

Financial Performance Report - Operating and Capital
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
July 1, 2017 to June 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 June 2017-18 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
2017-18**

Attachment U

Dollars in Thousands

	July 1, 2017 to June 30, 2018			Annual Budget for 2017-18		
	Actual	Budget	Change	Original	Adjusted	Change
Educational and General Programs						
<u>University Division</u>						
<u>Revenues</u>						
General Fund	\$161,989	\$161,989	\$0	\$161,675	\$161,989	\$314 (9)
Tuition and Fees	516,215	515,248	967	501,950	515,248	13,298 (10)
All Other Income	36,669	37,879	-1,210 (1)	39,350	37,879	-1,471 (11)
Total Revenues	\$714,873	\$715,116	\$-243	\$702,975	\$715,116	\$12,141
<u>Expenses</u>						
Academic Programs	\$-453,129	\$-451,624	\$-1,505	\$-439,964	\$-451,624	\$-11,660
Support Programs	-262,458	-263,492	1,034 (2)	-263,011	-263,492	-481
Total Expenses	\$-715,587	\$-715,116	\$-471	\$-702,975	\$-715,116	\$-12,141 (9,10,11)
NET	\$-714	\$0	\$-714 (3)	\$0	\$0	\$0
<u>CE/AES Division</u>						
<u>Revenues</u>						
General Fund	\$71,006	\$71,006	\$0	\$70,961	\$71,006	\$45
Federal Appropriation	16,891	15,740	1,151 (4)	15,640	15,740	100
All Other Income	1,234	1,120	114	880	1,120	240
Total Revenues	\$89,131	\$87,866	\$1,265	\$87,481	\$87,866	\$385 (12)
<u>Expenses</u>						
Academic Programs	\$-80,190	\$-81,248	\$1,058	\$-80,864	\$-81,249	\$-385
Support Programs	-6,776	-6,617	-158	-6,617	-6,617	0
Total Expenses	\$-86,966	\$-87,866	\$900	\$-87,481	\$-87,866	\$-385 (12)
NET	\$2,165	\$0	\$2,165 (5)	\$0	\$0	\$0
<u>Auxiliary Enterprises</u>						
Revenues	\$343,401	\$341,307	\$2,094 (6)	\$333,313	\$341,307	\$7,994 (6)
Expenses	-346,816	-369,479	22,663 (6)	-326,617	-369,478	-42,861 (6)
Reserve Drawdown (Deposit)	3,415	28,172	-24,757 (6)	-6,696	28,171	34,867 (6)
NET	\$0	\$0	\$0	\$0	\$0	\$0
<u>Sponsored Programs</u>						
Revenues	\$312,544	\$344,879	\$-32,335 (7)	\$344,174	\$344,879	\$705 (13)
Expenses	-288,510	-344,879	56,369 (7)	-344,174	-344,879	-705 (13)
Reserve Drawdown (Deposit)	-24,034	0	-24,034	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
<u>Student Financial Assistance</u>						
Revenues	\$26,385	\$26,681	\$-296	\$25,541	\$26,681	\$1,140 (14)
Expenses	-26,349	-26,681	332	-25,541	-26,681	-1,140 (14)
Reserve Drawdown (Deposit)	-36	0	-36	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
<u>All Other Programs *</u>						
Revenue	\$8,384	\$9,463	\$-1,079	\$7,399	\$9,463	\$2,064 (15)
Expenses	-3,689	-9,590	5,901 (8)	-7,399	-9,590	-2,191 (15)
Reserve Drawdown (Deposit)	-4,695	127	-4,822 (8)	0	127	127 (15)
NET	\$0	\$0	\$-0	\$0	\$0	\$0
<u>Total University</u>						
Revenues	\$1,494,718	\$1,525,312	\$-30,594	\$1,500,883	\$1,525,312	\$24,429
Expenses	-1,467,918	-1,553,611	85,694	-1,494,187	-1,553,610	-59,423
Reserve Drawdown (Deposit)	-25,350	28,299	-53,649	-6,696	28,298	34,994
NET	\$1,450	\$0	\$1,451	\$0	\$0	\$0

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

OPERATING BUDGET

1. Lower than projected revenues in Continuing Education programs are lower than anticipated Language and Culture Institute business volume.
2. Support program expenditures are lower than projected due to timing of expenses and fixed cost savings.
3. While the Commonwealth requires that revenue and expenses be balanced for Educational and General Programs, year-end balances are possible for continuing education programs.
4. 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 greater than the projected budget due to the timing of federal draw that were requested in 2016-17, but received in 2017-18.
5. While the Commonwealth requires that revenue and expenses be balanced for Educational and General Programs, variances in federal funds are possible due to the timing differences between drawdowns and expenses.
6. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
7. 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 less than the annual budget, but total sponsored program expenditures are 2.0% greater than June 30, 2017. The 2018-19 budget, approved by the Board of Visitors in June 2018, recalibrated the annual budget.
8. Expenses for All Other Programs were less than projected partially due to timing of VTCSOM integration. University had tentatively planned to support VTCSOM partnership in 2017-18. Due to timing of integration, resources are being reviewed for potential reinvestment.
9. The University Division General Fund revenue budget was increased \$0.3 million for Health Insurance and other central fund adjustments.
10. At the beginning of the year, the annual budget for Tuition and Fees had been increased \$1.7 million for the finalization of the budgets for tuition and Education & General fees. During the second quarter, the budget for Tuition and Fees had been increased \$8.6 million due to higher than projected undergraduate enrollment for fall semester, lower than projected enrollment in the graduate programs, and a decrease in Summer session revenues. The budget for Tuition and Fees has been increased \$3.2 million in the third quarter for stronger than projected spring retention and winter session revenues and decreased in the fourth quarter \$0.3 million for a technical accounting change. The corresponding expenditure budgets have been adjusted accordingly.
11. The All Other Income revenue budget for the University Division has been decreased \$1.8 million for budget finalizations in Sales and Services and Continuing Education. The budget for Earmarked Sales and Services has been increased \$0.2 million for stronger than projected activity in the Equine Medical Center, \$0.15 million for milk sales, \$0.06 million for VA Racing Revenue and decreased \$0.03 million for miscellaneous self-supporting activities. The corresponding expenditure budgets have been adjusted accordingly.
12. The Cooperative Extension/Agriculture Experiment State Division General Fund revenue budget was increased \$0.05 million for adjustments to the to the state central fund distribution. Federal funds revenue budget was increased \$0.1 million for carryover of unexpended federal Hatch funds. The self-generated revenue budget increased \$0.24 million for greater than projected self-generated revenues. The corresponding expenditure budgets have been adjusted accordingly.
13. The Sponsored Programs revenue and expense budgets were increased \$0.7 million to finalize budgets.
14. During budget finalizations, the Student Financial Assistance general funds revenue and expense budgets were increased \$0.7 million. In the first quarter of 2017-18, the Student Financial Assistance revenue and expenditure budgets were increased \$0.4 million to support enrollment growth beyond the original enrollment plan. In the fourth quarter of 2017-18, the Student Financial Assistance revenue and expenditure budgets were increased \$0.1 million for a technical accounting change.
15. The projected annual budget for All Other Programs was increased \$1.7 million to finalize budgets and alignment for activity. The expense budgets were increased \$0.5 million for outstanding 2016-17 commitments that were initiated but not completed before June 30, 2017.

**UNIVERSITY DIVISION
AUXILIARY ENTERPRISES**

Attachment U

Dollars in Thousands

	July 1, 2017 to June 30, 2018			Annual Budget for 2017-18		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	\$123,991	\$122,539	\$1,452 (1)	\$120,157	\$122,539	\$2,382 (7)
Expenses	-117,777	-124,379	6,602 (1)	-117,364	-124,379	-7,015 (7,8,9,10)
Reserve Drawdown (Deposit)	-6,214	1,840	-8,054 (1)	-2,793	1,840	4,633 (7,8,9,10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Parking and Transportation						
Revenues	\$14,197	\$13,903	\$294	\$13,704	\$13,903	\$199 (11)
Expenses	-12,993	-13,854	861	-13,266	-13,854	-588 (9,10,11)
Reserve Drawdown (Deposit)	-1,204	-49	-1,155	-438	-49	389 (9,10,11)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications Services						
Revenues	\$20,466	\$22,087	\$-1,621 (2)	\$22,087	\$22,087	\$0
Expenses	-20,520	-24,700	4,180 (2)	-23,161	-24,700	-1,539 (9,10,12)
Reserve Drawdown (Deposit)	54	2,613	-2,559 (2)	1,074	2,613	1,539 (9,10,12)
Net	\$0	\$0	\$0	\$0	\$0	\$0
University Services * **						
Revenues	\$49,445	\$48,548	\$897	\$48,521	\$48,548	\$27 (13)
Expenses	-46,078	-49,936	3,858 (3)	-47,655	-49,936	-2,281 (8,9,10,13)
Reserve Drawdown (Deposit)	-3,367	1,388	-4,755 (3)	-866	1,388	2,254 (8,9,10,13)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics *						
Revenues	\$77,172	\$76,039	\$1,133 (4)	\$69,283	\$76,039	\$6,756 (14)
Expenses	-74,000	-75,680	1,680 (4)	-68,903	-75,679	-6,776 (8,9,10,14)
Reserve Drawdown (Deposit)	-3,172	-359	-2,813 (4)	-380	-360	20 (8,9,10,14)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Electric Service *						
Revenues	\$33,479	\$34,720	\$-1,241 (5)	\$36,061	\$34,720	\$-1,341 (15)
Expenses	-31,181	-34,562	3,381 (5)	-\$35,531	-34,562	969 (9,10,15)
Reserve Drawdown (Deposit)	-2,298	-158	-2,140 (5)	-530	-158	372 (9,10,15)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Inn at Virginia Tech/Skelton Conf. Center						
Revenues	\$12,989	\$12,337	\$652	\$11,855	\$12,337	\$482 (16)
Expenses	-11,854	-12,299	445	-11,799	-12,299	-500 (8,9,10,16)
Reserve Drawdown (Deposit)	-1,135	-38	-1,097	-56	-38	18 (8,9,10,16)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions ***						
Revenues	\$11,662	\$11,134	\$528	\$11,645	\$11,134	\$-511 (17)
Expenses	-32,413	-34,069	1,656 (6)	-8,938	-34,069	-25,131 (8,9,10,17)
Reserve Drawdown (Deposit)	20,751	22,935	-2,184 (6)	-2,707	22,935	25,642 (8,9,10,17)
Net	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AUXILIARIES						
Revenues	\$343,401	\$341,307	\$2,094	\$333,313	\$341,307	\$7,994
Expenses	-346,816	-369,479	22,663	-326,617	-369,478	-42,861
Reserve Drawdown (Deposit)	3,415	28,172	-24,757	-6,696	28,171	34,867
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 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 higher than projected due to residence hall occupancy and self-generated revenue being greater than planned. Expenses are lower than projected due to timing of operating and project expenses, one time facility improvement projects, and replacement of furniture and equipment normally scheduled during the summer months.
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. Expenses for the University Services System are lower than projected due to the timing of certain expenses, Recreational Sports projects, and union facility projects scheduled for summer months.
4. Revenues for Intercollegiate Athletics are higher than projected due to higher than forecasted ticket sales and ACC revenue. Expenses are lower than projected due to the timing of expenses and one-time projects.
5. Revenue and expenses for the Electric Service auxiliary are lower than projected due to lower than anticipated electricity consumption. Expenses are also lower than projected due to lower than forecasted total cost of purchased electricity, as well as timing of items ordered but not yet received thus not paid at fiscal year-end.
6. Expenses for Other Enterprise Functions are lower than projected due to timing of facility related projects.
7. The projected annual revenue, expense, and reserve budgets for Residence and Dining Halls were increased for residential and dining business volume, \$0.7 million in Dining equipment, \$1.3 million in Residential facility projects, and sustainability projects. Revenue and expense budgets were decreased for reduced Steger Center activity level.
8. The projected annual expense and reserve budgets for Auxiliary Enterprises were increased \$0.1 million for state compensation actions for high-turnover positions.
9. The projected annual expense budget for Auxiliary Enterprises was increased \$5.9 million for outstanding 2016-17 commitments and projects that were initiated but not completed before June 30, 2017. This amount includes \$1.0 million for Residence Halls, \$3.2 million in Dining Hall commitments and projects, and \$0.3 million for Electric Service. The remainder is spread across the other auxiliary programs.
10. The projected annual expense and reserve draw budgets for the Auxiliary Enterprises were increased \$0.5 million for the auxiliary share of the state's assessment of a one-time Virginia Retirement System (VRS) investment in 2015 which help contain future VRS actuarial rates.
11. The projected annual revenue, expense, and reserve budgets for Parking and Transportation Services were increased for parking permit sales and operating expenses.
12. The projected annual expense and reserve budgets for Telecommunications Services were increased for enhancement of network security software and Roanoke campus network infrastructure.
13. The projected annual expense and reserve budgets for the University Services System were increased for two additional counseling positions and psychiatric nurse practitioner for Cook Counseling Center, Career and Professional Development personnel, health and recreation sports services in Roanoke, Recreational Sports challenge course, additional music rights contracts, and growth in self-generated revenues.
14. The projected annual revenue budget for Intercollegiate Athletics was increased \$6.8 million to accommodate additional revenue of \$1 million for the football team's participation in the Camping World Bowl, \$3.3 million in self-generated revenue, and \$2.5 million in private fundraising for the Cassell seating project, men's basketball locker room, athlete meals, and indoor practice facility. Annual expense and reserve draw budgets were increased \$7.4 million to accommodate increases of \$0.9 million for coaching staff transitions, athletic contracts, and competitive compensation, \$2.1 million for Camping World Bowl expenses, \$4.2 million for sports expenses, \$0.3 million for operating expenses, \$0.1 million for English Field astroturf, \$0.6 million for Cassell seating project, \$0.5 million for men's basketball locker room project, \$1.4 million for indoor practice facility capital project, and \$0.9 million for videoboards and audio projects. The budget was decreased \$1.1 million for the technical realignment of Student Athlete Academic Support Services and decreased \$2.5 million for alignment of scholarship expenses to private fundraising associated with successful scholarship campaign.
15. The projected annual revenue and expense budgets for the Electric Services auxiliary were decreased due to lower than projected cost of wholesale electricity.
16. The projected annual revenue, expense, and reserve budgets for the Inn at Virginia Tech and Skelton Conference Center were increased for business volume and facility maintenance.
17. The projected annual revenue, expense, and reserve budget for Other Enterprise Functions were increased for additional business volume in Licensing and Trademark and Software Sales, student affairs operating support, \$24.5 million internal financing of board approved Athletics facilities improvements project, scholarship expenses in Licensing and Trademark, health care plan participation, and sustainability projects. The revenue budget was decreased for lower than projected Printing Services business volume.

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

PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					CUMULATIVE EXPENSES
	ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET		
EDUCATIONAL AND GENERAL PROJECTS								
<u>Design Phase</u>								
Improve Kentland Facilities	Sep 2013	6,000	34	\$ 9,363	\$ -	\$ -	\$ 9,363	\$ 923 (1)
Renovate Undergraduate Science Laboratories	Jul 2016	6,250	953	-	10,000	-	10,000	1,376 (2)
Agriculture Production Facilities	Oct 2016	1,080	361	22,136	-	-	22,136	382 (3)
Chiller Plant Phase II	Oct 2016	4,040	1,337	31,024	-	9,797	40,821	1,392 (4)
Holden Hall Renovation	Oct 2016	3,840	1,288	44,386	-	17,500	61,886	2,189 (5)
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	3,375	24	-	6,800	-	6,800	24 (6)
Planning: Intelligent Infrastructure and Construction Complex	Apr 2017	2,880	97	-	6,000	-	6,000	97 (7)
Planning: Undergraduate Science Laboratory Building	Jul 2017	2,500	1,407	-	3,084	-	3,084	1,407 (8)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	12,860	13,032	20,297	-	-	20,297	18,439 (9)
Academic Buildings Renewal	Sep 2013	18,600	18,265	35,029	-	-	35,029	24,039 (10)
Address Fire Alarm Systems and Access	Jun 2014	1,265	357	4,891	-	-	4,891	3,581 (11)
Health Sciences & Technology	Oct 2016	10,200	6,912	51,554	16,349	23,793	91,696	6,912 (12)
<u>Close-Out</u>								
Classroom Building	Dec 2012	1,050	792	42,652	-	-	42,652	42,394 (13)
Biocomplexity Data Center	Sep 2015	900	502	-	5,900	-	5,900	5,252 (14)
Eastern Shore AREC Storage Building	Apr 2016	381	324	-	535	-	535	478 (15)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		75,221	45,685	\$ 261,332	\$ 48,668	\$ 51,090	\$ 361,090	\$ 108,887

CAPITAL OUTLAY BUDGET

Educational and General Projects

1. 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 and 2017 were more than ten percent over budget. The university will rebid in June 2018 under a modified bid package and more aggressive outreach effort. The annual budget will be underspent because it anticipated a construction start in fall 2017.
2. This project will renovate seven laboratories within Derring Hall and Hahn Hall for undergraduate science laboratory classes in biology, chemistry, physics, and microbiology. The initial bid effort in December 2017 received no responses. The project was successfully rebid in June 2018 and a construction contract will be awarded in July. The annual budget will be underspent because it anticipated a construction start in January 2018.
3. 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 starting in July 2018. The annual budget will be underspent because design has progressed slower than projected.
4. 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. Preliminary design is underway with working drawings expected to start June 2018. The annual budget will be underspent because design has progressed slower than projected.
5. 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 June 2018.
6. This project will design, purchase, and install a new Gas-Fired Boiler within the Central Steam Plant. Preliminary design is underway with working drawings expected to start June 2018. The annual budget will be underspent because design has progressed slower than projected.
7. This planning project is for Hitt Hall, the Fusion Laboratories, and the Smart Dining Center. The total project funding plan calls for \$50 million to cover the three programs. Criteria document development for Design-Build is underway. The annual budget will be underspent because design has progressed slower than projected.
8. 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 June 2018. The annual budget will be underspent because design has progressed slower than projected.
9. The state maintenance reserve program requires a biennial budget expenditure of 85 percent, which is \$17.3 million of cumulative expenses by June 30, 2018. The annual budget amount reflects the spending level required to slightly exceed the performance requirement.
10. This project is for the renovation of Davidson Hall-Front Section, Sandy Hall, and the Liberal Arts Building. The project is under construction with substantial completion expected in summer 2018.
11. This project supports progress on fire alarm systems and accessibility improvements for E&G buildings. The final two projects, Norris Hall and Litton Reaves Hall, are underway with anticipated completion fall 2018.
12. 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 2019. The annual budget will be underspent because construction invoices are slower than expected. The total budget increased because the state authorized an additional \$3.247 million of General Fund support to ensure all laboratory spaces are completed.
13. The project was closed in June 2018. The total cost was \$42.394 million and the authorization was underspent.
14. The project is complete and occupied since July 2017. The project may be closed and financial accounts terminated when final invoices are received and paid.
15. The project is complete and occupied since August 2017. The project may be closed and financial accounts terminated when final invoices are received and paid.

Capital Outlay Projects Authorized as of June 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	2,259	1,037	\$ -	\$ 6,010	\$ 56,990	\$ 63,000	\$ 1,563 (1)
Creativity & Innovation District Residence Hall	Oct 2016	3,200	894	-	-	26,818	26,818	1,149 (2)
Dietrick First Floor and Plaza Renovation	Sept 2017	500	139	-	5,000	3,300	8,300	139 (3)
ACC Network Studio	Mar 2018	250	133	-	-	10,000	10,000	133 (4)
Student-Athlete Performance Center	Mar 2018	250	322	-	16,682	-	16,682	322 (5)
Commonwealth Ballroom Improvements	Mar 2018	200	132	-	3,246	-	3,246	132 (6)
Slusher Replacement Planning	June 2018	-	-	-	3,500	-	3,500	- (7)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	7,000	9,289	-	7,000	-	7,000	9,289 (8)
Lane Substation Expansion	Sept 2015	4,000	1,893	-	2,000	4,500	6,500	2,620 (9)
<u>Close-Out</u>								
Unified Communications & Network Renewal	Apr 2012	1,637	1,085	-	9,564	6,944	16,508	15,956 (10)
Upper Quad Residential Facilities	May 2013	4,668	4,984	-	35,671	53,729	89,400	88,080 (11)
Residential Door Access Improvements	Dec 2015	757	462	-	7,735	-	7,735	7,440 (12)
O'Shaughnessy Renovation	Apr 2016	16,000	14,443	-	8,867	12,633	21,500	16,674 (13)
Athletic Facilities Improvements	Aug 2016	20,000	26,599	-	37,500	-	37,500	32,696 (14)
TOTAL AUXILIARY ENTERPRISE PROJECTS		60,721	61,413	\$ -	\$ 142,775	\$ 174,913	\$ 317,688	\$ 176,194
GRAND TOTAL		135,942	107,098	\$ 261,332	\$ 191,443	\$ 226,003	\$ 678,778	\$ 285,081

RECOMMENDATION:

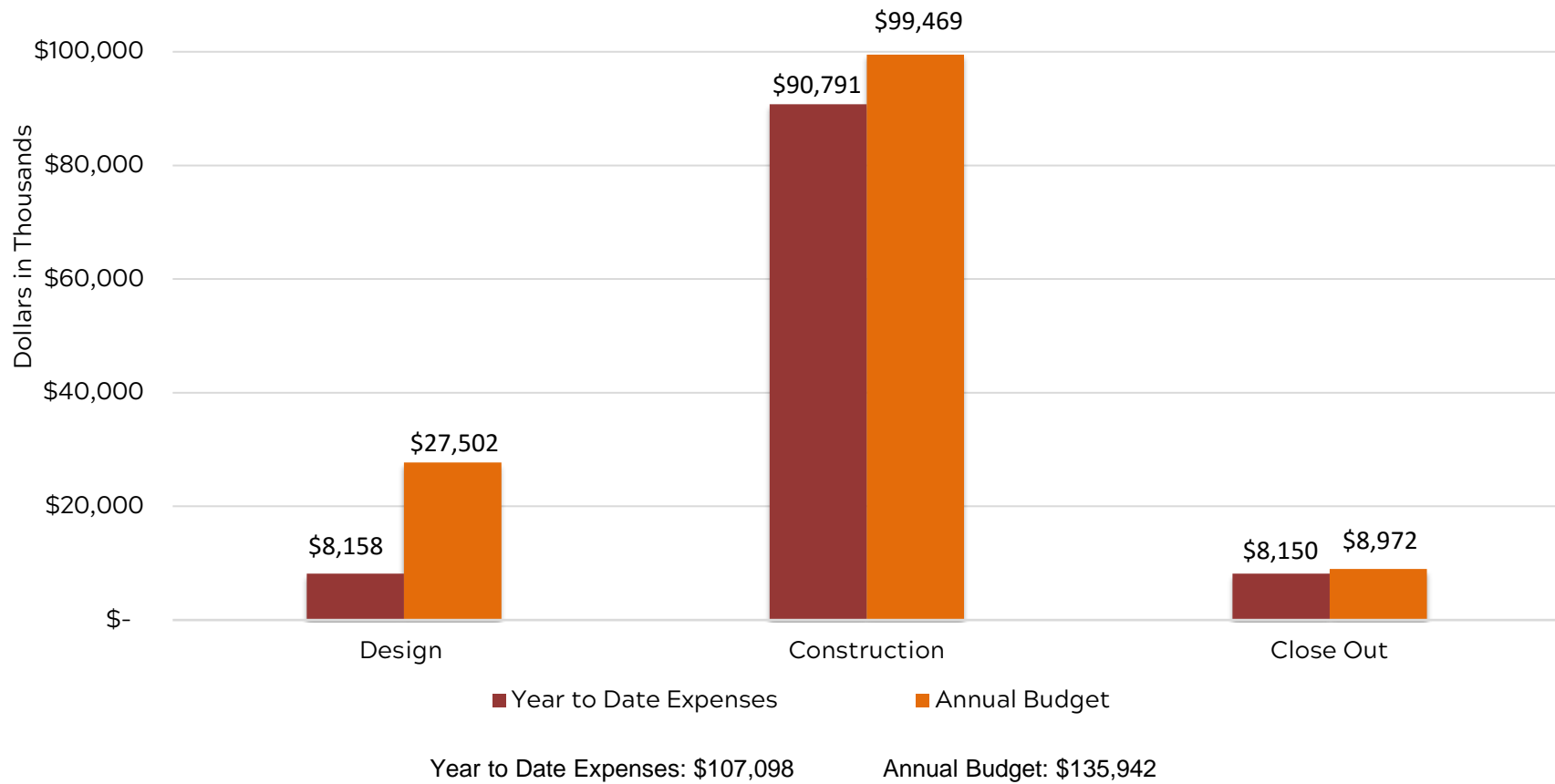
That the report of income and expenditures for the University Division and the Cooperative Extension/Agricultural Experiment Station Division for the period of July 1, 2017 through June 30, 2018 and the Capital Outlay report be approved.

August 27, 2018

Auxiliary Enterprises Projects

1. This project includes improvements to War Memorial Hall for deferred maintenance, code requirements, and installing air conditioning. Renovations to Schiffert Health Center in McComas Hall are included to convert the area vacated by counseling services to accommodate student health services. Schematic design is underway.
2. 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. 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. A \$1.3 million supplement was approved at the June 2018 Board of Visitors meeting increasing the total project authorization from \$7 million to \$8.3 million. Schematic design is underway with occupancy expected fall 2019.
4. 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.
5. 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. The project authorization included a provision for increasing the total project budget up to 10 percent for additional designated gifts which was executed during the fourth quarter. The total project budget increased by \$1.517 million from \$15.516 million to \$16.682 million. Schematic design is underway with occupancy expected in the first calendar quarter of 2021.
6. 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. The project was authorized March 26, 2018 and inserted as a new item in the report for the third quarter. Construction is expected to start October 2018 with occupancy expected March 2019.
7. This project includes planning for the replacement of Slusher Hall through the preliminary design phase. The project was authorized June 4, 2018 and inserted as a new item in the report for the fourth quarter. 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.
8. 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 scheduled maintenance reserve work for fiscal year 2018. The auxiliary maintenance reserve program covers 104 assets with a total replacement value of \$1.1 billion. Year-to-date expenses exceeded the annual budget because several projects were added after the start of the fiscal year and invoices expected in fiscal year 2019 arrived in fiscal year 2018. Resources are available and sufficient to cover the shifted cash outflows, and total expenditures and commitments are within the authorized budget.
9. This project expands the Substation on Innovation Drive. The project includes the purchase and installation of two 28,000 kilovolt-amperes (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.
10. The project was closed in June 2018. The total cost was \$15.956 million and the authorization was underspent.
11. This project is substantially complete. The total cost is expected to be \$89.4 million. The project may be closed and financial accounts terminated when final invoices are received and paid. Year-to-date expenses exceeded the annual budget because invoices expected in fiscal year 2017 arrived in fiscal year 2018. Resources are available and sufficient to cover the shifted cash outflows, and total expenditures and commitments are within the authorized budget.
12. The project was closed in June 2018. The total cost was \$7.440 million and the authorization was underspent.
13. This project is substantially 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.
14. This project is substantially 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.

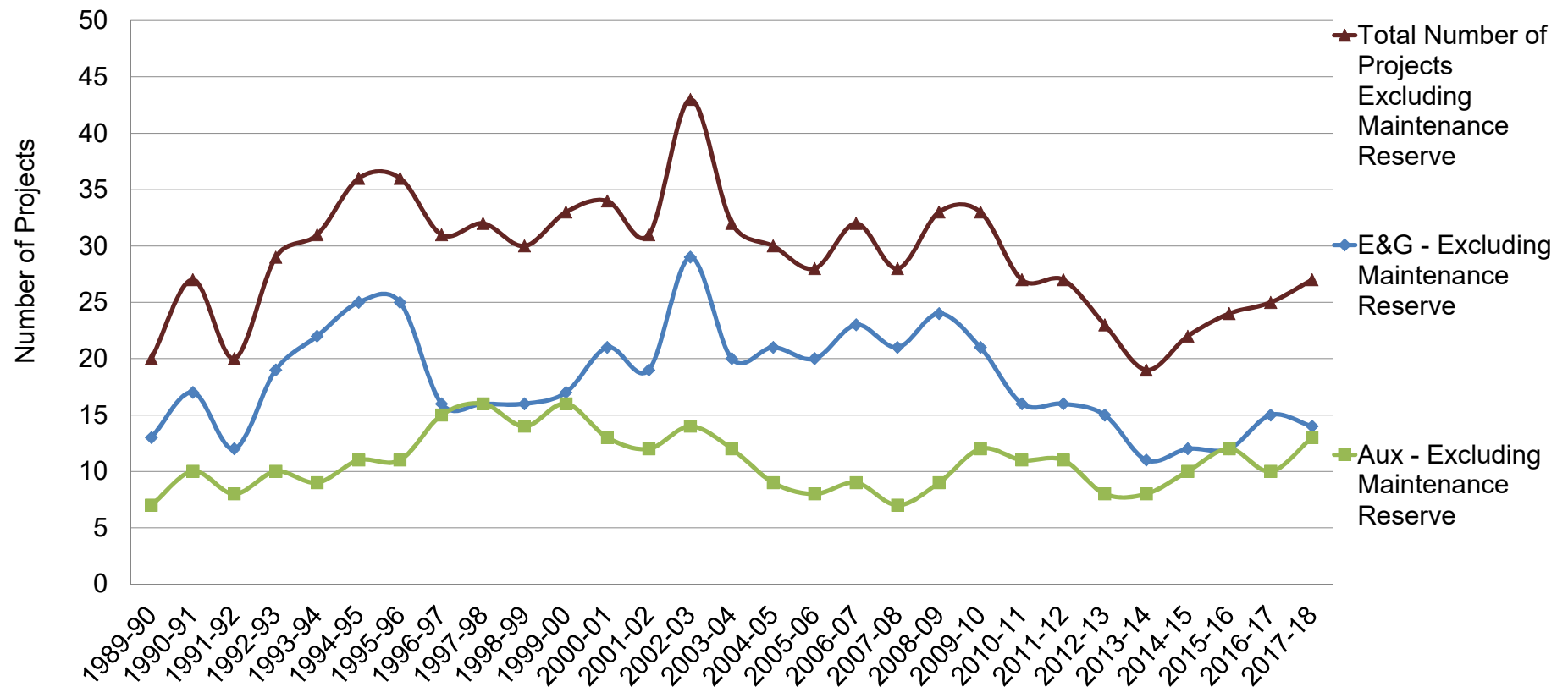
Annual Project Expenditures by Activity Through June 30, 2018



CAPITAL PROGRAM PROJECTS

Total Number of Active Capital Projects

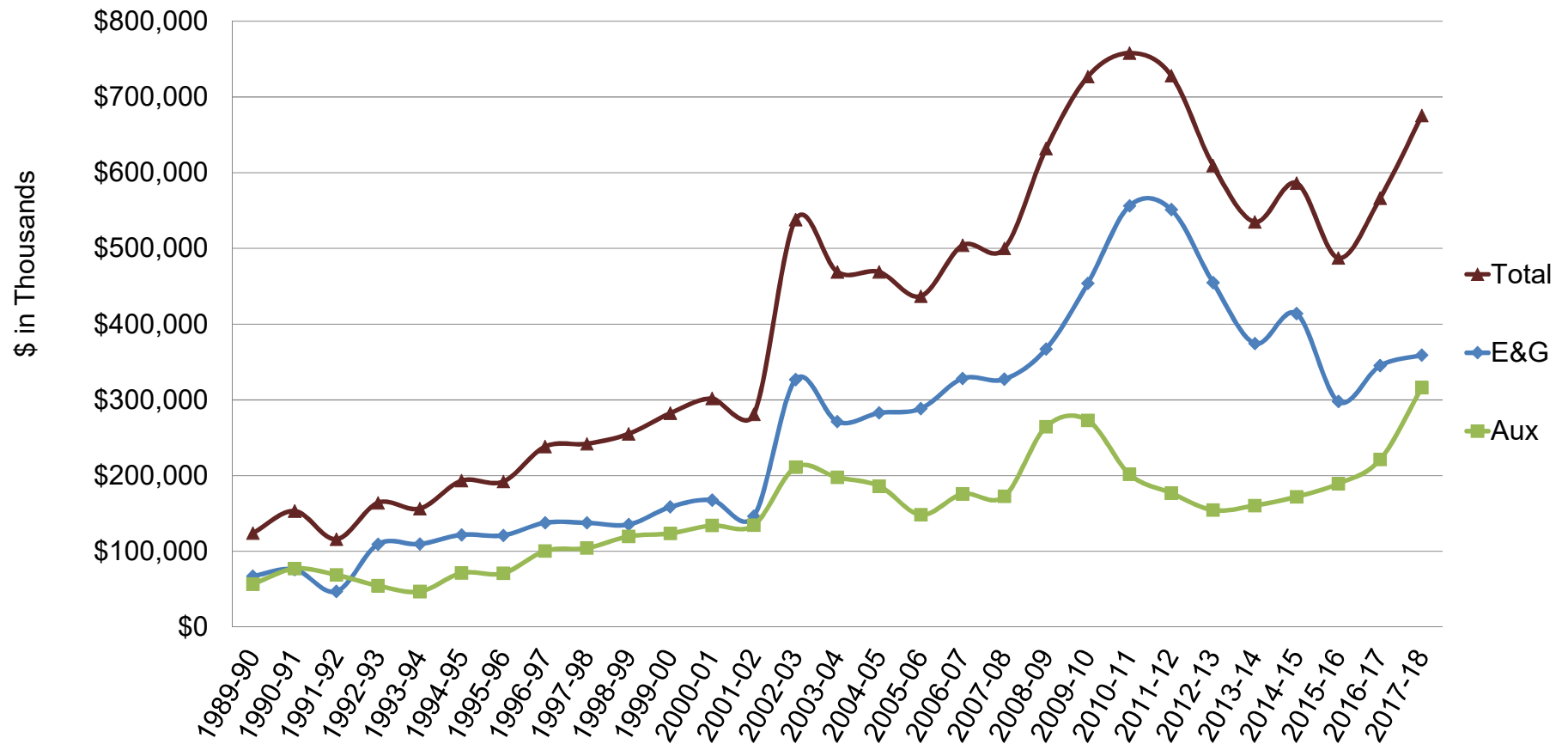
Fiscal Year 1990 - Fiscal Year 2018



CAPITAL PROGRAM TOTAL BUDGET

Total Budget Level of Active Projects

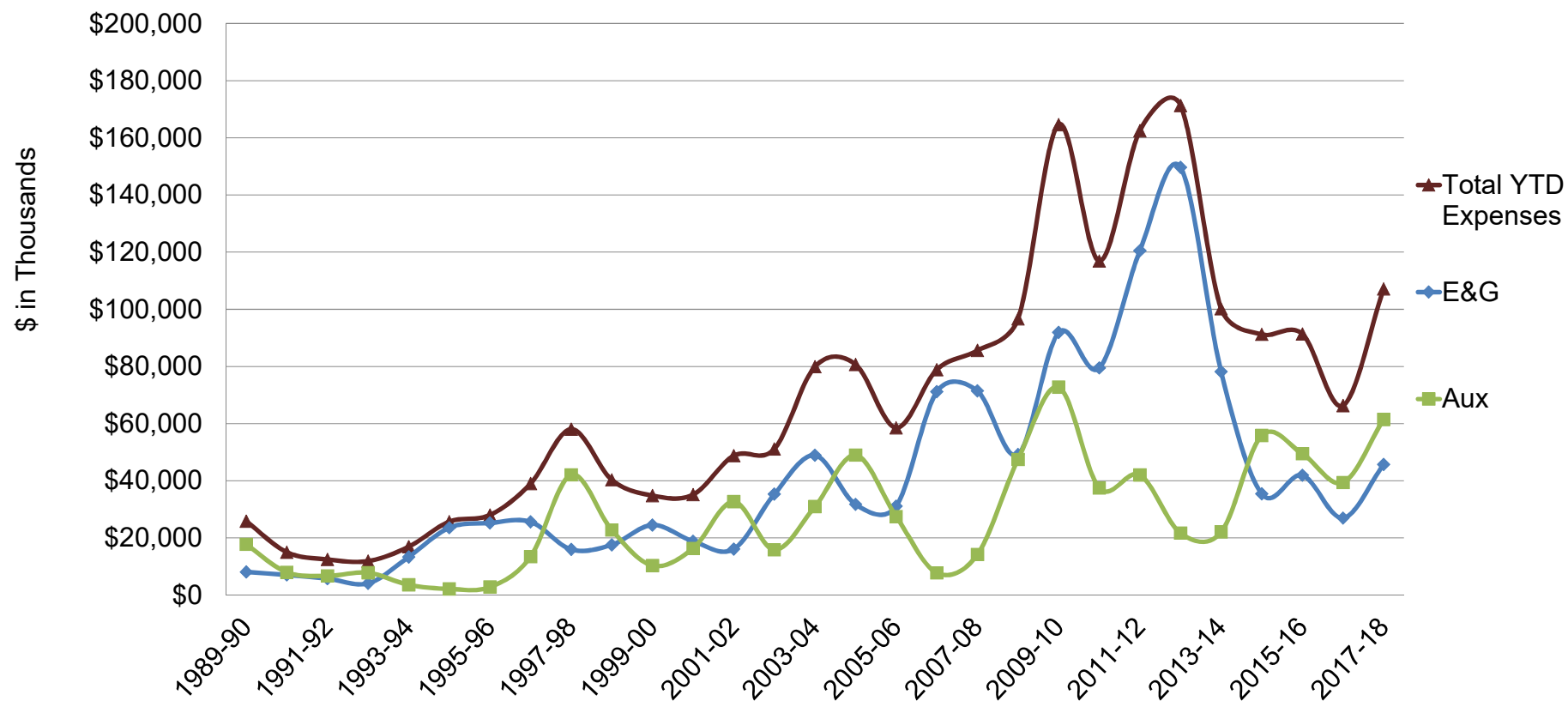
Fiscal Year 1990 - Fiscal Year 2018



CAPITAL PROGRAM EXPENDITURE TREND

Total Annual Expenditures for Active Capital Projects

Fiscal Year 1990 - Fiscal Year 2018



Financial Performance Report

July 1, 2017 - June 30, 2018

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

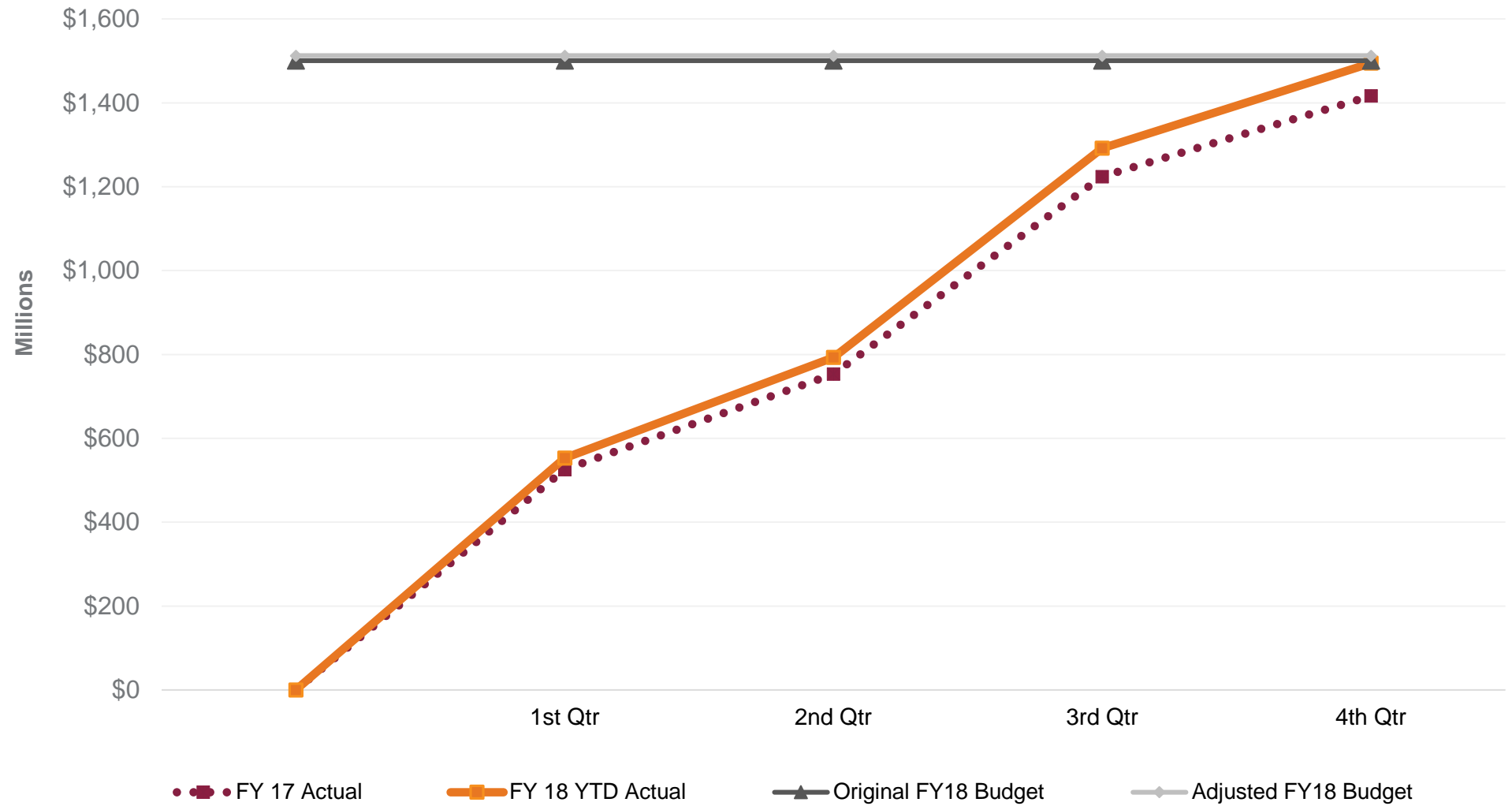
**BOB BROYDEN,
ASSOCIATE VICE PRESIDENT FOR CAPITAL ASSETS AND
FINANCIAL MANAGEMENT**

PRESENTATION AUGUST 27, 2018



Operating Revenue

2016-17 VS 2017-18



Educational & General and Auxiliary Enterprises

4th Quarter 2017-18

Annual Budget Changes

Auxiliary: \$2.5M internal financing of board approved Athletics facilities improvements

Intercollegiate Athletics: Decreased \$1.4 million for realignment of scholarship expenses to private fundraising associated with successful scholarship campaign.

Financial Performance

Education and General Program

- Successfully closed fiscal year in both agencies. E&G funds were fully utilized.
 - University Division bottom line (\$0.7 million): Continuing Education
 - Cooperative Extension/Agricultural Experiment Station bottom line of \$2.2 million: receipt of prior year federal fund drawdowns

Auxiliary Enterprises

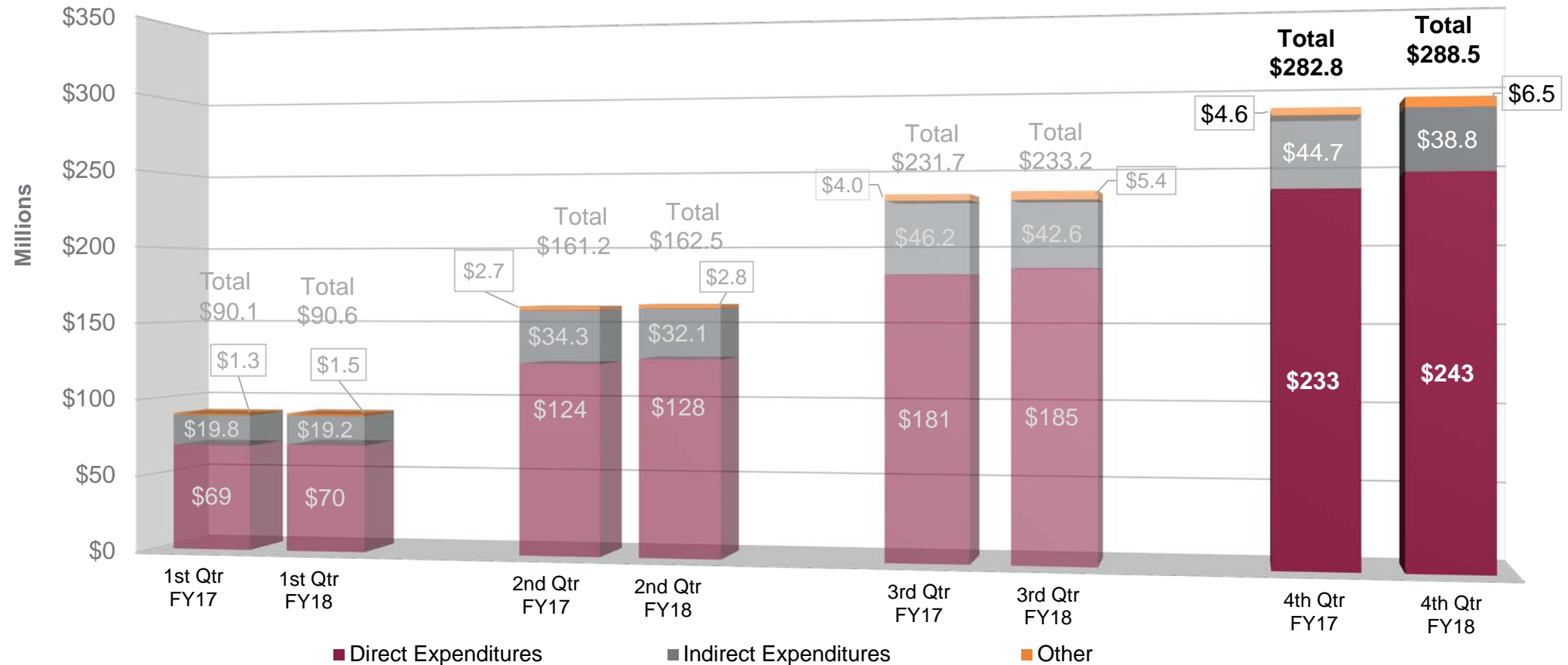
- Auxiliary temporary year end savings due to timing incomplete projects (carryover): \$12 million total (\$6M Housing & Dining)

All Other Programs

- Lower than projected activity due to timing of integration

Sponsored Program Expenditures

2016-17 VS 2017-18



*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



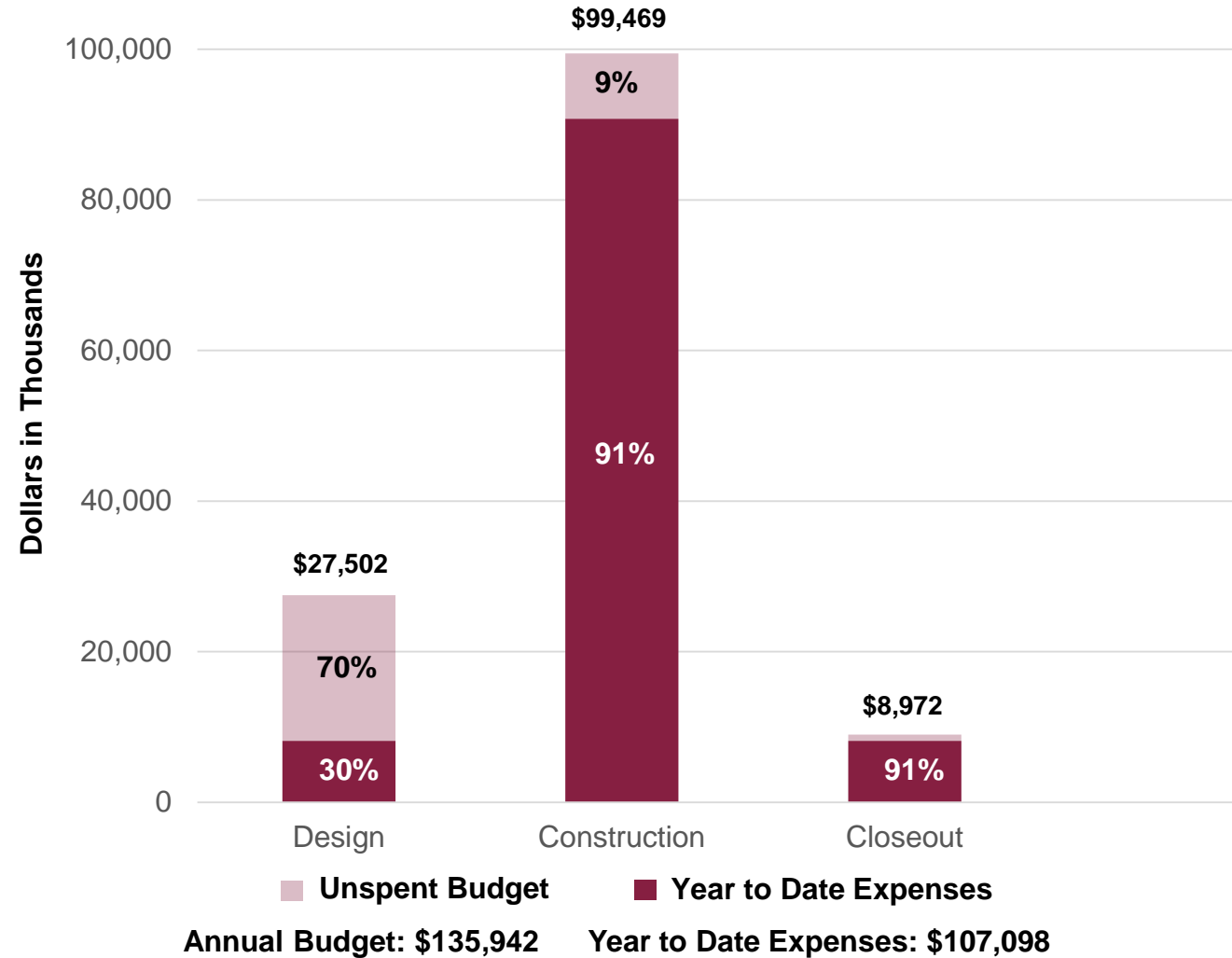
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Key Updates

- Successful bids received:
 - Undergraduate Science Lab Renovations
 - Commonwealth Ballroom Improvements
- Health Science & Technology funding increased
- Capital project threshold increased to \$3 million by State effective July 1, 2018

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, 2017 through June 30, 2018 and the Capital Outlay report be approved.

August 27, 2018