

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

July 1, 2018 to March 31, 2019

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 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.

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 March 31, 2019 and the Capital Outlay report be approved.

June 3, 2019

**OPERATING BUDGET
2018-19**

Attachment BB

Dollars in Thousands

July 1, 2018 to March 31, 2019

Annual Budget for 2018-19

Educational and General Programs

University Division

Revenues

General Fund	\$129,346	\$129,346	\$-0	\$164,427	\$164,247	\$-179 (8)
Tuition and Fees	544,737	542,375	2,362 (1)	552,081	544,996	-7,084 (9)
All Other Income	32,598	34,044	-1,446	44,529	49,406	4,877 (10)
Total Revenues	\$706,681	\$705,765	\$916	\$761,037	\$758,650	\$-2,386

Expenses

Academic Programs	\$-357,511	\$-355,254	\$-2,257 (2)	\$-481,936	\$-478,217	\$3,719
Support Programs	-205,761	-204,829	-932 (3)	-279,100	-280,433	-1,333
Total Expenses	\$-563,272	\$-560,083	\$-3,189	\$-761,037	\$-758,650	\$2,386 (8,9,10)
NET	\$143,409	\$145,682	\$-2,273	\$0	\$0	\$0

CE/AES Division

Revenues

General Fund	\$57,131	\$57,131	\$0	\$71,603	\$72,358	\$755 (11)
Federal Appropriation	14,500	13,402	1,098 (4)	15,640	16,090	450 (12)
All Other Income	841	836	5	880	1,075	195 (13)
Total Revenues	\$72,472	\$71,369	\$1,103	\$88,123	\$89,523	\$1,400

Expenses

Academic Programs	\$-63,448	\$-64,419	\$971	\$-81,175	\$-82,075	\$-900
Support Programs	-4,753	-5,298	545	-6,948	-7,448	-500
Total Expenses	\$-68,201	\$-69,717	\$1,516	\$-88,123	\$-89,523	\$-1,400 (11,12,13)
NET	\$4,271	\$1,652	\$2,619	\$0	\$0	\$0

Auxiliary Enterprises

Revenues	\$293,189	\$292,547	\$642 (5)	\$351,498	\$348,495	\$-3,003 (5)
Expenses	-246,447	-252,178	5,731 (5)	-338,733	-346,933	-8,200 (5)
Reserve Drawdown (Deposit)	-46,742	-40,369	-6,373 (5)	-12,765	-1,562	11,203 (5)
NET	\$0	\$0	\$0	\$0	\$0	\$0

Sponsored Programs

Revenues	\$239,417	\$235,047	\$4,370 (6)	\$322,103	\$322,103	\$0
Expenses	-243,440	-246,538	3,098 (6)	-322,103	-322,103	0
Reserve Drawdown (Deposit)	4,023	11,491	-7,468	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0

Student Financial Assistance

Revenues	\$28,271	\$29,984	\$-1,713	\$30,238	\$30,161	\$-77 (14)
Expenses	-26,913	-29,003	2,090	-30,238	-30,161	77 (14)
Reserve Drawdown (Deposit)	-1,358	-981	-377	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0

All Other Programs *

Revenue	\$5,398	\$5,689	\$-291 (7)	\$7,305	\$7,462	\$157 (15)
Expenses	-3,641	-4,827	1,186 (7)	-7,305	-8,042	-737 (15)
Reserve Drawdown (Deposit)	-1,757	-862	-895 (7)	0	580	580 (15)
NET	\$0	\$0	\$0	\$0	\$0	\$0

Total University

Revenues	\$1,345,428	\$1,340,401	\$5,028	\$1,560,304	\$1,556,394	\$-3,909
Expenses	-1,151,914	-1,162,346	10,432	-1,547,539	-1,555,412	-7,874
Reserve Drawdown (Deposit)	-45,834	-30,721	-15,114	-12,765	-982	11,783
NET	\$147,680	\$147,334	\$346	\$0	\$0	\$0

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

OPERATING BUDGET

1. Tuition and Fee revenue collections are ahead of projections due to the timing of tuition and fee collection.
2. Expenditures are higher than projected due to timing of instructional and research program expenditures.
3. Expenditures are higher than projected due to timing of one-time projects for energy conservation and minor renovations.
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 drawdowns that were requested in 2017-18 but received in 2018-19.
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 program revenues are greater than projected and total sponsored research expenses are lower than projected. The sponsored research expenditures are 7.3% greater than March 31, 2018.
7. Revenue and Expenses for All Other Programs were less than projected due to timing and lower than projected Surplus Property activity.
8. The annual budget for the University Division General Fund has been decreased \$0.18 million to align internal budgets with the actual central appropriation distribution.
9. During the Fall, 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 tuition and fee budgets have been increased \$3.4 million in the third quarter for stronger than projected Winter and Spring enrollments. The corresponding expenditure budgets have been adjusted accordingly.
10. The All Other Income revenue budget for the University Division has been increased \$0.6 million during finalization of the Sales and Services and Continuing Education budgets. The budget was increased the second quarter \$0.78 million for higher than projected activity in the Veterinary Teaching Hospital and miscellaneous earmarked revenues and \$0.3 million for higher than projected activity in the Equine Medical Center. The budget was increased \$3.25 million for higher than projected activity in Continuing Education Programs for the Language and Culture Institute and other programs. The corresponding expenditure budgets have been adjusted accordingly.
11. The Cooperative Extension/Agriculture Experiment State Division General Fund revenue budget was increased \$0.2 million for the Soil Scientist Program, \$0.5 million for operation and maintenance of facilities and \$0.12 million to implement the 95% fund split in Agency 229, and decreased \$0.07 million for the central appropriation distribution. The corresponding expenditure budgets have been adjusted accordingly.
12. 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.
13. The Cooperative Extension budget was increased \$0.07 million for Continuing Education programming and increased by \$0.12 million for increased milk sale revenue. The corresponding expenditure budgets have been adjusted accordingly.
14. The Student Financial Assistance revenue and expenditure budgets were decreased \$0.1 million for a technical accounting change.
15. 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 BB

Dollars in Thousands

	July 1, 2018 to March 31, 2019			Annual Budget for 2018-19		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	\$115,920	\$114,911	\$1,010	\$127,115	\$124,415	\$-2,700 (4)
Expenses	-85,840	-86,767	927	-120,708	-123,651	-2,943 (4,5,6)
Reserve Drawdown (Deposit)	-30,080	-28,144	-1,937	-6,407	-764	5,643 (4,5,6)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Parking and Transportation						
Revenues	\$13,450	\$13,421	\$29	\$15,061	\$15,061	\$0
Expenses	-9,593	-10,413	819	-14,485	-16,191	-1,706 (5,6,7)
Reserve Drawdown (Deposit)	-3,857	-3,008	-849	-576	1,130	1,706 (5,6,7)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications Services						
Revenues	\$17,544	\$18,898	\$-1,354 (1)	\$22,551	\$22,488	\$-63 (8)
Expenses	-14,330	-16,130	1,799 (1)	-22,299	-23,099	-800 (5,6,8)
Reserve Drawdown (Deposit)	-3,213	-2,768	-445 (1)	-252	611	863 (5,6,8)
Net	\$0	\$0	\$0	\$0	\$0	\$0
University Services * **						
Revenues	\$49,946	\$50,335	\$-388 (2)	\$51,566	\$51,570	\$4 (9)
Expenses	-36,951	-39,150	2,199 (2)	-50,843	-52,869	-2,026 (5,6,9)
Reserve Drawdown (Deposit)	-12,995	-11,185	-1,810 (2)	-723	1,299	2,022 (5,6,9)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics *						
Revenues	\$52,792	\$52,597	\$195	\$74,527	\$78,080	\$3,553 (10)
Expenses	-62,064	-60,882	-1,181 (3)	-72,762	-77,337	-4,575 (5,6,10)
Reserve Drawdown (Deposit)	9,272	8,285	986 (3)	-1,765	-743	1,022 (5,6,10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Electric Service *						
Revenues	\$24,991	\$24,665	\$327	\$36,893	\$34,052	\$-2,841 (11)
Expenses	-21,737	-22,119	382	-\$36,683	-33,593	3,090 (5,6,11)
Reserve Drawdown (Deposit)	-3,254	-2,545	-709	-210	-459	-249 (5,6,11)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Inn at Virginia Tech/Skelton Conf. Center						
Revenues	\$8,581	\$8,479	\$102	\$12,000	\$11,573	\$-427 (12)
Expenses	-10,614	-10,758	145	-12,170	-12,431	-261 (5,6,12)
Reserve Drawdown (Deposit)	2,032	2,279	-247	170	858	688 (5,6,12)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions ***						
Revenues	\$9,963	\$9,242	\$721	\$11,785	\$11,256	\$-529 (13)
Expenses	-5,318	-5,959	641	-8,783	-7,762	1,021 (5,6,13)
Reserve Drawdown (Deposit)	-4,645	-3,283	-1,363	-3,002	-3,494	-492 (5,6,13)
Net	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AUXILIARIES						
Revenues	\$293,189	\$292,547	\$642	\$351,498	\$348,495	\$-3,003
Expenses	-246,447	-252,178	5,731	-338,733	-346,933	-8,200
Reserve Drawdown (Deposit)	-46,742	-40,369	-6,373	-12,765	-1,562	11,203
Net	\$0	\$0	\$0	\$0	\$0	\$0

* University Systems include Dormitory and Dining Hall System, Electric Service Utility System, University Services System, and Athletic Facilities 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, Tailor Shop and Clearing Accounts.

AUXILIARY ENTERPRISE BUDGET

1. 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.
2. 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.
3. Expenses for Intercollegiate Athletics are higher than projected due to higher than anticipated sport related expenses.
4. The projected annual revenue and expense budgets for Residence and Dining Halls were decreased \$2.7 million for lower than anticipated residence hall occupancy and dining meal plan sales. Annual expense and reserve budgets were decreased \$0.2 million to align budgets for board approved Residence Hall projects.
5. The projected annual expense and reserve budgets for Auxiliary Enterprises were decreased \$0.5 million to align budgets for approved university compensation actions.
6. 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.
7. The projected annual expense and reserve budgets for Parking and Transportation Services were increased \$0.2 million for one-time unrelated business income tax expenses, \$1.1 million for construction of a remote parking lot, and \$0.3M for equipment upgrades.
8. The projected annual revenue, expense, and reserve budgets for Telecommunications Services were decreased to align with anticipated business activity levels.
9. The projected annual revenue, expense, and reserve budgets for the University Services System were increased \$15 thousand for cultural center support and music rights contracts, \$4 thousand for internship program registration fees, \$0.2 million for a replacement ambulance and defibrillators, and decreased \$56 thousand for realignment of drone cage support.
10. The projected annual revenue, expense, and reserve budgets for Intercollegiate Athletics were increased \$3.6 million to accommodate additional revenue of \$1 million the football team's participation in the Military Bowl, \$1.7 million in self-generated revenue, and \$0.9 million in private fundraising for the indoor practice facility. Annual expense and reserve budgets were increased \$3.3 million to accommodate increases of \$0.7 million for Military Bowl expenses, \$0.3 million postseason bonuses, \$0.7 million for sports expenses, \$0.7 million for operating expenses, and \$0.9 million for indoor practice facility capital project.
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 and decreased 0.7 million for substation capital project savings.
12. The projected annual revenue, expense, and reserve budgets for the Inn at Virginia Tech and Skelton Conference Center were decreased 0.4 million for lower than projected business volume including the cancellation of the ECU football game.
13. The projected annual revenue, expense, and reserve budgets for Other Enterprise Functions were increased for Hokie Passport Office personnel support and operating, \$1.6 million internal financing of board approved Athletics facilities improvements project, technical accounting alignments, health care plan participation, Library Photocopy and Café equipment replacement, scholarship expenses in Licensing and Trademark, and software sales increased business volume. The revenue, expense, and reserve budgets were decreased for a one-time reduction in Tailor Shop revenue, technical accounting alignments, and decreased printing services business volume.

CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF March 31, 2019
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>								
Agriculture Production Facilities	Oct 2016	\$ 1,800	\$ 421	\$ 22,136	\$ -	\$ -	\$ 22,136	\$ 803 (1)
Chiller Plant Phase II	Oct 2016	4,200	828	31,377	-	9,909	41,286	2,221 (2)
Holden Hall Renovation	Oct 2016	3,000	1,294	44,386	-	17,500	61,886	3,484 (3)
Planning: Intelligent Infrastructure and Construction Complex	Apr 2017	1,400	1,096	-	6,000	-	6,000	1,193 (4)
Planning: Undergraduate Science Laboratory Building	Jul 2017	1,400	102	-	3,084	-	3,084	1,509 (5)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	12,000	8,466	15,530	-	-	15,530	8,466 (6)
Improve Kentland Facilities	Sep 2013	5,000	248	12,463	-	-	12,463	1,171 (7)
Renovate Undergraduate Science Laboratories	Jul 2016	5,000	2,784	-	10,000	-	10,000	4,160 (8)
Health Sciences & Technology	Oct 2016	33,000	24,781	51,554	-	40,142	91,696	31,693 (9)
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	3,500	2,336	-	6,800	-	6,800	2,360 (10)
<u>Close-Out</u>								
Academic Buildings Renewal	Sep 2013	10,990	7,379	35,029	-	-	35,029	31,418 (11)
Address Fire Alarm Systems and Access	Jun 2014	686	529	4,891	-	-	4,891	4,110 (12)
Biocomplexity Data Center	Sep 2015	450	229	-	5,900	-	5,900	5,481 (13)
Eastern Shore AREC Storage Building	Apr 2016	-	-	-	535	-	535	478 (14)
Acquisition - Falls Church UVA Interest	Apr 2019	-	-	-	-	8,230	8,230	- (15)
Acquisition - Falls Church Property	Apr 2019	-	-	-	-	2,850	2,850	- (16)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		\$ 82,426	\$ 50,493	\$ 217,366	\$ 32,319	\$ 78,631	\$ 328,316	\$ 98,546

CAPITAL OUTLAY BUDGET

Education and General Projects

1. 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 facilities at the Blacksburg campus and three nearby university production and research farms. Preliminary design is underway with construction expected to start September 2019.
2. 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. Bids were received March 7th and the low bid exceeds the authorized budget. Work is underway to infuse additional State and nongeneral fund resources in order to award the low bid.
3. 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. Working drawings are underway with construction expected to start July 2019.
4. Planning – Intelligent Infrastructure and Construction Complex: This planning project is for Hitt Hall, the Fusion Laboratories, and a new dining center. Criteria document development for a Design-Build delivery is underway with construction expected to start February 2020. The overall funding plan for the project includes \$25 million of private gifts, \$33 million of debt for the dining program, and \$10 million of debt for the instruction program.
5. 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. Preliminary design is underway with working drawings expected to be complete December 2019. The project is positioned to start construction upon State approval of construction funding, anticipated July 2020.
6. 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.
7. 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 and start construction without delay, the university infused a temporary \$3.1 million nongeneral fund budget in the project. The State subsequently approved permanent supplemental funding for the project effective July 1, 2019.
8. 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.
9. 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 April 2020.
10. 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. Demolition of the existing boiler is underway with installation of the new boiler expected to start February 2020.
11. Academic Buildings Renewal: This project is complete and may be closed and financial accounts terminated when final invoices are received and paid.
12. Address Fire Alarm Systems and Access: This project is closed and will be removed at the close of the fiscal year.
13. Biocomplexity Data Center: This project is closed and will be removed at the close of the fiscal year.
14. Eastern Shore AREC Storage Building: This project is closed and will be removed at the close of the fiscal year.
15. Acquisition – Falls Church UVA Interest: This project was established to acquire all of UVA's right, title, and interest in the universities' shared fee simple title ownership and shared leasehold interest in the Falls Church Center for a total cost of \$8.23 million. The transaction process is underway.
16. 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 fiscal year 2021, and the university is working with the City of Falls Church to accelerate the transaction timing.

Capital Outlay Projects Authorized as of March 31, 2019 (Continued)

Dollars in Thousands

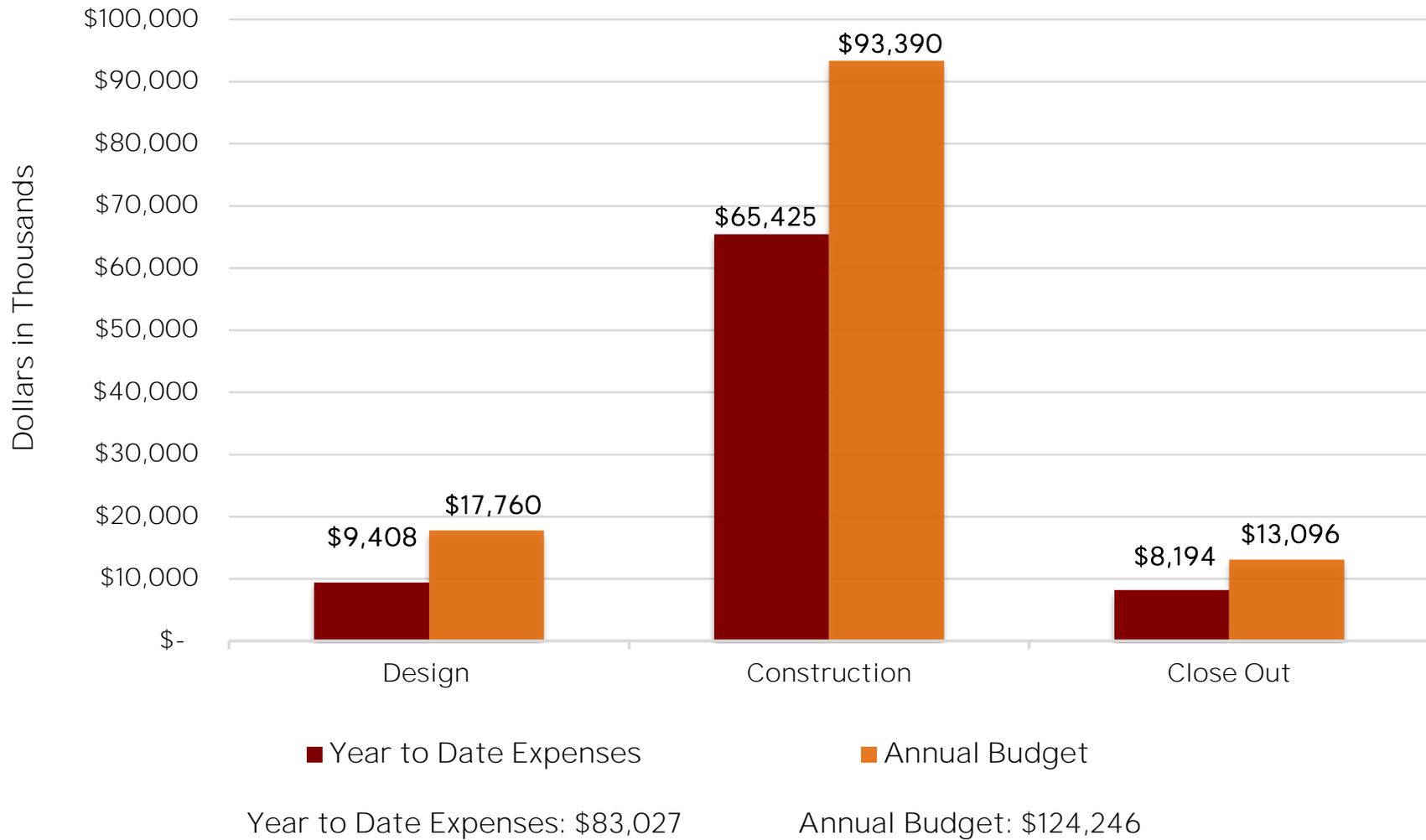
PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					
	ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES	
AUXILIARY ENTERPRISE PROJECTS								
<u>Design Phase</u>								
Student Wellness Improvements	Jun 2016	\$ 2,300	\$ 958	\$ -	\$ 13,310	\$ 44,690	\$ 58,000	\$ 2,521 (1)
Dietrick First Floor and Plaza Renovation	Sept 2017	1,000	131	-	5,000	3,300	8,300	271 (2)
Student-Athlete Performance Center	Mar 2018	1,600	1,050	-	16,682	-	16,682	1,372 (3)
Planning: Slusher Replacement Planning	June 2018	1,750	23	-	3,500	-	3,500	23 (4)
Planning: Athletics Weight Room Renovation & Expansion	Aug 2018	500	13	-	700	-	700	13 (5)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	12,000	7,134	-	12,000	-	12,000	7,134 (6)
Lane Substation Expansion	Sept 2015	1,500	718	-	1,249	5,251	6,500	3,338 (7)
Creativity & Innovation District Residence Hall	Oct 2016	3,000	6,060	-	15,880	89,620	105,500	7,209 (8)
ACC Network Studio	Mar 2018	7,500	6,976	-	-	10,000	10,000	7,109 (9)
<u>Close-Out</u>								
Upper Quad Residential Facilities	May 2013	620	109	-	35,671	53,029	88,700	88,189 (10)
O'Shaughnessy Renovation	Apr 2016	4,500	4,358	-	8,867	12,633	21,500	21,032 (11)
Athletic Facilities Improvements	Aug 2016	3,050	2,969	-	37,500	-	37,500	35,665 (12)
Commonwealth Ballroom Improvements	Mar 2018	2,500	2,035	-	3,246	-	3,246	2,167 (13)
TOTAL AUXILIARY ENTERPRISE PROJECTS		\$ 41,820	\$ 32,534	\$ -	\$ 153,605	\$ 218,523	\$ 372,128	\$ 176,043
GRAND TOTAL		\$ 124,246	\$ 83,027	\$ 217,366	\$ 185,924	\$ 297,153	\$ 700,443	\$ 274,589

CAPITAL OUTLAY BUDGET (Continued)

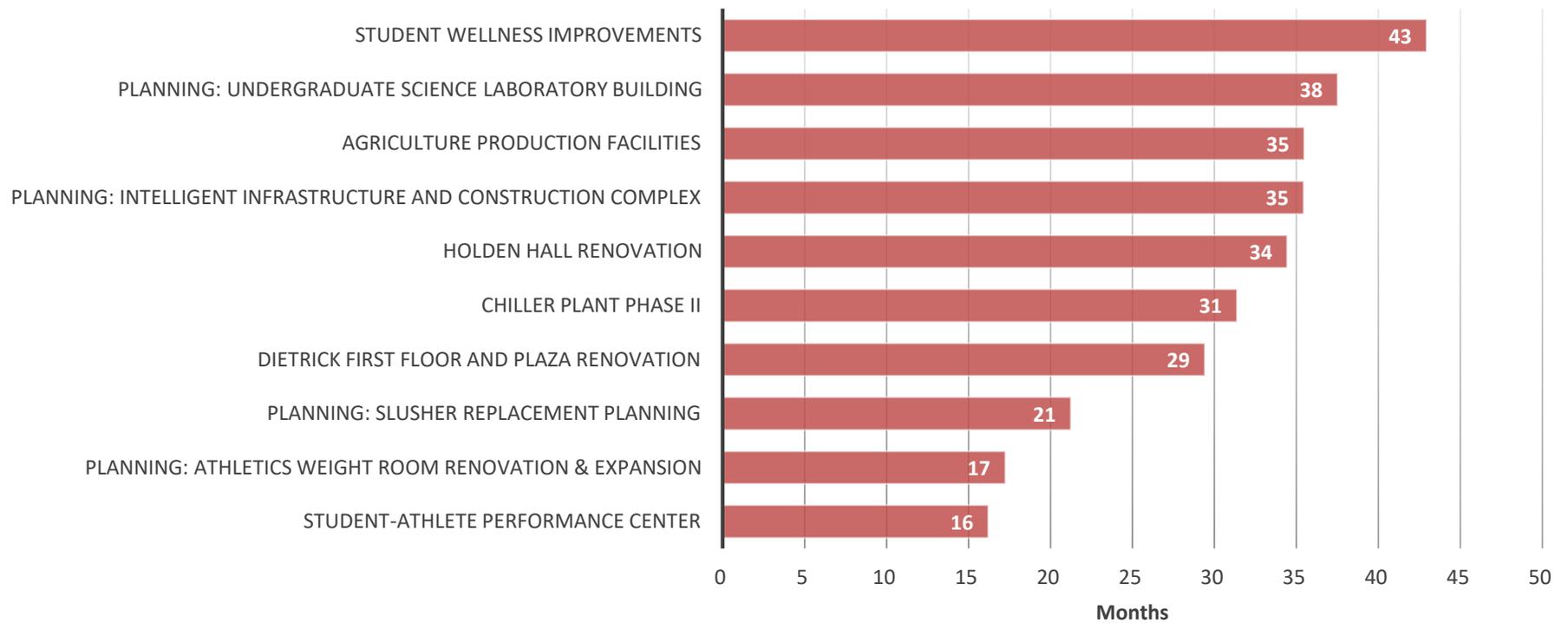
Auxiliary Enterprise Projects

1. Student Wellness Improvements: The project scope and cost was adjusted at the November 2018 meeting. Counseling will be housed in a separate building through a capital lease with the Foundation and the total budget has been reduced by \$5 million, from \$63 million to \$58 million. This ensures all programmatic needs are achieved and all renovations and refurbishments to War Memorial and McComas Halls are complete to the level envisioned. Preliminary design is underway with construction expected to start December 2019.
2. 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 opening date was deferred to August 2020 from August 2019 to accommodate hiring a new A/E firm.
3. 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. Working Drawings are underway with construction expected to start July 2019.
4. Planning – Slusher Replacement: 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.
5. 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.
6. 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.
7. 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.
8. Creativity & Innovation District Residence Hall: This project is a new residential community with approximately 596 beds, including 176 beds for student-athletes, and academic collaborative spaces to support creativity and innovation programs. Utility work is underway with foundation work starting June 2019 and completion expected August 2021. Year-to-date expenses exceeded the annual budget because activities expected in fiscal year 2020 were advanced to fiscal year 2019 to manage the project schedule. Resources are available and sufficient to cover the shifted cash outflows, and total expenditures and commitments remain within the authorized budget.
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. Construction is underway with occupancy expected July 2019.
10. Upper Quad Residential Facilities: This project is closed and will be removed at the close of the fiscal year.
11. 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.
12. 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.
13. Commonwealth Ballroom Improvements: This project is complete. The total cost is expected to be \$3.246 million. The project may be closed and financial accounts terminated when final invoices are received and paid.

Annual Project Expenditures by Activity Through Second Quarter Ended March 31, 2019



Projected Design Spending Periods (Project Initiated to Construction Start)



Financial Performance Report

July 1, 2018 - March 31, 2019

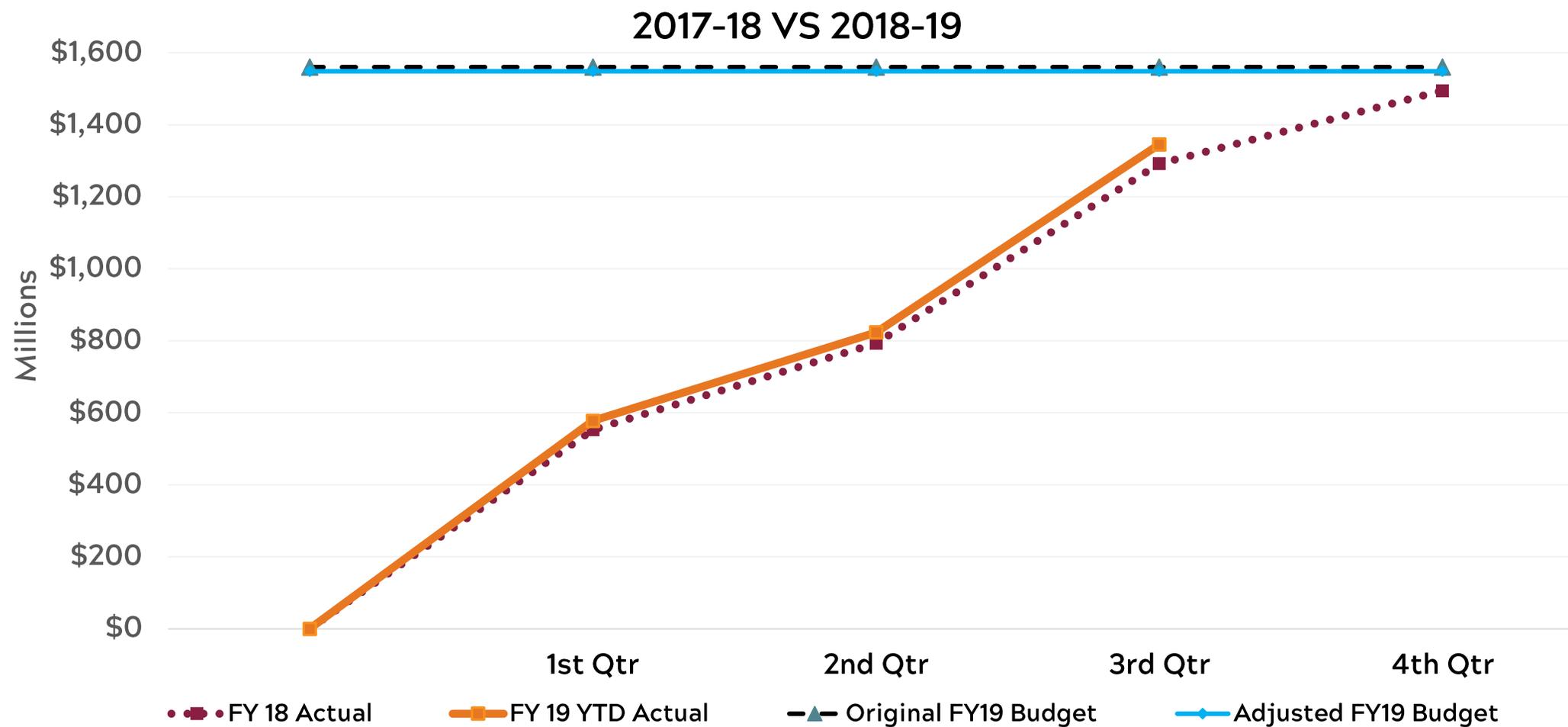
*TIM HODGE, ASSOCIATE VICE PRESIDENT FOR
BUDGET AND FINANCIAL PLANNING*

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

JUNE 3, 2019



Operating Revenue



Educational & General Budget

3rd Quarter - 2018-19

- *University Division*
 - *Tuition and Fee*
 - *\$0.8 million increase for stronger than projected winter session activity*
 - *\$2.6 million increase for stronger than projected spring enrollment*
 - *Equine Medical Center: \$0.3 million increase for higher patient load.*
 - *Continuing Education: \$3.25 million increase - Language and Culture Institute and CE programs.*
- *Cooperative Extension/Agricultural Experiment Station*
 - *General Fund: \$0.1 million increase to correct the state's share of fringe benefit costs.*
 - *Self-generated: \$0.1 million increase for stronger than projected milk sales.*

Auxiliary Enterprises

3rd Quarter - 2018-19

Annual Budget Changes

Auxiliary Enterprises

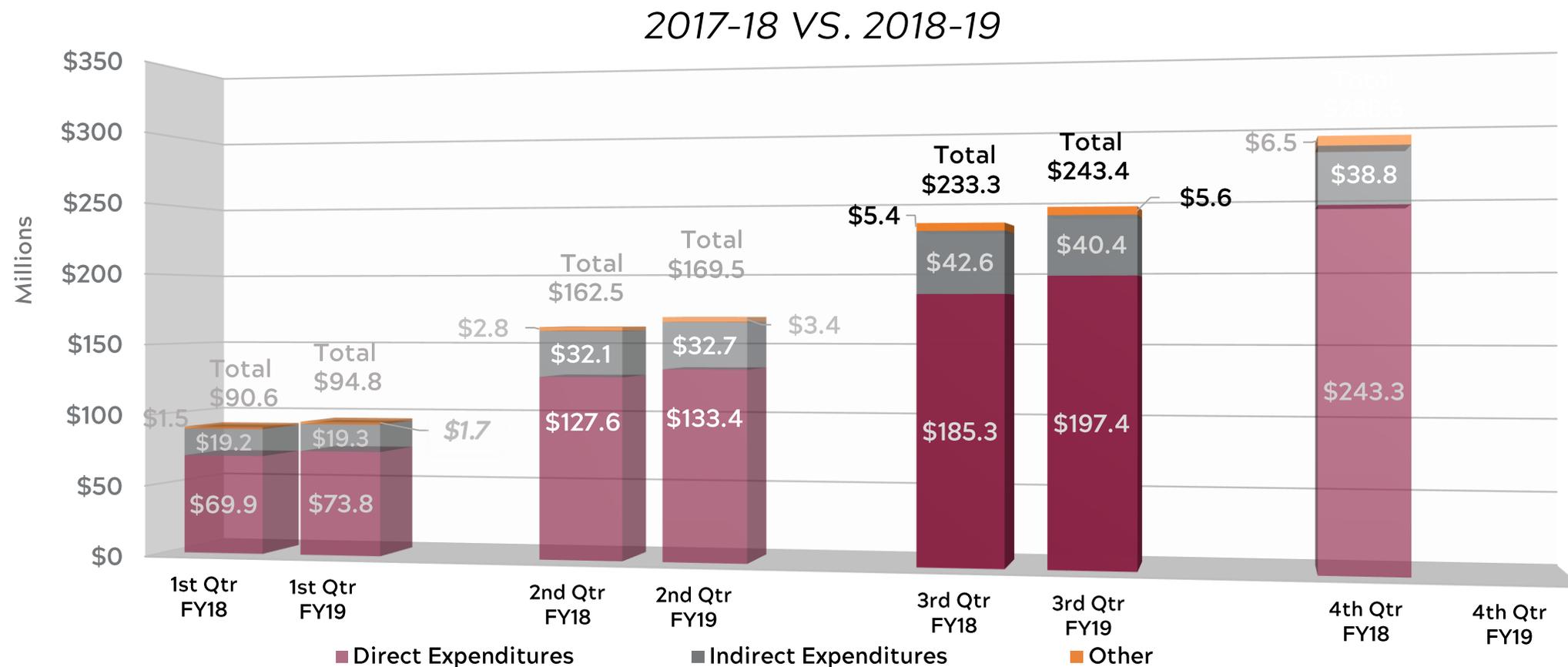
- Higher than project business volume
Residential \$0.5 million,
Lower business volume
Dining Halls (\$0.8 million)
- Athletics \$2.6 million increased revenue and expense for sports, operating, and facility projects
- Electric Service decreased \$0.7 million for substation capital project savings

Financial Performance

Auxiliary Enterprises

- Athletics: Higher than projected expenses (\$1.2 million) due to higher the anticipated sport related expenses
- Telecommunications: Lower than projected revenues (\$1.3 million) and expenses \$1.8 million due to lower than anticipated special projects volume
- Other programs are on target

Sponsored Program Expenditures



Capital Outlay Key Measures



Project authorizations
fully funded



Commitments and expenditures
within authorized budgets



Spending on pace with
budget plan

Annual Budget Performance



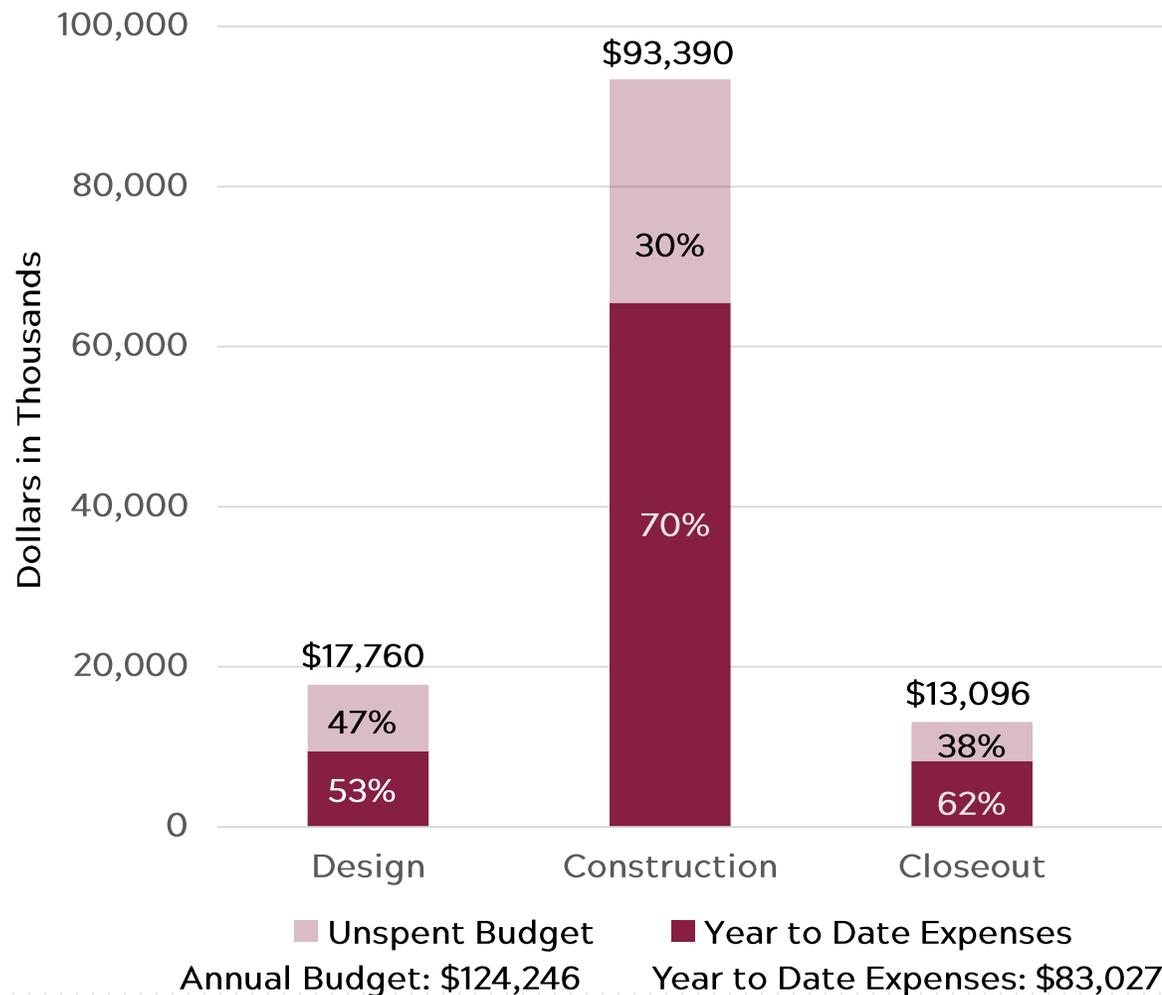
10
Design



9
Construction



10
Closeout



Planning Activity Underway

- *Chiller Plant, Phase II*
- *Student-Athlete Performance Center*
- *Holden Hall Renovation*
- *Agriculture Production Facilities*
- *Athletics Weight Room Renovation & Expansion*
- *Student Wellness Improvements*
- *Dietrick First Floor and Plaza Renovation*
- *Slusher Replacement*
- *Intelligent Infrastructure and Construction Complex*
- *Undergraduate Science Laboratory Building*

Expected Construction

June 2019

July 2019

July 2019

September 2019

December 2019

December 2019

January 2020

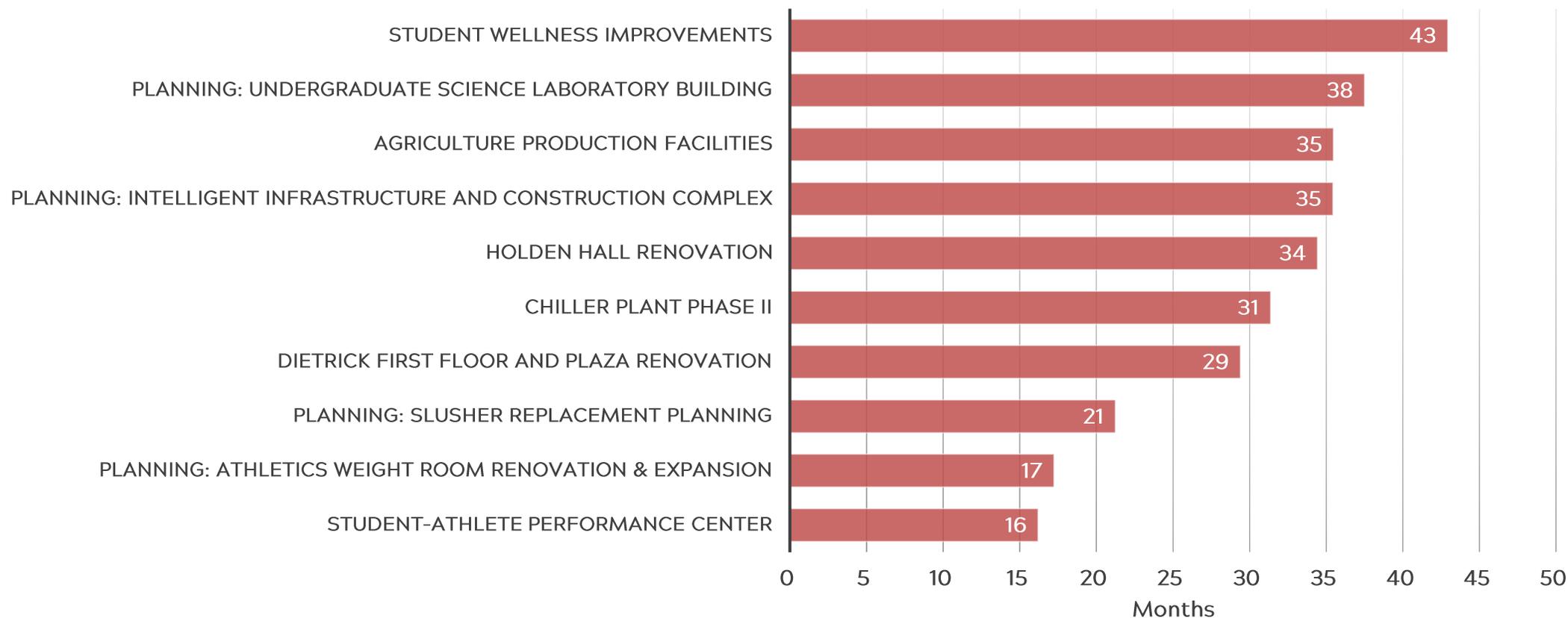
February 2020

February 2020

July 2020

Projected Design Spending Period

Projected Design Spending Periods (Project Initiated to Construction Start)



Construction Spending

Expected Occupancy

- | | |
|--|---------------|
| ▪ ACC Network Studio | July 2019 |
| ▪ Lane Substation Improvements | July 2019 |
| ▪ Renovate Undergraduate Science Labs | August 2019 |
| ▪ Gas Fired Boiler | February 2020 |
| ▪ Health Sciences and Technology | April 2020 |
| ▪ Improve Kentland Facilities | April 2020 |
| ▪ Creativity and Innovation Residence Hall | August 2021 |
| ----- | |
| ▪ Applied Projects Building (capital lease) | May 2019 |
| ▪ Replace Turbo Research Lab (capital lease) | Fall 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 March 31, 2019 and the Capital Outlay report be approved.

June 3, 2019