increased \$1.4 million to reflect the carryforward of unexpected Coronavirus Relief Funds received in 2019-20 due to timing of expenditures.
15. The Cooperative Extension/Agriculture Experiment State Division General Fund revenue budget was decreased \$0.7 million for the state share of fringe benefit rate changes. The corresponding expenditure budgets have been adjusted accordingly.
16. The Cooperative Extension Federal Funds revenue budget was increased \$0.01 million to align with federal appropriations. The corresponding expenditure budgets have been adjusted accordingly.
17. The Cooperative Extension/Agriculture Experiment Station All Other Income budget was increased \$0.25 million for higher than projected milk sale revenues. The corresponding expenditure budgets have been adjusted accordingly.
18. The Cooperative Extension/Agriculture Experiment Station budget was increased \$3.0 million to restore the revenue contingency established in response to the uncertainty in state revenues. The corresponding expenditure budget increase will restore the 5.0% expenditure preliminary budget reduction in the Cooperative Extension/Agriculture Experiment Station.
19. The Agency 229 E&G revenue budget has been increased \$2,000 for CARES grant support received for the Tazewell VCE division. The corresponding expenditure budgets have been adjusted accordingly.
20. The annual budget for the Sponsored Programs has been increased \$0.6 million to reflect the finalization of the budget and \$2.25 million for the Commonwealth Cyber Initiative.
21. The Student Financial Assistance revenue and expenditure budgets were increased \$4.4 million for finalization of the scholarship budget and technical accounting changes and \$0.4 million for the SCHEV GEAR Up scholarship program.
22. The projected annual budgets for All Other Programs were increased \$3.2 million to finalize budgets, \$0.3 million for Surplus Property activity and decreased \$0.4 million for technical alignments. The projected annual revenues budgets were increased \$3.8 million for federal revenue earmarked for Kentland Farm capital lease and \$3.9 million for technical alignment of university initiatives. The projected annual expense budgets were increased \$0.4 million for outstanding 2019-20 commitments that were initiated but not completed before June 30, 2020 and decreased \$4.7 million for technical alignment of university initiatives. A \$10.0 million transfer was made to support the approved capital plan.

**UNIVERSITY DIVISION
AUXILIARY ENTERPRISES**

Attachment KK

Dollars in Thousands

| | July 1, 2020 to March 31, 2021 | | | Annual Budget for 2020-21 | | |
|---------------------------------------|--------------------------------|-----------|-------------|---------------------------|-----------|--------------------|
| | Actual | Budget | Change | Original | Adjusted | Change |
| Residence and Dining Halls * | | | | | | |
| Revenues | \$94,860 | \$92,263 | \$2,597 (1) | \$130,324 | \$96,526 | \$-33,798 (6,7) |
| Expenses | -65,878 | -74,250 | 8,372 (1) | -125,550 | -111,940 | 13,610 (6,7,8,9) |
| Reserve Drawdown/(Deposit) | -28,982 | -18,013 | -10,969 (1) | -4,774 | 15,414 | 20,188 (6,7,8,9) |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Parking and Transportation | | | | | | |
| Revenues | \$12,486 | \$12,149 | \$337 | \$15,615 | \$13,325 | \$-2,290 (6,7,10) |
| Expenses | -5,780 | -5,936 | 156 | -14,628 | -13,219 | 1,409 (6,7,8,10) |
| Cash Transfer | -4,389 | -4,389 | 0 | 0 | -4,389 | -4,389 (10) |
| Reserve Drawdown/(Deposit) | -2,317 | -1,824 | -493 | -987 | 4,283 | 5,270 (6,7,8,10) |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Telecommunications Services | | | | | | |
| Revenues | \$17,498 | \$17,350 | \$148 | \$19,966 | \$19,772 | \$-194 (6) |
| Expenses | -13,870 | -15,417 | 1,547 (2) | -20,349 | -20,942 | -593 (6,8) |
| Reserve Drawdown/(Deposit) | -3,628 | -1,933 | -1,695 (2) | 383 | 1,170 | 787 (6,8) |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| University Services * ** | | | | | | |
| Revenues | \$49,974 | \$50,331 | \$-357 (3) | \$52,883 | \$50,575 | \$-2,308 (6,7) |
| Expenses | -36,016 | -41,983 | 5,967 (3) | -52,140 | -55,197 | -3,057 (6,7,8,11) |
| Reserve Drawdown/(Deposit) | -13,958 | -8,348 | -5,610 (3) | -743 | 4,622 | 5,365 (6,7,8,11) |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Intercollegiate Athletics * | | | | | | |
| Revenues | \$34,634 (4) | \$34,697 | \$-63 | \$74,740 | \$50,417 | \$-24,323 (6,7,12) |
| Expenses | -53,363 | -54,746 | 1,383 (4) | -70,480 | -70,371 | 109 (6,7,12) |
| Reserve Drawdown/(Deposit) | 18,729 | 20,049 | -1,320 (4) | -4,260 | 19,954 | 24,214 (6,7,12) |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Electric Service * | | | | | | |
| Revenues | \$22,178 | \$22,335 | \$-157 | \$33,653 | \$30,462 | \$-3,191 (6,7) |
| Expenses | -22,863 | -23,240 | 377 | \$-33,032 | -31,740 | 1,292 (6,7,8,13) |
| Reserve Drawdown/(Deposit) | 685 | 905 | -220 | -621 | 1,278 | 1,899 (6,7,8,13) |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Inn at VT/Skelton Conf. Center | | | | | | |
| Revenues | \$2,559 | \$2,577 | \$-18 | \$11,471 | \$3,321 | \$-8,150 (7) |
| Expenses | -6,208 | -6,967 | 759 | -11,597 | -8,586 | 3,011 (6,7,8,14) |
| Reserve Drawdown/(Deposit) | 3,649 | 4,390 | -741 | 126 | 5,265 | 5,139 (6,7,8,14) |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other Enterprise Functions *** | | | | | | |
| Revenues | \$17,201 | \$15,610 | \$1,591 (5) | \$11,407 | \$16,872 | \$5,465 (6,7) |
| Expenses | -12,894 | -14,553 | 1,659 (5) | -8,616 | -17,497 | -8,881 (6,7,8,15) |
| Reserve Drawdown/(Deposit) | -4,307 | -1,057 | -3,250 (5) | -2,791 | 625 | 3,416 (6,7,8,15) |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| TOTAL AUXILIARIES | | | | | | |
| Revenues | \$251,390 | \$247,312 | \$4,078 | \$350,059 | \$281,270 | \$-68,789 |
| Expenses | -216,872 | -237,092 | 20,220 | -336,392 | -329,492 | 6,900 |
| Cash Transfer | -4,389 | -4,389 | 0 | 0 | -4,389 | -4,389 |
| Reserve Drawdown/(Deposit) | -30,129 | -5,831 | -24,298 | -13,667 | 52,611 | 66,278 |
| Net | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

* University Systems include Dormitory and Dining Hall System, University Services System, Intercollegiate Athletics System, and Electric Service System. The Systems were created to provide assurance to bond holders that system revenues are pledged for the payment of debt service and to allow for dedicated repair and replacement that are not subject to liens of any creditor of the university.

** University Services System includes Career & Professional Development, Center for the Arts, Health Services, Recreational Sports, Student Engagement & Campus Life, Cultural and Community Centers, Student Organizations, and the VT Rescue Squad.

*** Other Enterprise Functions include Golf Course, Hokie Passport, Library Café, Library Photocopy, Licensing & Trademark, Little Hokie Hangout, New Student and Family Programs, Pouring Rights, Printing Services, Software Sales, Tailor Shop and Clearing Accounts.

AUXILIARY ENTERPRISE BUDGET

1. Revenues in Residence and Dining Halls are higher than revised pandemic budget due to higher than anticipated spring residence hall occupancy and meal plan revenues. Note, the spring revenue budget was previously decreased for pandemic impacts. Expenses are lower than projected due to holding back expenditures and timing of operating expenses. A fourth quarter budget adjustment is anticipated to further align the budget for spring business volume.
2. Expenses in Telecommunications Services are lower than projected due to holding back expenditures and timing of network telecommunication projects.
3. Revenues for the University Services System are lower than projected due to lower than anticipated self-generated revenues. Expenses are lower than projected due to timing of operating expenses and decreased business volume.
4. Expenses for Intercollegiate Athletics are lower than projected due to lower business volume and timing of operating expenses. Note, due to a delay in timing, Athletic revenues includes \$5.1 million radio partner and \$4.8 million ACC network revenue budgeted in 2019-20 but received in 2020-21.
5. Revenues for Other Enterprise Functions are higher than projected due to higher than budgeted activity levels. Expenses are lower than projected due to timing of operating expenses and decreased business volume.
6. In late June, the annual revenue, expense, and reserve budgets for Auxiliary Enterprises were adjusted for technical alignments and finalization of fixed cost estimates.
7. The annual revenue, expense, and reserve budgets for Auxiliary Enterprises were adjusted to align budgets for the known financial impacts (through March 31, 2021) of the COVID-19 pandemic as summarized in the table below:

| COVID-19 Budget Impact on Auxiliary Enterprises | | | | | | | |
|--|-----------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---------------------------|---------------------------|-------------------------|
| | 5% COVID Placeholder Hedge | 1st Quarter COVID Adjustment | 2nd Quarter COVID Adjustment | 3rd Quarter COVID Adjustment | Total COVID Impact | Federal Assistance | Net COVID Impact |
| Residence and Dining Halls | | | | | | | |
| Revenue | (3,513,422) | (43,892,516) | | 3,453,420 | (43,952,518) | 9,712,674 | (34,239,844) |
| Expenses | 3,513,422 | 11,283,543 | | 1,106,460 | 15,903,425 | | 15,903,425 |
| Reserve Drawdown/(Addition) | - | 32,608,973 | - | (4,559,880) | 28,049,093 | (9,712,674) | 18,336,419 |
| Parking and Transportation | | | | | | | |
| Revenue | (195,260) | (3,127,875) | | (3,025,248) | (6,348,383) | | (6,348,383) |
| Expenses | 195,260 | 1,225,563 | | 4,036,449 | 5,457,272 | | 5,457,272 |
| Reserve Drawdown/(Addition) | - | 1,902,312 | - | (1,011,201) | 891,111 | - | 891,111 |
| University Services System | | | | | | | |
| Revenue | (891,776) | (430,302) | | (782,525) | (2,104,603) | | (2,104,603) |
| Expenses | 891,776 | (941,709) | | | (49,933) | | (49,933) |
| Reserve Drawdown/(Addition) | - | 1,372,011 | - | 782,525 | 2,154,536 | - | 2,154,536 |
| Intercollegiate Athletics | | | | | | | |
| Revenue | (2,759,703) | (17,367,492) | (4,924,056) | (857,120) | (25,908,371) | | (25,908,371) |
| Expenses | 2,759,703 | - | 3,144,470 | (830,800) | 5,073,373 | | 5,073,373 |
| Reserve Drawdown/(Addition) | - | 17,367,492 | 1,779,586 | 1,687,920 | 20,834,998 | - | 20,834,998 |
| Electric Service | | | | | | | |
| Revenue | (264,166) | (3,170,848) | | | (3,435,014) | | (3,435,014) |
| Expenses | 264,166 | 1,593,081 | | | 1,857,247 | | 1,857,247 |
| Reserve Drawdown/(Addition) | - | 1,577,767 | - | - | 1,577,767 | - | 1,577,767 |
| Inn at Virginia Tech & Skelton Conf Center | | | | | | | |
| Revenue | (439,666) | (8,150,497) | | | (8,590,163) | | (8,590,163) |
| Expenses | 439,666 | 3,600,143 | | (58,867) | 3,980,942 | | 3,980,942 |
| Reserve Drawdown/(Addition) | - | 4,550,354 | - | 58,867 | 4,609,221 | - | 4,609,221 |
| Other Enterprise Functions | | | | | | | |
| Revenue | (154,348) | (1,243,512) | (887,977) | | (2,285,837) | | (2,285,837) |
| Expenses | 154,348 | - | 75,167 | | 229,515 | | 229,515 |
| Reserve Drawdown/(Addition) | - | 1,243,512 | 812,810 | - | 2,056,322 | - | 2,056,322 |
| TOTAL AUXILIARIES | | | | | | | |
| Revenue | (8,218,341) | (77,383,042) | (5,812,033) | (1,211,473) | (92,624,889) | 9,712,674 | (82,912,215) |
| Expenses | 8,218,341 | 16,760,621 | 3,219,637 | 4,253,242 | 32,451,841 | - | 32,451,841 |
| Reserve Drawdown/(Addition) | - | 60,622,421 | 2,592,396 | (3,041,769) | 60,173,048 | (9,712,674) | 50,460,374 (a) |

Footnote:

(a) University solutions will be aligned in the 4th quarter.

8. The annual expense budget for Auxiliary Enterprises was increased \$8.0 million for outstanding commitments and projects that were initiated but not completed before June 30, 2020. This amount includes \$2.3 million in Recreational Sports commitments and projects, \$1.6 million for Dining Services, \$0.8 million for Telecommunications, and \$0.4 million for Electric Service. The remainder is spread across the other auxiliary programs.
9. The annual expense and reserve budgets for Residence and Dining Halls were increased \$1.5 million for one-time facility projects.
10. The annual revenue budget for Parking Services was increased \$3.4 million and expense increased \$2.8 million for capital projects. A transfer of \$4.4 million cash was processed for capital project investment.
11. The annual expense budgets for University Services System were increased \$0.2 million for Schiffert Health Center compensation market alignment.
12. The annual revenue and reserve budgets for Intercollegiate Athletics were decreased \$1.7 million for lower pre-pandemic ACC conference distributions and \$0.2 million for lower interest revenues. Annual revenue, expense, and reserve budgets were increased \$0.2 million for private support of four football positions, \$1.1 million for Student Athlete Performance Center debt service, \$0.7 million for operating scholarship support, \$0.2 million for licensing revenues, and \$0.2 million for indoor practice facility capital project.
13. The annual expense budget for the Electric Service auxiliary was decreased \$0.7 million for debt service alignment for Lane Substation capital project savings and increased \$0.9 million for data warehouse system project.
14. The annual expense budget for the Inn at Virginia Tech was increased \$0.2 million for facility operating expenses.
15. The annual revenue and expense budgets for Other Enterprise Functions were increased for the Commonwealth of Virginia's Coronavirus Relief Funding, Pouring Rights contract operating expenses, Hokie Passport virtual servers, and scholarship expenses in Licensing and Trademark.

CAPITAL OUTLAY PROJECTS

Dollars in Thousands

| PROJECT INITIATED | FISCAL YEAR ACTIVITY | | TOTAL PROJECT BUDGET | | | | | |
|--|----------------------|---------------------|----------------------|--------------------|-----------------|-----------------|----------------------------|--------------|
| | ANNUAL BUDGET | YTD EXPENDITURES | STATE SUPPORT | NONGENERAL FUND | REVENUE BOND | TOTAL BUDGET | CUMULATIVE EXPENDITURES | |
| EDUCATIONAL AND GENERAL PROJECTS | | | | | | | | |
| <u>Design Phase</u> | | | | | | | | |
| Planning: Hitt Hall | Apr 2017 | \$ 1,500 | \$ 451 | \$ - | \$ 6,000 | \$ - | \$ 6,000 | \$ 3,930 (1) |
| Planning: Undergraduate Science Laboratory Building | Jul 2017 | 1,110 | 348 | - | 5,516 | - | 5,516 | 4,666 (2) |
| Commonwealth Cyber Initiative | May 2019 | 667 | 387 | 1,500 | - | - | 1,500 | 1,220 (3) |
| Innovation Campus - Academic Building | Jul 2019 | 20,000 | 9,688 | 168,000 | - | 107,000 | 275,000 | 11,319 (4) |
| Planning: Randolph Hall Replacement | Jul 2020 | 3,000 | 18 | - | 11,000 | - | 11,000 | 18 (5) |
| Life, Health, Safety, Accessibility, & Code Compliance | Jul 2020 | 300 | 50 | 3,100 | - | - | 3,100 | 50 (6) |
| Fralin Biomedical Research Institute Equipment | Jul 2020 | 6,000 | 6,454 | 18,133 | - | - | 18,133 | 6,454 (7) |
| <u>Construction Phase</u> | | | | | | | | |
| Maintenance Reserve | On-going | 11,600 | 8,830 | 16,099 | - | - | 16,099 | 8,830 (8) |
| Chiller Plant, Phase II | Oct 2016 | 16,000 | 8,970 | 32,655 | 10,312 | - | 42,968 | 32,401 (9) |
| Holden Hall Renovation | Oct 2016 | 36,000 | 22,008 | 57,215 | 212 | 17,500 | 74,927 | 33,098 (10) |
| Livestock & Poultry Research Facilities, Phase I | Oct 2016 | 9,500 | 471 | 25,274 | 0 | 0 | 25,274 | 1,646 (11) |
| Construct Virginia Seafood AREC | Jul 2018 | 2,500 | 261 | 2,500 | - | - | 2,500 | 261 (12) |
| Corps Leadership and Military Science Building | Jun 2019 | 4,500 | 1,503 | - | 20,650 | 31,350 | 52,000 | 3,116 (13) |
| Data and Decision Science Building | Jul 2019 | 10,500 | 3,362 | 69,000 | - | 10,000 | 79,000 | 5,754 (14) |
| <u>Close-Out</u> | | | | | | | | |
| Improve Kentland Facilities | Sep 2013 | 3,100 | 2,896 | 12,463 | - | - | 12,463 | 11,717 (15) |
| VTC Biomedical Research Expansion | Oct 2016 | 8,784 | 1,362 | 51,554 | 5,267 | 34,875 | 91,696 | 82,274 (16) |
| Gas-Fired Boiler at the Central Steam Plant | Apr 2017 | 1,600 | 1,043 | - | 8,200 | - | 8,200 | 7,528 (17) |
| Acquisition: Falls Church Property | Apr 2019 | - | - | - | - | 2,850 | 2,850 | - (18) |
| TOTAL EDUCATIONAL AND GENERAL PROJECTS | | \$ 136,661 | \$ 68,104 | \$ 457,493 | \$ 67,157 | \$ 203,575 | \$ 728,225 | \$ 214,282 |

Education and General Projects

1. Planning: Hitt Hall: This planning project is for Hitt Hall and houses an expansion of Myers-Lawson School of Construction, a new dining center, and other academic spaces. The project is in preliminary design with advancement into working drawings expected August 2021.
2. Planning: Undergraduate Science Laboratory Building: This planning project is for an entirely state funded 102,000 gross square foot science laboratory building adjacent to the new classroom building. Working drawings were completed September 25, 2020. The state appropriated construction funding in the 2021 General Assembly Session effective July 1, 2021, and the university will proceed with construction procurement this summer.
3. Commonwealth Cyber Initiative: This project makes improvements to support the Commonwealth Cyber Initiative Hub renovations, space enhancements, and equipment. The Virginia Innovation Partnership Authority (VIPA) approves spending requests which are then allocated to Virginia Tech for procurement. The maximum appropriation from the commonwealth is \$3.5 million.
4. Innovation Campus – Academic Building: This project is a new 300,000 gross square foot academic building as part of the Innovation Campus in Alexandria Virginia. Working drawings are underway with construction expected to start September 2021.
5. Planning: Randolph Hall Replacement: This state authorized planning project will design the replacement of Randolph Hall with a 284,000 gross square foot building to accommodate engineering instruction and research. A/E and CMAR procurements are underway. In accordance with the state capital budget program, the university will request construction funding as part of the fiscal year 2023 state budget call.
6. Life, Health, Safety, Accessibility, & Code Compliance: This project improves pedestrian connectors to ensure accessible service in the North Academic District. Schematic design is underway.
7. Fralin Biomedical Research Institute Equipment: This funding supports equipment purchases for the recently completed project located in Roanoke. Year-to-date expenses exceed the annual budget because processing of equipment orders accelerated. Resources are available and sufficient to cover the shifted cash outflows, and the project remains within the total authorized budget.
8. Maintenance Reserve: The total project budget reflects \$2.73 million of carryforward from fiscal year 2020 and the state's fiscal year 2021 appropriation of \$13.73 million. The annual budget amount reflects the pace necessary to meet the state's 85 percent spending performance requirement by June 30, 2021.
9. Chiller Plant Phase II: This project upgrades of campus utility systems and addresses several strategic priorities by shifting the campus to a lower resource consuming cooling service with improved redundancies. Substantial completion expected September 2021.
10. Holden Hall Renovation: This project will renovate 20,000 gross square feet, demolish 21,000 gross square feet, and construct an 80,000 gross square foot expansion of Holden Hall. Construction is underway with substantial completion expected January 2022.
11. Livestock & Poultry Research Facilities, Phase I: This project is the first of two phases to renew existing facilities for the livestock and poultry programs. The scope includes 126,000 gross square feet of facilities at the Blacksburg campus and three nearby university production and research farms. Construction is underway for the swine, poultry, beef, and equine packages. Packages for three hay barns and demolition are under development and construction funding may be requested in the state's 2022 capital budget call.
12. Construct Virginia Seafood AREC: Through a collaborative effort between the university, the Foundation, and the City of Hampton, the existing facility will be replaced with a new 15,000 gross square foot facility. The project is being implemented by the Foundation and substantial completion is expected November 2021.
13. Corps Leadership and Military Science Building: The project consolidates the Corps of Cadets and ROTC programs in the northern portion of the Upper Quad project. Construction is underway with substantial completion expected July 2023.
14. Data and Decision Sciences Building: Construction of the new 120,000 gross square foot building is underway with substantial completion expected April 2023.
15. Improve Kentland Facilities: The project is substantially complete and the total cost is expected to be \$12.463 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
16. VTC Biomedical Research Expansion: The project is substantially complete and the total cost is expected to be \$89.696 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
17. Gas-Fired Boiler at the Central Steam Plant: This project is substantially complete and the total cost is expected to be \$8.2 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
18. Acquisition: Falls Church Property: This project was established to acquire the fee simple title to the 5.33 acres currently leased from and owned by the City of Falls Church for a net cost of \$2.85 million. The exercise date is calendar year 2021, and the university is working with the City of Falls Church on this transaction.

Capital Outlay Projects Authorized as of March 31, 2021 (Continued)

Dollars in Thousands

| PROJECT INITIATED | FISCAL YEAR ACTIVITY | | TOTAL PROJECT BUDGET | | | | | |
|---|----------------------|---------------------|----------------------|--------------------|-----------------|-----------------|----------------------------|--------------|
| | ANNUAL BUDGET | YTD EXPENDITURES | STATE SUPPORT | NONGENERAL FUND | REVENUE BOND | TOTAL BUDGET | CUMULATIVE EXPENDITURES | |
| AUXILIARY ENTERPRISE PROJECTS | | | | | | | | |
| <u>Design Phase</u> | | | | | | | | |
| Student Wellness Improvements | Jun 2016 | \$ 10,000 | \$ 80 | \$ - | \$ 13,310 | \$ 44,690 | \$ 58,000 | \$ 5,123 (1) |
| Planning: Tennis Center Improvements | Aug 2016 | 584 | 155 | - | 809 | - | 809 | 380 (2) |
| Dietrick First Floor and Plaza Renovation | Sept 2017 | 2,000 | 30 | - | 5,000 | 3,300 | 8,300 | 931 (3) |
| Global Business & Analytics Complex Residence Halls | Jun 2019 | 1,100 | - | - | - | 84,000 | 84,000 | 1,269 (4) |
| New Upper Quad Residence Hall | Jun 2019 | 3,500 | 1,278 | - | - | 40,000 | 40,000 | 2,111 (5) |
| <u>Construction Phase</u> | | | | | | | | |
| Maintenance Reserve | On-going | 15,000 | 8,531 | - | 15,000 | - | 15,000 | 8,531 (6) |
| Creativity & Innovation District LLC | Oct 2016 | 44,000 | 34,254 | - | 15,880 | 89,620 | 105,500 | 80,955 (7) |
| <u>Close-Out</u> | | | | | | | | |
| Lane Substation Expansion | Sept 2015 | 17 | 17 | - | 2,000 | 4,500 | 6,500 | 3,781 (8) |
| Student-Athlete Performance Center | Mar 2018 | 8,400 | 8,501 | - | 20,417 | - | 20,417 | 19,599 (9) |
| Athletics Weight Room Renovation & Expansion | Aug 2018 | 2,000 | 1,804 | - | 4,500 | - | 4,500 | 4,043 (10) |
| Planning: Slusher Hall Replacement | Jun 2018 | 10 | 9 | - | 3,500 | - | 3,500 | 1,264 (11) |
| TOTAL AUXILIARY ENTERPRISE PROJECTS | | \$ 86,611 | \$ 54,659 | \$ - | \$ 80,415 | \$ 266,110 | \$ 346,525 | \$ 127,986 |
| GRAND TOTAL | | \$ 223,272 | \$ 122,763 | \$ 457,493 | \$ 147,573 | \$ 469,685 | \$ 1,074,751 | \$ 342,268 |

Auxiliary Enterprise Projects

1. Student Wellness Improvements: The project scope and budget includes refurbishments to War Memorial Hall and McComas Hall. Whiting-Turner is the construction manager, and the Guaranteed Maximum Price received July 15, 2020 was over budget. The university is redesigning the scope to fit within the authorized budget with construction pricing expected March 2022.
2. Planning: Tennis Center Improvements: Working drawings are underway. The university may request full project authorization once planning is complete and Athletics has raised the necessary funds to complete construction.
3. Dietrick First Floor and Plaza Renovation: This project includes refurbishing the first floor of Dietrick Hall, inserting a modern food service venue, enclosing a portion of the overhang, and improvements to the outdoor plaza. The low bid received May 8, 2020 was over budget. The university has developed a path forward to implement the improvements to Dietrick Hall within the approved budget and to seek private support for improvements to the outdoor plaza, which may be implemented separately when private support is secured.
4. Global Business & Analytics Complex Residence Halls: This project provides two residence halls in the northwest corner of campus with a minimum of 700 beds. The acquisition strategy is shifting, and the university is exploring alternative delivery methods.
5. New Upper Quad Residence Hall: This project will provide the Corps of Cadets an additional 300 beds while replacing Femoyer Hall. Working drawings are complete with construction pricing expected June 2021.
6. Maintenance Reserve: The auxiliary maintenance reserve program covers 106 assets with a total replacement value of \$1.4 billion. Projects are scheduled and funded by the auxiliary enterprises. The units prepare five-year plans that outline their highest priority deferred maintenance needs. The annual budget and total project budget reflect the spending plans of the auxiliary units on maintenance reserve work scheduled for fiscal year 2021.
7. Creativity & Innovation District Living Learning Community (LLC): This project is under construction with substantial completion expected July 2021.
8. Lane Substation Expansion: The project is closed and will be removed from the report at the end of the fiscal year.
9. Student-Athlete Performance Center: The project is substantially complete and the total cost is expected to be \$20.417 million. Year-to-date expenses exceed the annual budget because expenses expected in fiscal year 2020 were invoiced in fiscal year 2021. Resources are available and sufficient to cover the shifted cash outflows, and total expenditures and commitments remain within the authorized budget. The project may be closed and financial accounts terminated when final invoices are received and paid.
10. Athletics Weight Room Renovation & Expansion: The project is substantially complete and the total cost is expected to be \$4.5 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
11. Planning: Slusher Hall Replacement: The university is exploring alternative development approaches to deliver residential beds. This planning project may be closed and financial accounts terminated when final invoices are received and paid.