

Financial Performance Report - Operating and Capital
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
July 1, 2018 to September 30, 2018

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 September 2018-19 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.

**OPERATING BUDGET
2018-19**

Attachment R

Dollars in Thousands

	July 1, 2018 to September 30, 2018			Annual Budget for 2018-19		
	Actual	Budget	Change	Original	Adjusted	Change
Educational and General Programs						
<u>University Division</u>						
<u>Revenues</u>						
General Fund	\$47,329	\$47,329	\$0	\$164,427	\$164,427	\$0
Tuition and Fees	263,518	262,673	845	552,081	541,650	-10,431 (4)
All Other Income	13,623	12,609	1,014	44,529	45,157	628 (5)
Total Revenues	\$324,470	\$322,611	\$1,859	\$761,037	\$751,233	\$-9,803
<u>Expenses</u>						
Academic Programs	\$-118,123	\$-116,442	\$-1,681	\$-481,936	\$-475,728	\$6,208
Support Programs	-72,221	-72,584	363	-279,100	-275,505	3,595
Total Expenses	\$-190,344	\$-189,026	\$-1,318	\$-761,037	\$-751,233	\$9,803 (4,5)
NET	\$134,126	\$133,585	\$541	\$0	\$0	\$0
<u>CE/AES Division</u>						
<u>Revenues</u>						
General Fund	\$20,938	\$20,938	\$0	\$71,603	\$72,303	\$700 (6)
Federal Appropriation	6,180	6,453	-273 (1)	15,640	16,090	450 (6)
All Other Income	291	203	88	880	880	0
Total Revenues	\$27,409	\$27,594	\$-185	\$88,123	\$89,273	\$1,150
<u>Expenses</u>						
Academic Programs	\$-22,743	\$-23,263	\$520	\$-81,175	\$-81,825	\$-650
Support Programs	-1,644	-1,897	253	-6,948	-7,448	-500
Total Expenses	\$-24,387	\$-25,160	\$773	\$-88,123	\$-89,273	\$-1,150 (6)
NET	\$3,022	\$2,434	\$588	\$0	\$0	\$0
Auxiliary Enterprises						
Revenues	\$129,022	\$131,702	\$-2,680 (2)	\$351,498	\$348,433	\$-3,065 (2)
Expenses	-103,670	-109,129	5,459 (2)	-338,733	-349,957	-11,224 (2)
Reserve Drawdown (Deposit)	-25,352	-22,573	-2,779 (2)	-12,765	1,524	14,289 (2)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Sponsored Programs						
Revenues	\$81,479	\$78,310	\$3,169 (3)	\$322,103	\$322,103	\$0
Expenses	-94,817	-113,135	18,318 (3)	-322,103	-322,103	0
Reserve Drawdown (Deposit)	13,338	34,825	-21,487	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance						
Revenues	\$13,337	\$14,119	\$-782	\$30,091	\$30,099	\$8 (7)
Expenses	-11,478	-12,407	929	-30,091	-30,099	-8 (7)
Reserve Drawdown (Deposit)	-1,859	-1,712	-147	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
All Other Programs *						
Revenue	\$1,573	\$1,623	\$-50	\$7,305	\$7,526	\$221 (8)
Expenses	-1,151	-1,262	111	-7,305	-8,106	-801 (8)
Reserve Drawdown (Deposit)	-422	-361	-61	0	580	580 (8)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Total University						
Revenues	\$577,290	\$575,959	\$1,331	\$1,560,157	\$1,548,667	\$-11,489
Expenses	-425,847	-450,119	24,272	-1,547,392	-1,550,771	-3,380
Reserve Drawdown (Deposit)	-14,295	10,179	-24,474	-12,765	2,104	14,869
NET	\$137,148	\$136,019	\$1,129	\$0	\$0	\$0

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

OPERATING BUDGET

1. 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/Agriculture Experiment Station Division was less than the projected budget due to the timing of federal drawdowns.
2. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
3. 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 expenses are greater than projected. Total sponsored research expenditures are 4.6% greater than September 30, 2017.
4. The annual budget for Tuition and Fees has been decreased \$10.4 million due to lower than projected undergraduate and graduate enrollments, partially offset by an increase in Summer session revenues. The corresponding expenditure budgets have been adjusted accordingly.
5. The All Other Income revenue budget for the University Division has been increased \$0.6 million for budget finalizations in Sales and Services and Continuing Education. The corresponding expenditure budgets have been adjusted accordingly.
6. The Cooperative Extension/Agriculture Experiment State Division General Fund revenue budget was increased \$0.2 million for State support for the Soil Scientist Program and \$0.5 million for State support for new facilities operation and maintenance. The Federal funds revenue budget was increased \$0.45 million for carryover of unexpended federal funds from prior year. The corresponding expenditure budgets have been adjusted accordingly.
7. The Student Financial Assistance revenue and expenditure budgets were increased \$7,500 for a technical accounting change.
8. The projected annual budgets for All Other Programs was increased \$0.2 million to finalize budgets and \$0.6 million for outstanding 2017-18 commitments that were initiated but not completed before June 30, 2018.

**UNIVERSITY DIVISION
AUXILIARY ENTERPRISES**

Attachment R

Dollars in Thousands

	July 1, 2018 to September 30, 2018			Annual Budget for 2018-19		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	\$48,852	\$50,593	\$-1,741 (1)	\$127,115	\$127,115	\$0
Expenses	-36,712	-38,490	1,778 (1)	-120,708	-126,751	-6,043 (5,6,7)
Reserve Drawdown (Deposit)	-12,140	-12,103	-37	-6,407	-364	6,043 (5,6,7)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Parking and Transportation						
Revenues	\$6,985	\$7,059	\$-74	\$15,061	\$15,061	\$0
Expenses	-2,784	-3,089	305	-14,485	-16,165	-1,680 (6,7,8)
Reserve Drawdown (Deposit)	-4,201	-3,970	-231	-576	1,104	1,680 (6,7,8)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications Services						
Revenues	\$6,421	\$7,037	\$-616 (2)	\$22,551	\$22,489	\$-62
Expenses	-5,923	-6,708	785 (2)	-22,299	-23,100	-801 (6,7,9)
Reserve Drawdown (Deposit)	-498	-329	-169	-252	611	863 (6,7,9)
Net	\$0	\$0	\$0	\$0	\$0	\$0
University Services * **						
Revenues	\$24,605	\$24,988	\$-383 (3)	\$51,566	\$51,566	\$0
Expenses	-16,902	-18,683	1,781 (3)	-50,843	-52,727	-1,884 (6,7,10)
Reserve Drawdown (Deposit)	-7,703	-6,305	-1,398	-723	1,161	1,884 (6,7,10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics *						
Revenues	\$26,660	\$26,043	\$617	\$74,527	\$74,527	\$0
Expenses	-23,768	-23,646	-122	-72,762	-74,069	-1,307 (6,7)
Reserve Drawdown (Deposit)	-2,892	-2,397	-495	-1,765	-458	1,307 (6,7)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Electric Service *						
Revenues	\$7,446	\$7,418	\$28	\$36,893	\$34,052	\$-2,841 (11)
Expenses	-8,641	-9,127	486	-\$36,683	-34,345	2,338 (6,7,11)
Reserve Drawdown (Deposit)	1,195	1,709	-514	-210	293	503 (6,7,11)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Inn at Virginia Tech/Skelton Conf. Center						
Revenues	\$3,341	\$3,849	\$-508 (4)	\$12,000	\$12,000	\$0
Expenses	-4,803	-4,963	160 (4)	-12,170	-12,597	-427 (6,7)
Reserve Drawdown (Deposit)	1,462	1,114	348 (4)	170	597	427 (6,7)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions ***						
Revenues	\$4,712	\$4,715	\$-3	\$11,785	\$11,623	\$-162 (12)
Expenses	-4,137	-4,423	286	-8,783	-10,203	-1,420 (6,7,12)
Reserve Drawdown (Deposit)	-575	-292	-283	-3,002	-1,420	1,582 (6,7,12)
Net	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AUXILIARIES						
Revenues	\$129,022	\$131,702	\$-2,680	\$351,498	\$348,433	\$-3,065
Expenses	-103,670	-109,129	5,459	-338,733	-349,957	-11,224
Reserve Drawdown (Deposit)	-25,352	-22,573	-2,779	-12,765	1,524	14,289
Net	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

* 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 Services, Center for the Arts, Health Services, Recreational Sports, Student Centers & Activities, 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, Student Athlete Academic Support Services (SAASS), Tailor Shop and Clearing Accounts.

AUXILIARY ENTERPRISE BUDGET

1. Revenues in Residence and Dining Halls are lower than projected due to lower than anticipated residence hall occupancy and dining meal plan sales. Expenses are lower than projected due to lower than forecasted business volume and timing of operating and project expenses. A budget adjustment will be developed during the second quarter.
2. Revenues and expenses for Telecommunications Services are lower than projected due to lower than anticipated volume of installations for new buildings under construction during the current fiscal year.
3. Revenues for the University Services System are lower than projected due to lower than anticipated student fee revenue. Expenses are lower than projected due to the timing of project expenses.
4. Revenues and expenses for the Inn at Virginia Tech and Skelton Conference Center are lower than projected due to lower than forecasted business volume.
5. The projected annual expense and reserve budgets for Residence and Dining Halls were increased \$0.2 million for planned debt service on O'Shaughnessy Hall.
6. The projected annual expense and reserve budgets for Auxiliary Enterprises were decreased \$0.5 million to align budgets for approved university compensation actions.
7. The projected annual expense budget for Auxiliary Enterprises was increased \$12.0 million for outstanding 2017-18 commitments and projects that were initiated but not completed before June 30, 2018. This amount includes \$2.2 million for Residence Halls, \$3.9 million in Dining Hall commitments and projects, \$1.3 million for Athletics, and \$0.9 million for Telecommunications. The remainder is spread across the other auxiliary programs.
8. The projected annual expense and reserve budgets for Parking and Transportation Services were increased \$0.16 million for one-time unrelated business income tax expenses and \$1.1 million for remote parking lot construction.
9. The projected annual revenue, expense, and reserve budgets for Telecommunications Services were decreased for business volume.
10. The projected annual expense and reserve budgets for the University Services System were increased \$15 thousand for cultural center support and music rights contracts.
11. The projected annual revenue and expense budgets for the Electric Services auxiliary were decreased \$2.8 million due to lower than projected cost of wholesale electricity.
12. The projected annual revenue, expense, and reserve budget for Other Enterprise Functions were increased for Hokie Passport Office personnel support, \$1.0 million internal financing of board approved Athletics facilities improvements project, technical accounting alignments, and health care plan participation. The revenue budget was decreased for a one-time reduction in Tailor Shop revenue.

CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF SEPTEMBER 30, 2018
Dollars in Thousands

	PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET				
		ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES
EDUCATIONAL AND GENERAL PROJECTS								
<u>Design Phase</u>								
Improve Kentland Facilities	Sep 2013	\$ 5,000	\$ 27	\$ 9,363	\$ -	\$ -	\$ 9,363	\$ 950 (1)
Agriculture Production Facilities	Oct 2016	1,800	244	22,136	-	-	22,136	626 (2)
Chiller Plant Phase II	Oct 2016	4,200	28	31,377	-	9,909	41,286	1,421 (3)
Holden Hall Renovation	Oct 2016	3,000	164	44,386	-	17,500	61,886	2,354 (4)
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	3,500	474	-	6,800	-	6,800	497 (5)
Planning: Intelligent Infrastructure and Construction Complex	Apr 2017	1,400	40	-	6,000	-	6,000	136 (6)
Planning: Undergraduate Science Laboratory Building	Jul 2017	1,400	25	-	3,084	-	3,084	1,433 (7)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	12,000	3,174	15,530	-	-	15,530	3,174 (8)
Academic Buildings Renewal	Sep 2013	10,990	4,080	35,029	-	-	35,029	28,119 (9)
Renovate Undergraduate Science Laboratories	Jul 2016	5,000	111	-	10,000	-	10,000	1,488 (10)
Health Sciences & Technology	Oct 2016	33,000	9,077	51,554	-	40,142	91,696	15,989 (11)
<u>Close-Out</u>								
Address Fire Alarm Systems and Access	Jun 2014	686	317	4,891	-	-	4,891	3,899 (12)
Biocomplexity Data Center	Sep 2015	450	4	-	5,900	-	5,900	5,256 (13)
Eastern Shore AREC Storage Building	Apr 2016	-	-	-	535	-	535	478 (14)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		82,426	17,766	\$ 214,266	\$ 32,319	\$ 67,551	\$ 314,136	\$ 65,819

CAPITAL OUTLAY BUDGET

Education and General Projects

1. Improve Kentland Facilities: This project is to provide a metabolism research laboratory, an applied reproduction facility, and a building for animal demonstration, handling, and holding spaces. Bid efforts in 2016, 2017, and 2018 were each more than ten percent over budget. To award the bid received in August 2018, a \$3.1 million supplement is required to complete the scope appropriated by the state. The university's plan to move the project forward calls for a \$3.1 million infusion of temporary nongeneral fund resources that will be replaced by permanent General Fund support requested during the 2019 session.
2. Agriculture Production Facilities: This project is for the first of two phases to renew the existing facilities for the livestock and poultry programs. This first phase includes an approximate total scope of 126,000 gross square feet of new and renovated facilities at the Blacksburg campus and three nearby university production and research farms. Schematic design is nearing completion with preliminary design expected to start October 2018.
3. Chiller Plant Phase II: This project continues the strategic infrastructure advancements initiated by the Chiller Plant, Phase I project. Phase II includes the upgrade of campus utility systems and addresses several strategic needs for shifting the campus to a lower resource consuming cooling service with improved redundancies. Working drawings are underway with construction expected to start March 2019.
4. 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 to accommodate the instruction and research programs of Materials Science and Engineering, Mining and Minerals Engineering, and Computer Science Engineering. Preliminary design is underway with working drawings expected to start October 2018.
5. Gas-Fired Boiler at the Central Steam Plant: This project will design, purchase, and install a new Gas-Fired Boiler within the Central Steam Plant. Working drawings are underway with construction expected March 2019.
6. Planning – Intelligent Infrastructure and Construction Complex: This planning project is for Hitt Hall, the Fusion Laboratories, and the Smart Dining Center. The project funding plan calls for \$25 million of private gifts and \$38 million of debt issued on behalf of the residential/dining system. Criteria document development for a Design-Build delivery is underway.
7. 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. The university is temporarily funding the project and will be reimbursed by the state once construction funding is appropriated. Schematic design is underway with preliminary design expected to start November 2018.
8. Maintenance Reserve: The total project budget reflects \$2.03 million of carryforward from fiscal year 2018 and the state's fiscal year 2019 appropriation of \$13.5 million. The annual budget amount reflects the pace necessary to meet the state's 85 percent spending performance requirement by June 30, 2020.
9. Academic Buildings Renewal: This project is for the renovation of Davidson Hall-Front Section, Sandy Hall, and the Liberal Arts Building. Davidson Hall was occupied in August, the Liberal Arts Building is scheduled for occupancy October 2018, and Sandy Hall is scheduled for occupancy November 2018.
10. Renovate Undergraduate Science Laboratories: This project will renovate seven laboratories within Derring Hall and Hahn Hall for undergraduate science laboratory classes in biology, chemistry, physics, and microbiology. Construction is underway with occupancy expected fall 2019.
11. Health Sciences & Technology: This project is being delivered under a Public Private Partnership with Carilion Clinic and is located adjacent to the existing Virginia Tech-Carilion Research Institute facility in Roanoke, Virginia. Construction is underway and on schedule for an expected completion date of March 2020.
12. Address Fire Alarm Systems and Access: This project is substantially complete with inspections for the final two projects, Norris Hall and Litton Reaves Hall. The total cost is expected to be \$4.891 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
13. Biocomplexity Data Center: The project has been occupied since July 2017. The total cost is expected to be \$5.7 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
14. Eastern Shore AREC Storage Building: The project is complete and occupied since August 2017. The total cost is expected to be \$478 thousand. The project may be closed and financial accounts terminated when final invoices are received and paid.

Capital Outlay Projects Authorized as of September 30, 2018 (Continued)

Dollars in Thousands

	PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET				
		ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES
AUXILIARY ENTERPRISE PROJECTS								
<u>Design Phase</u>								
Student Wellness Improvements	Jun 2016	2,300	624	\$ -	\$ 13,310	\$ 49,690	\$ 63,000	\$ 2,187 (1)
Creativity & Innovation District Residence Hall	Oct 2016	3,000	785	-	-	26,818	26,818	1,934 (2)
Dietrick First Floor and Plaza Renovation	Sept 2017	1,000	119	-	5,000	3,300	8,300	258 (3)
Student-Athlete Performance Center	Mar 2018	1,600	295	-	16,682	-	16,682	617 (4)
Planning: Slusher Replacement Planning	June 2018	1,750	1	-	3,500	-	3,500	1 (5)
Planning: Athletics Weight Room Renovation & Expansion	Aug 2018	500	-	-	700	-	700	- (6)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	12,000	5,243	-	12,000	-	12,000	5,243 (7)
Lane Substation Expansion	Sept 2015	1,500	240	-	2,000	4,500	6,500	2,861 (8)
ACC Network Studio	Mar 2018	7,500	413	-	-	10,000	10,000	546 (9)
Commonwealth Ballroom Improvements	Mar 2018	2,500	22	-	3,246	-	3,246	44 (10)
<u>Close-Out</u>								
Upper Quad Residential Facilities	May 2013	620	104	-	35,671	53,029	88,700	88,184 (11)
O'Shaughnessy Renovation	Apr 2016	4,500	3,747	-	8,867	12,633	21,500	20,421 (12)
Athletic Facilities Improvements	Aug 2016	3,050	1,595	-	37,500	-	37,500	34,291 (13)
TOTAL AUXILIARY ENTERPRISE PROJECTS		41,820	13,187	\$ -	\$ 138,476	\$ 159,970	\$ 298,445	\$ 156,585
GRAND TOTAL		124,246	30,953	\$ 214,266	\$ 170,795	\$ 227,521	\$ 612,581	\$ 222,404

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, 2018 through September 30, 2018 and the Capital Outlay report be approved.

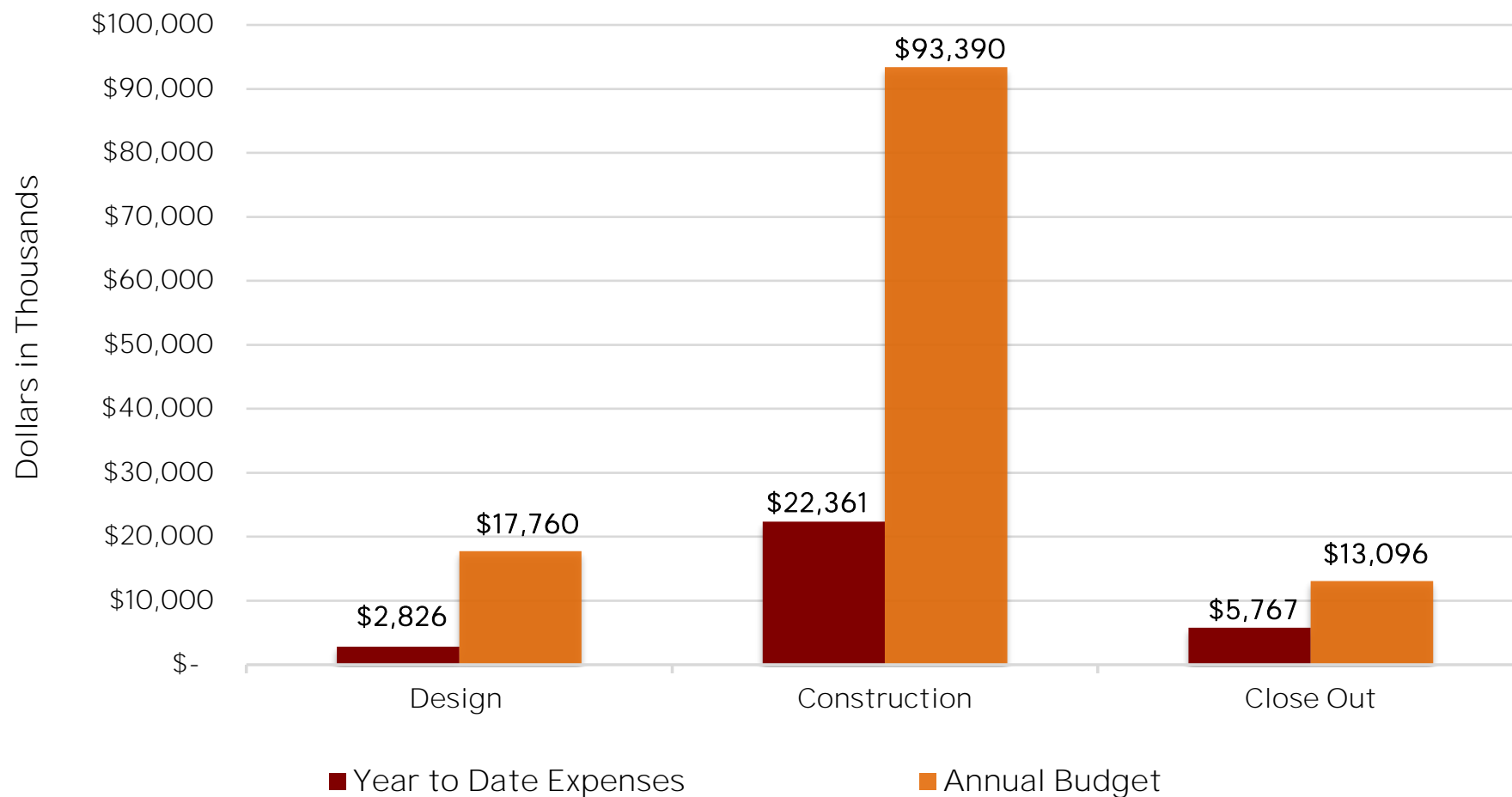
November 5, 2018

CAPITAL OUTLAY BUDGET (Continued)

Auxiliary Enterprise Projects

1. Student Wellness Improvements: This project includes renovations to War Memorial and Schiffert Health Center in McComas Hall to provide space for the counseling program, recreation program, and health services. Schematic design is underway. Cost estimates for the initial building plan are significantly over budget, and the university has developed a cost effective solution to preserve the original intent of the authorization by accommodating the counseling program in a capital lease adjacent to campus.
2. Creativity & Innovation District Residence Hall: This project is planning a new residential community with approximately 596 beds, including 176 beds for student-athletes, and academic collaborative spaces to support creativity and innovation programs. Schematic design is underway to finalize the scope, size, and shape to fit within a \$105.5 million total project budget and schedule for a summer 2021 opening. The current project authorization reflects a traditional 350 bed residential program. The authorization will need a future adjustment based on the results of the programing study.
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. Schematic design is underway with occupancy expected May 2019.
4. Student-Athlete Performance Center: This project includes a complete renovation of the fourth floor of the Jamerson Center, construction of a balcony cantilevered from the fourth floor, and a new elevator tower. Schematic design is underway with occupancy expected in the first calendar quarter of 2021.
5. Planning – Slusher Replacement Planning: This planning project includes completing preliminary designs for the replacement of Slusher Hall. A subsequent request for full project funding may be submitted after designs are underway and a firm scope, cost, funding, and schedule for the entire project are determined.
6. Planning – Athletics Weight Room Renovation & Expansion: This planning project includes completing preliminary designs for the Athletics weight room renovation and expansion in the Merryman Center. A subsequent request for full project funding may be submitted after designs are underway and a firm scope, cost, funding, and schedule for the entire project are determined.
7. Maintenance Reserve: Projects are scheduled and funded by the auxiliary enterprises during the annual Auxiliary Enterprise budgeting process. 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 2019. The auxiliary maintenance reserve program covers 106 assets with a total replacement value of \$1.3 billion.
8. Lane Substation Expansion: This project expands the Substation on Innovation Drive. The project includes the purchase and installation of two 28,000 kilovolt-amps (kVA) transformers, two circuit switchers, six distribution reclosers with space for an additional four reclosers, a control house and associated relay, and control equipment. Construction is underway with completion expected summer 2019.
9. ACC Network Studio: This project includes improvements and expansion of broadcasting facilities to support the new ACC Network channel to be launched fall 2019. Demolition and equipment purchases are underway with occupancy expected spring 2019.
10. Commonwealth Ballroom Improvements: This project refurbishes and updates outdated and nonfunctioning lighting systems, stage systems, ceiling tiles, and air handlers. Instillation of a Skyfold dividing wall will increase usage capabilities of the Commonwealth Ballroom. Construction to start October 2018 with occupancy expected March 2019.
11. Upper Quad Residential Facilities: This project is complete. The total cost is expected to be \$88.7 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
12. O'Shaughnessy Renovation: This project is complete. The total cost is expected to be \$21.5 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
13. Athletic Facilities Improvements: This project is complete. The total cost is expected to be \$37.5 million. The project may be closed and financial accounts terminated when final invoices are received and paid.

Annual Project Expenditures by Activity Through First Quarter Ended September 30, 2018



Year to Date Expenses: \$30,953

Annual Budget: \$124,246

Financial Performance Report

July 1, 2018 - September 30, 2018

November 5, 2018

**TIM HODGE,
ASSOCIATE VICE PRESIDENT FOR BUDGET AND
FINANCIAL PLANNING**

**BOB BROYDEN,
ASSOCIATE VICE PRESIDENT FOR CAPITAL ASSETS AND
FINANCIAL MANAGEMENT**



Enrollment Variance

1st Quarter 2018-19

Enrollment Variance

The university successfully matriculated 6,214 first-time freshmen and 1,032 transfer students (a record), resulting in the largest undergraduate enrollment in university history of 27,811.

However, the freshmen residency mix varied from budget (2%), continuing undergraduates fell below projections (optimistic forecast and time-to-degree continues to improve), and graduate enrollment fell below budget.

			Variance		
	Budget	Actuals	IS	OS	Total
Associate	118	133	12	3	15
Freshman	6,200	6,214	168	(154)	14
Transfers	1,070	1,032	(54)	16	(38)
Continuing UG	20,566	20,432	(112)	(22)	(134)
Undergraduate	27,954	27,811	14	(157)	(143)
Graduate	7,409	7,039	(261)	(109)	(370)
Total	35,363	34,850	(247)	(266)	(513)

Annual Budget Change

During the 1st quarter, the following budget adjustment was made to accommodate the enrollment variance:

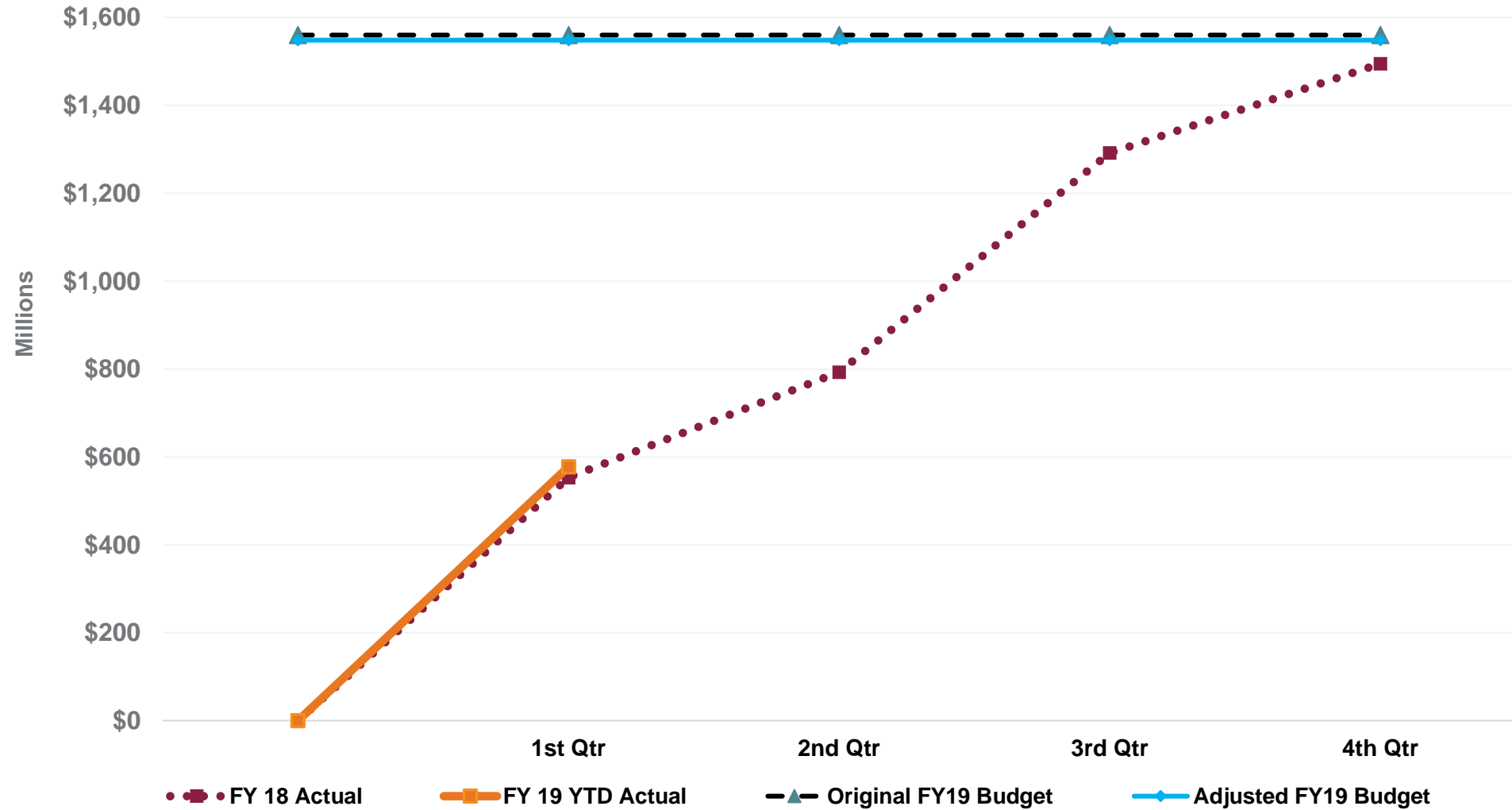
	Budget
Summer	\$0.4M
<u>Fall</u>	
Undergraduate*	(\$6.5M)
Graduate	(\$4.8M)
Fall	(\$11.3M)
Total	(\$10.8M)

Fall undergraduate resident full-time / part-time +11/+3
nonresident full time / part time -181/+24

* Includes estimated post census shrinkage.

Operating Revenue

2017-18 VS 2018-19



Auxiliary Enterprises

1st Quarter 2018-19

Annual Budget Changes

Auxiliary Enterprises

- \$12M carryover of outstanding commitments and obligations
 - \$3.9M Dining
 - \$2.2M Residence Halls
 - \$1.3M Athletics
 - \$4.6M Other Units
- \$1M internal financing of board approved Athletics facilities improvements
- \$1.1M Parking Services Remote Lot Phase 1

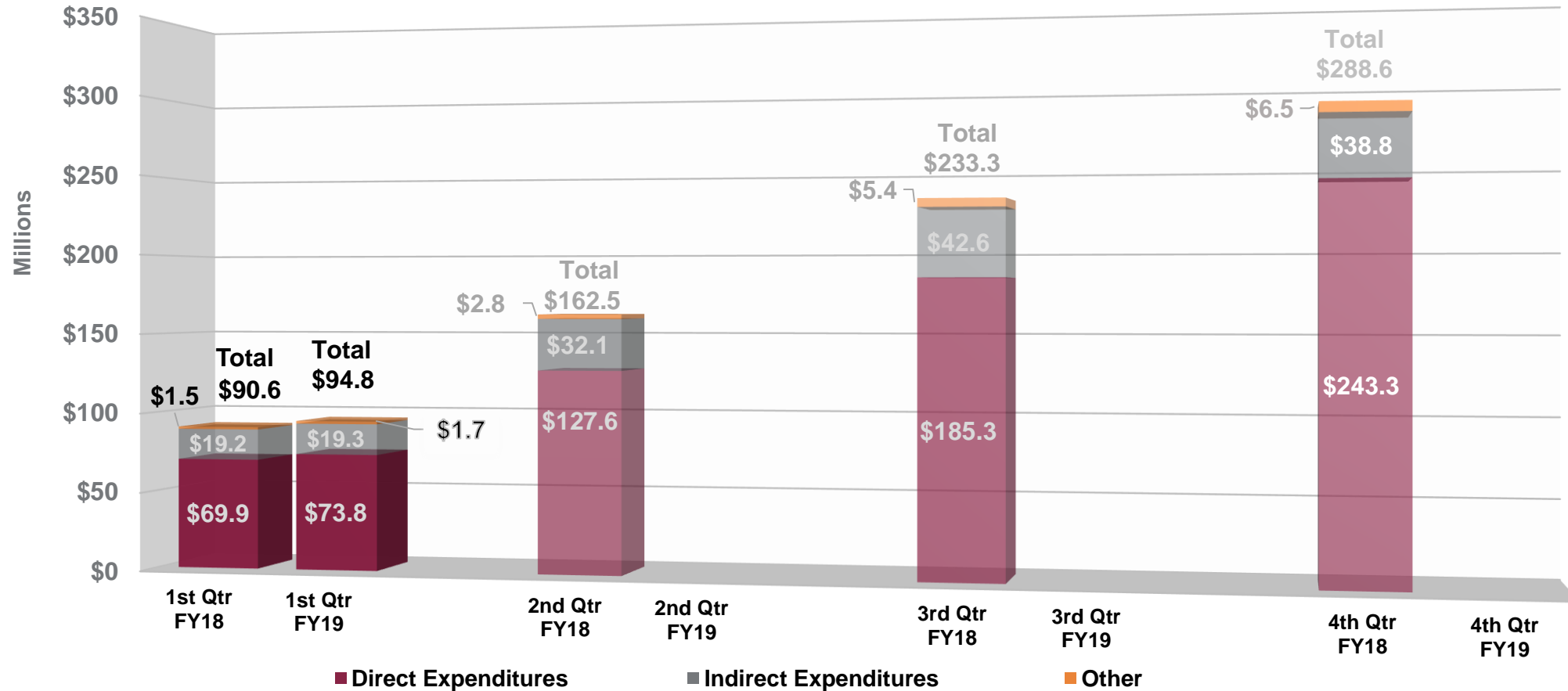
Financial Performance

Auxiliary Enterprises

- Residence Halls: Lower than projected occupancy, 249 beds, (\$1M) budget reduction anticipated in 2nd quarter adjustment
- Dining Halls: Lower than projected occupancy and off-campus meal plan sales, (\$3.5M) budget reduction anticipated in 2nd quarter adjustment
- Inn at Virginia Tech: Lower than forecasted revenue (\$500,000) in 1st quarter due to lower business volume and ECU football game impacts
- Other programs are on target

Sponsored Program Expenditures

2017-18 VS. 2018-19



*Other includes Enterprise Funds, Royalty, and Research Ancillary Activity

Capital Outlay Key Measures



Project authorizations
fully funded



Commitments and expenditures
within authorized budgets



Spending on pace with
budget plan



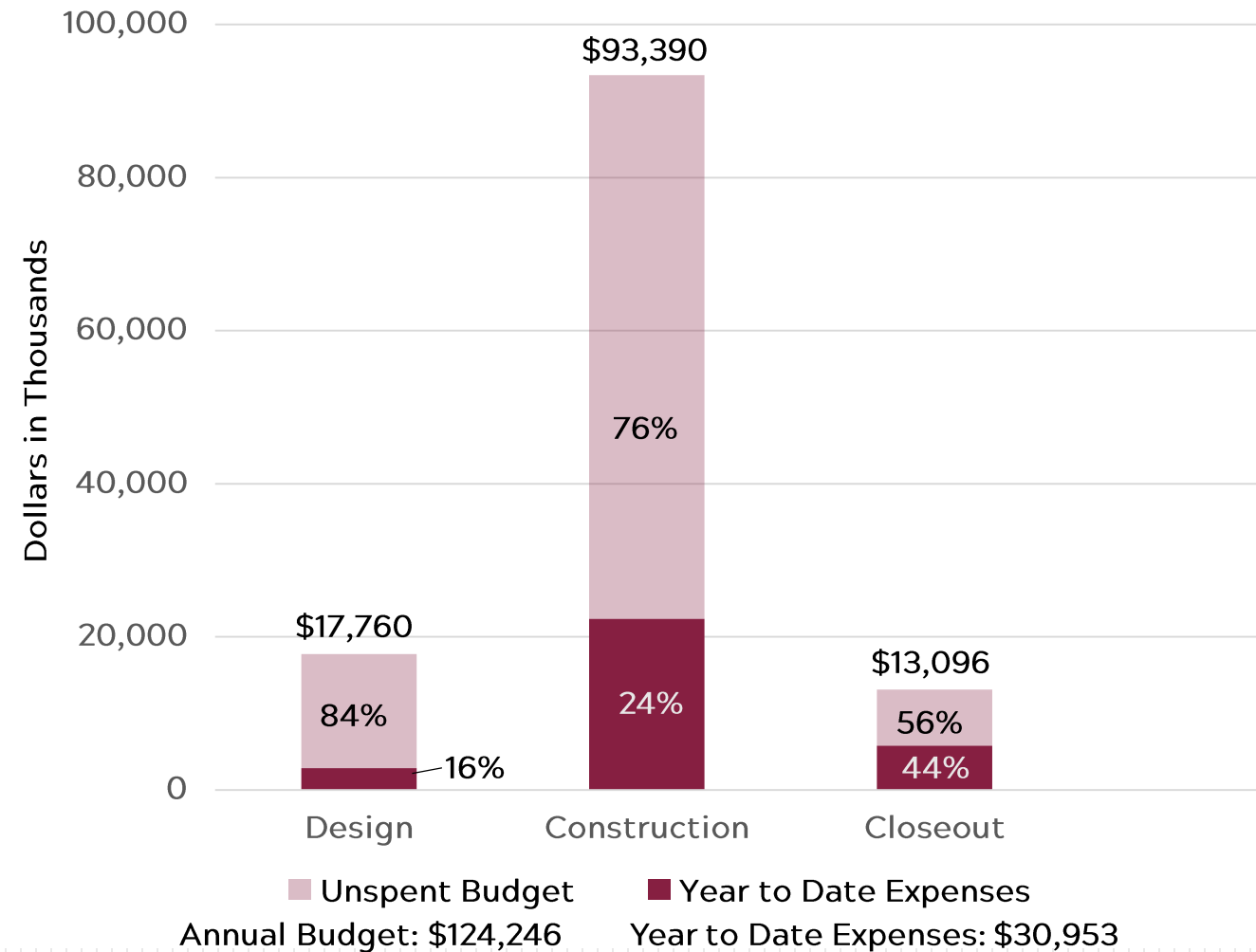
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Adjustments Needed

- Kentland bids are more than 10% over budget
 - \$3.1M supplement has been requested to complete the authorized scope
- Student Wellness Services is more than 10% over budget
 - Scope and finance plan change is necessary to complete program within budget
- Applied Projects Building is more than 10% over budget
 - Capital lease adjustment of \$1.74M is necessary to complete desired program

Planning Activity Underway

Expected Construction

■ Improve Kentland Facilities	November 2018
■ Chiller Plant, Phase II	March 2019
■ Gas Fired Boiler	March 2019
■ Student-Athlete Performance Center	April 2019
■ Agriculture Production Facilities	April 2019
■ Holden Hall Renovation	May 2019
■ Dietrick First Floor and Plaza Renovation	May 2019
■ Creativity and Innovation Residence Hall	June 2019
■ Undergraduate Science Laboratory Building	July 2019
■ Student Wellness Improvements	September 2019
■ Slusher Replacement	November 2019
■ Athletics Weight Room Renovation & Expansion	December 2019
■ Intelligent Infrastructure and Construction Complex	April 2020

Construction Spending

- Commonwealth Ballroom Renovation
- ACC Network Studio
- Lane Substation Improvements
- Renovate Undergraduate Science Labs
- Health Sciences and Technology

Expected Occupancy

March 2019

March 2019

July 2019

August 2019

March 2020

Summary

- Operating Budget
 - On track
- Capital Projects
 - All spending and commitments are within authorized budgets

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, 2018 through September 30, 2018 and the Capital Outlay report be approved.

November 5, 2018