

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

July 1, 2018 to December 31, 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 December 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 December 31, 2018 and the Capital Outlay report be approved.

March 31, 2019

OPERATING BUDGET

2018-19

Dollars in Thousands

	July 1, 2018 to December 31, 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	\$88,271	\$88,271	\$0	\$164,427	\$164,247	\$-179 (6)
Tuition and Fees	308,408	309,367	-959 (1)	552,081	541,602	-10,479 (7)
All Other Income	22,888	22,048	840	44,529	45,881	1,352 (8)
Total Revenues	\$419,567	\$419,686	\$-119	\$761,037	\$751,730	\$-9,306
<u>Expenses</u>						
Academic Programs	\$-235,695	\$-234,038	\$-1,657	\$-481,936	\$-475,499	\$6,438
Support Programs	-140,034	-137,932	-2,102	-279,100	-276,232	2,868
Total Expenses	\$-375,729	\$-371,970	\$-3,759	\$-761,037	\$-751,731	\$9,306 (6,7,8)
NET	\$43,838	\$47,716	\$-3,878	\$0	\$0	\$0
<u>CE/AES Division</u>						
<u>Revenues</u>						
General Fund	\$39,021	\$39,021	\$0	\$71,603	\$72,229	\$626 (9)
Federal Appropriation	11,764	12,247	-483 (2)	15,640	16,090	450 (9)
All Other Income	606	405	201	880	950	70 (9)
Total Revenues	\$51,391	\$51,673	\$-282	\$88,123	\$89,269	\$1,146
<u>Expenses</u>						
Academic Programs	\$-42,824	\$-43,787	\$963	\$-81,175	\$-81,820	\$-645
Support Programs	-3,177	-3,489	312	-6,948	-7,448	-500
Total Expenses	\$-46,001	\$-47,276	\$1,275	\$-88,123	\$-89,269	\$-1,146 (9)
NET	\$5,390	\$4,397	\$993	\$0	\$0	\$0
Auxiliary Enterprises						
Revenues	\$178,532	\$179,572	\$-1,040 (3)	\$351,498	\$347,055	\$-4,443 (3)
Expenses	-179,174	-184,435	5,261 (3)	-338,733	-348,829	-10,096 (3)
Reserve Drawdown (Deposit)	642	4,863	-4,221 (3)	-12,765	1,774	14,539 (3)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Sponsored Programs						
Revenues	\$156,219	\$149,782	\$6,437 (4)	\$322,103	\$322,103	\$0
Expenses	-169,524	-167,886	-1,638 (4)	-322,103	-322,103	0
Reserve Drawdown (Deposit)	13,305	18,104	-4,799	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance						
Revenues	\$14,106	\$15,147	\$-1,041	\$30,091	\$30,161	\$70 (10)
Expenses	-14,042	-15,013	971	-30,091	-30,161	-70 (10)
Reserve Drawdown (Deposit)	-64	-134	70	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
All Other Programs *						
Revenue	\$3,414	\$3,748	\$-334 (5)	\$7,305	\$7,462	\$157 (11)
Expenses	-2,356	-2,929	573 (5)	-7,305	-8,042	-737 (11)
Reserve Drawdown (Deposit)	-1,058	-819	-239	0	580	580 (11)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Total University						
Revenues	\$823,229	\$819,608	\$3,621	\$1,560,157	\$1,547,780	\$-12,376
Expenses	-786,826	-789,509	2,683	-1,547,392	-1,550,134	-2,743
Reserve Drawdown (Deposit)	12,825	22,014	-9,189	-12,765	2,354	15,119
NET	\$49,228	\$52,113	\$-2,885	\$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 behind projections due to the timing of tuition and fee collection.
2. 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.
3. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
4. 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 and expenses are greater than projected. Sponsored research expenditures are 5.3% greater than December 31, 2017.
5. Revenue and Expenses for All Other Programs were less than projected due to timing and lower than projected Surplus Property activity.
6. 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.
7. 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.
8. 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. The corresponding expenditure budgets have been adjusted accordingly.
9. The Cooperative Extension/Agriculture Experiment State Division General Fund revenue budget was increased \$0.2 million for the Soil Scientist Program and \$0.5 million for operation and maintenance of facilities and decreased \$0.07 million for the central appropriation distribution. The Federal funds revenue budget was increased \$0.45 million for carryover of unexpended federal funds from prior year. The Cooperative Extension budget was increased \$0.07 million for extension programming. The corresponding expenditure budgets have been adjusted accordingly.
10. The Student Financial Assistance revenue and expenditure budgets were increased \$0.07 million for a technical accounting change.
11. 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**

Dollars in Thousands

	July 1, 2018 to December 31, 2018			Annual Budget for 2018-19		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	\$65,948	\$65,706	\$242	\$127,115	\$124,715	\$-2,400 (5)
Expenses	-64,935	-65,655	720 (1)	-120,708	-123,951	-3,243 (5,6,7)
Reserve Drawdown (Deposit)	-1,013	-51	-962 (1)	-6,407	-764	5,643 (5,6,7)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Parking and Transportation						
Revenues	\$9,412	\$9,281	\$131	\$15,061	\$15,061	\$0
Expenses	-7,279	-7,554	275	-14,485	-16,165	-1,680 (6,7,8)
Reserve Drawdown (Deposit)	-2,133	-1,727	-406	-576	1,104	1,680 (6,7,8)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications Services						
Revenues	\$11,223	\$12,217	\$-994 (2)	\$22,551	\$22,488	\$-63 (9)
Expenses	-10,214	-11,725	1,511 (2)	-22,299	-23,099	-800 (6,7,9)
Reserve Drawdown (Deposit)	-1,009	-492	-517 (2)	-252	611	863 (6,7,9)
Net	\$0	\$0	\$0	\$0	\$0	\$0
University Services * **						
Revenues	\$28,795	\$29,285	\$-490 (3)	\$51,566	\$51,570	\$4 (10)
Expenses	-26,577	-28,002	1,425 (3)	-50,843	-52,671	-1,828 (6,7,10)
Reserve Drawdown (Deposit)	-2,218	-1,283	-935 (3)	-723	1,101	1,824 (6,7,10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics *						
Revenues	\$33,034	\$33,409	\$-375	\$74,527	\$75,546	\$1,019 (11)
Expenses	-40,650	-40,807	157	-72,762	-74,838	-2,076 (6,7,11)
Reserve Drawdown (Deposit)	7,616	7,398	218	-1,765	-708	1,057 (6,7,11)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Electric Service *						
Revenues	\$16,384	\$15,967	\$417	\$36,893	\$34,052	\$-2,841 (12)
Expenses	-15,510	-16,246	736	-\$36,683	-34,345	2,338 (6,7,12)
Reserve Drawdown (Deposit)	-874	279	-1,153	-210	293	503 (6,7,12)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Inn at Virginia Tech/Skelton Conf. Center						
Revenues	\$5,767	\$5,982	\$-215 (4)	\$12,000	\$12,000	\$0
Expenses	-7,426	-7,236	-190 (4)	-12,170	-12,597	-427 (6,7)
Reserve Drawdown (Deposit)	1,659	1,254	405 (4)	170	597	427 (6,7)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions ***						
Revenues	\$7,969	\$7,725	\$244	\$11,785	\$11,623	\$-162 (13)
Expenses	-6,583	-7,210	627	-8,783	-11,163	-2,380 (6,7,13)
Reserve Drawdown (Deposit)	-1,386	-515	-871	-3,002	-460	2,542 (6,7,13)
Net	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AUXILIARIES						
Revenues	\$178,532	\$179,572	\$-1,040	\$351,498	\$347,055	\$-4,443
Expenses	-179,174	-184,435	5,261	-338,733	-348,829	-10,096
Reserve Drawdown (Deposit)	642	4,863	-4,221	-12,765	1,774	14,539
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, Tailor Shop and Clearing Accounts.

AUXILIARY ENTERPRISE BUDGET

1. Expenses in Residence and Dining Halls are lower than projected due to timing of operating and project expenses.
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 for the Inn at Virginia Tech and Skelton Conference Center are lower than projected due to lower than forecasted business volume. Expenses are higher than projected due to timing of one-time projects. A budget adjustment will be developed during the third quarter.
5. The projected annual revenue and expense budgets for Residence and Dining Halls were decreased \$2.4 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.
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 construction of a remote parking lot.
9. The projected annual revenue, expense, and reserve budgets for Telecommunications Services were decreased for an anticipated reduction in business volume.
10. 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, and decreased \$56 thousand for realignment of drone cage support.
11. The projected annual revenue, expense, and reserve budgets for Intercollegiate Athletics were increased to accommodate additional revenue of \$1 million and expenses of \$0.7 million for the football team's participation in the Military Bowl.
12. 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.
13. The projected annual revenue, expense, and reserve budget for Other Enterprise Functions were increased for Hokie Passport Office personnel support, \$1.6 million internal financing of board approved Athletics facilities improvements project, technical accounting alignments, health care plan participation, Library Photocopy equipment replacement, and scholarship expenses in Licensing and Trademark. The revenue budget was decreased for a one-time reduction in Tailor Shop revenue.

CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF December 31, 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>								
Agriculture Production Facilities	Oct 2016	\$ 1,800	\$ 418	\$ 22,136	\$ -	\$ -	\$ 22,136	\$ 799 (1)
Chiller Plant Phase II	Oct 2016	4,200	536	31,377	-	9,909	41,286	1,928 (2)
Holden Hall Renovation	Oct 2016	3,000	660	44,386	-	17,500	61,886	2,850 (3)
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	3,500	894	-	6,800	-	6,800	918 (4)
Planning: Intelligent Infrastructure and Construction Complex	Apr 2017	1,400	747	-	6,000	-	6,000	844 (5)
Planning: Undergraduate Science Laboratory Building	Jul 2017	1,400	49	-	3,084	-	3,084	1,457 (6)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	12,000	5,867	15,530	-	-	15,530	5,867 (7)
Improve Kentland Facilities	Sep 2013	5,000	38	9,363	-	-	9,363	962 (8)
Academic Buildings Renewal	Sep 2013	10,990	6,199	35,029	-	-	35,029	30,238 (9)
Renovate Undergraduate Science Laboratories	Jul 2016	5,000	633	-	10,000	-	10,000	2,009 (10)
Health Sciences & Technology	Oct 2016	33,000	13,088	51,554	-	40,142	91,696	20,000 (11)
<u>Close-Out</u>								
Address Fire Alarm Systems and Access	Jun 2014	686	503	4,891	-	-	4,891	4,084 (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)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		\$ 82,426	\$ 29,860	\$ 214,266	\$ 32,319	\$ 67,551	\$ 314,136	\$ 77,914

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. Working drawings are underway with construction expected to start April 2019.
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. 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 April 2019.
5. 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 August 2019. 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.
6. 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.
7. 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.
8. 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, the university infused a temporary \$3.1 million nongeneral fund budget in the project and submitted a supplement request to the state for permanent funding.
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 was occupied in October, and Sandy Hall is scheduled for occupancy May 2019.
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 April 2020.
12. Address Fire Alarm Systems and Access: This project is closed and will be removed from the report at the close of the fiscal year.
13. Biocomplexity Data Center: This project is closed and will be removed from the report at the close of the fiscal year.
14. Eastern Shore AREC Storage Building: This project is closed and will be removed from the report at the close of the fiscal year.

Capital Outlay Projects Authorized as of December 31, 2018 (Continued)

Dollars in Thousands

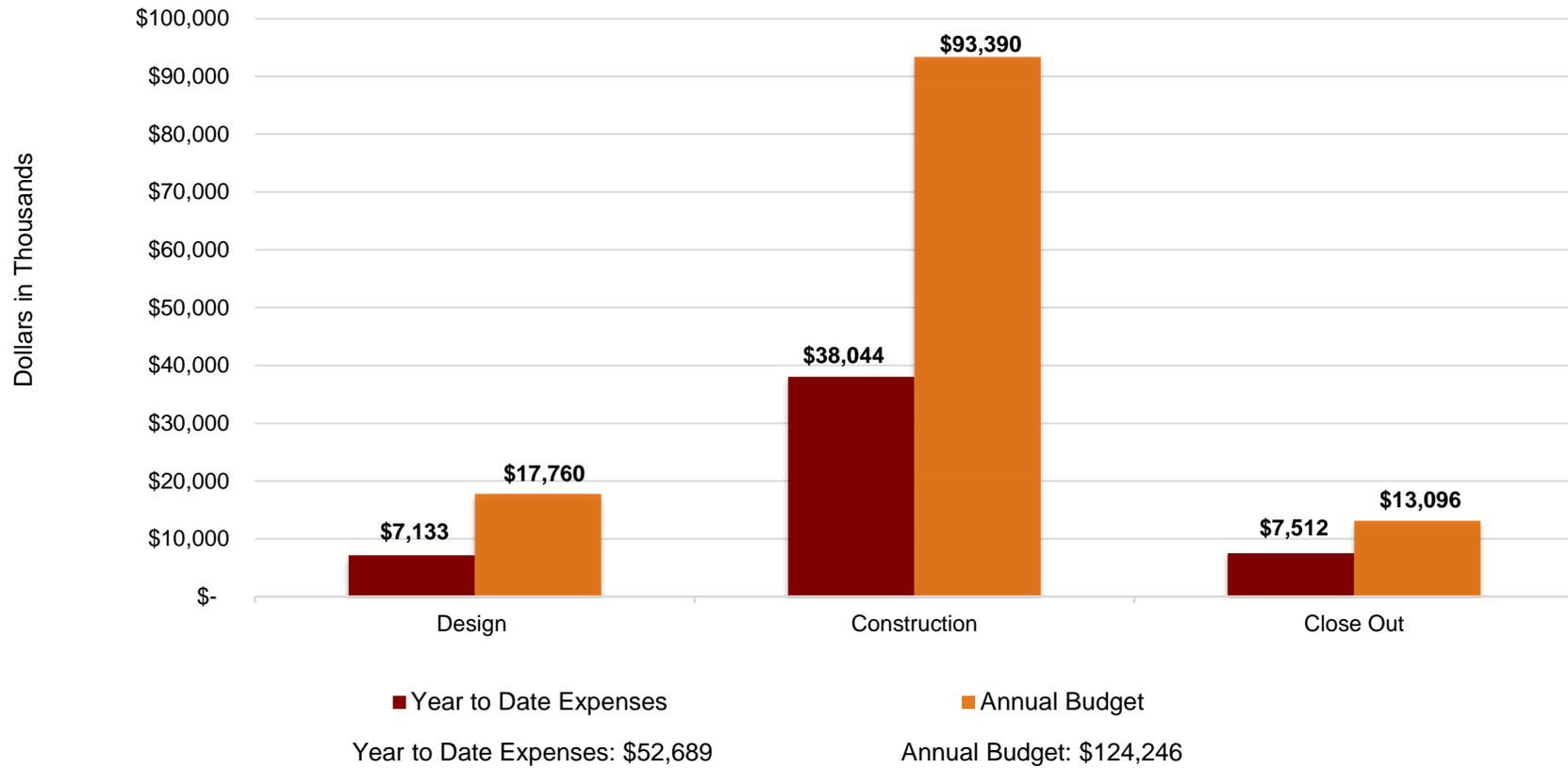
PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					
	ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES	
AUXILIARY ENTERPRISE PROJECTS								
<u>Design Phase</u>								
Student Wellness Improvements	Jun 2016	\$ 2,300	\$ 755	\$ -	\$ 13,310	\$ 44,690	\$ 58,000	\$ 2,318 (1)
Creativity & Innovation District Residence Hall	Oct 2016	3,000	2,517	-	15,880	89,620	105,500	3,666 (2)
Dietrick First Floor and Plaza Renovation	Sept 2017	1,000	125	-	5,000	3,300	8,300	264 (3)
Student-Athlete Performance Center	Mar 2018	1,600	419	-	16,682	-	16,682	741 (4)
Planning: Slusher Replacement Planning	June 2018	1,750	6	-	3,500	-	3,500	6 (5)
Planning: Athletics Weight Room Renovation & Expansion	Aug 2018	500	7	-	700	-	700	7 (6)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	12,000	6,112	-	12,000	-	12,000	6,112 (7)
Lane Substation Expansion	Sept 2015	1,500	651	-	2,000	4,500	6,500	3,271 (8)
ACC Network Studio	Mar 2018	7,500	4,778	-	-	10,000	10,000	4,911 (9)
Commonwealth Ballroom Improvements	Mar 2018	2,500	679	-	3,246	-	3,246	811 (10)
<u>Close-Out</u>								
Upper Quad Residential Facilities	May 2013	620	109	-	35,671	53,029	88,700	88,189 (11)
O'Shaughnessy Renovation	Apr 2016	4,500	4,035	-	8,867	12,633	21,500	20,709 (12)
Athletic Facilities Improvements	Aug 2016	3,050	2,636	-	37,500	-	37,500	35,333 (13)
TOTAL AUXILIARY ENTERPRISE PROJECTS		\$ 41,820	\$ 22,828	\$ -	\$ 154,356	\$ 217,772	\$ 372,128	\$ 166,337
GRAND TOTAL		\$ 124,246	\$ 52,689	\$ 214,266	\$ 186,675	\$ 285,323	\$ 686,263	\$ 244,251

CAPITAL OUTLAY BUDGET (Continued)

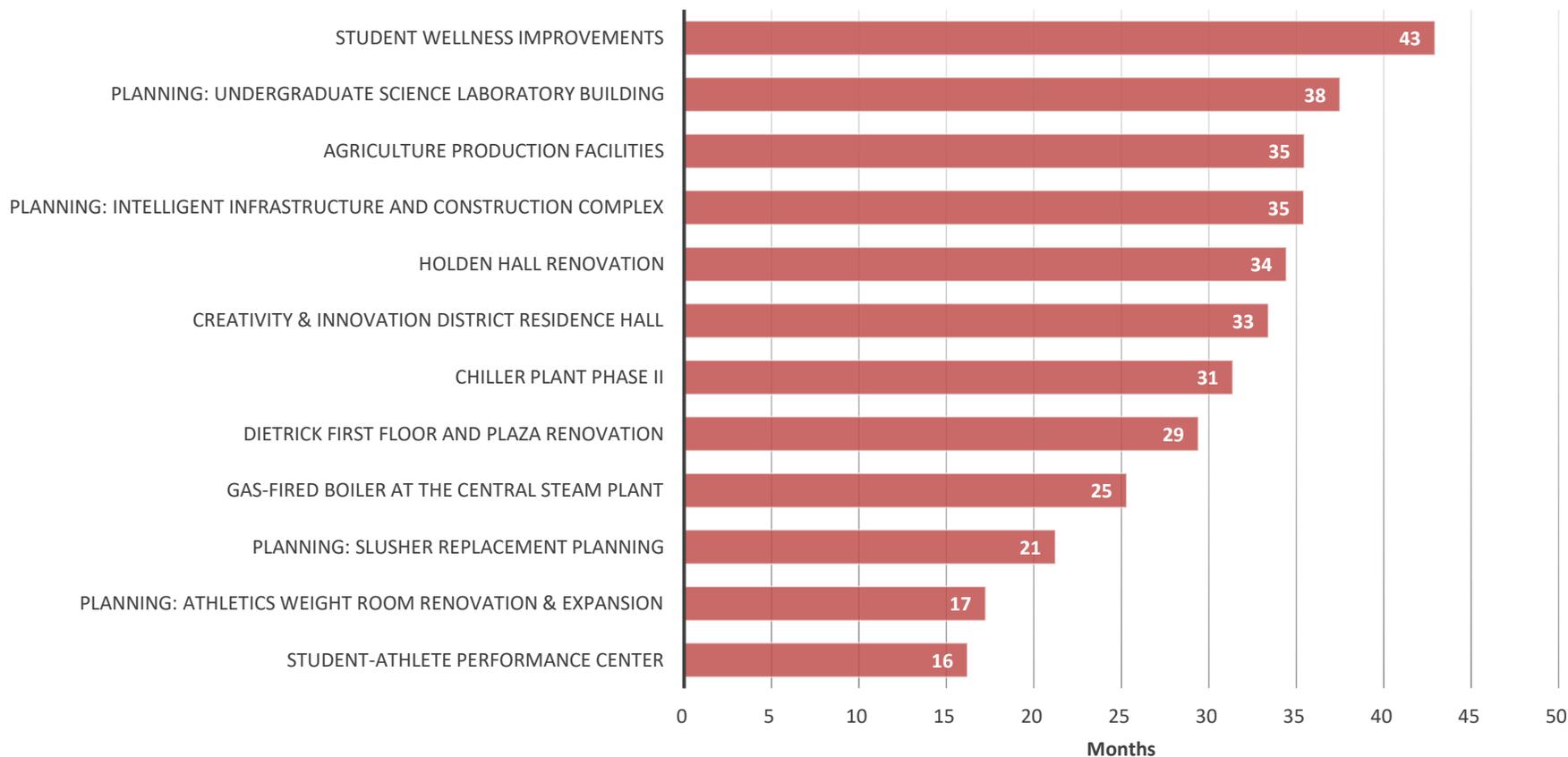
Auxiliary Enterprise Projects

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. 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. Preliminary design is underway with utility work starting in March and foundation work starting in June 2019.
3. Dietrick First Floor and Plaza Renovation: This project includes refurbishing the first floor of Dietrick Hall, inserting a modern food service venue, enclosing a portion of the overhang, and improvements to the outdoor plaza. The opening date is deferred to August 2020 from August 2019 to accommodate hiring a new A/E firm.
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. Working Drawings are underway with construction expected June 2019.
5. 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.
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. Construction is underway with occupancy expected May 2019.
10. Commonwealth Ballroom Improvements: This project refurbishes and updates outdated and nonfunctioning lighting systems, stage systems, ceiling tiles, and air handlers. Installation of a Skyfold dividing wall will increase usage capabilities of the Commonwealth Ballroom. Construction is underway 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 December 31, 2018



Projected Design Spending Periods (Project Initiated to Construction Start)



Financial Performance Report

July 1, 2018 - December 31, 2018

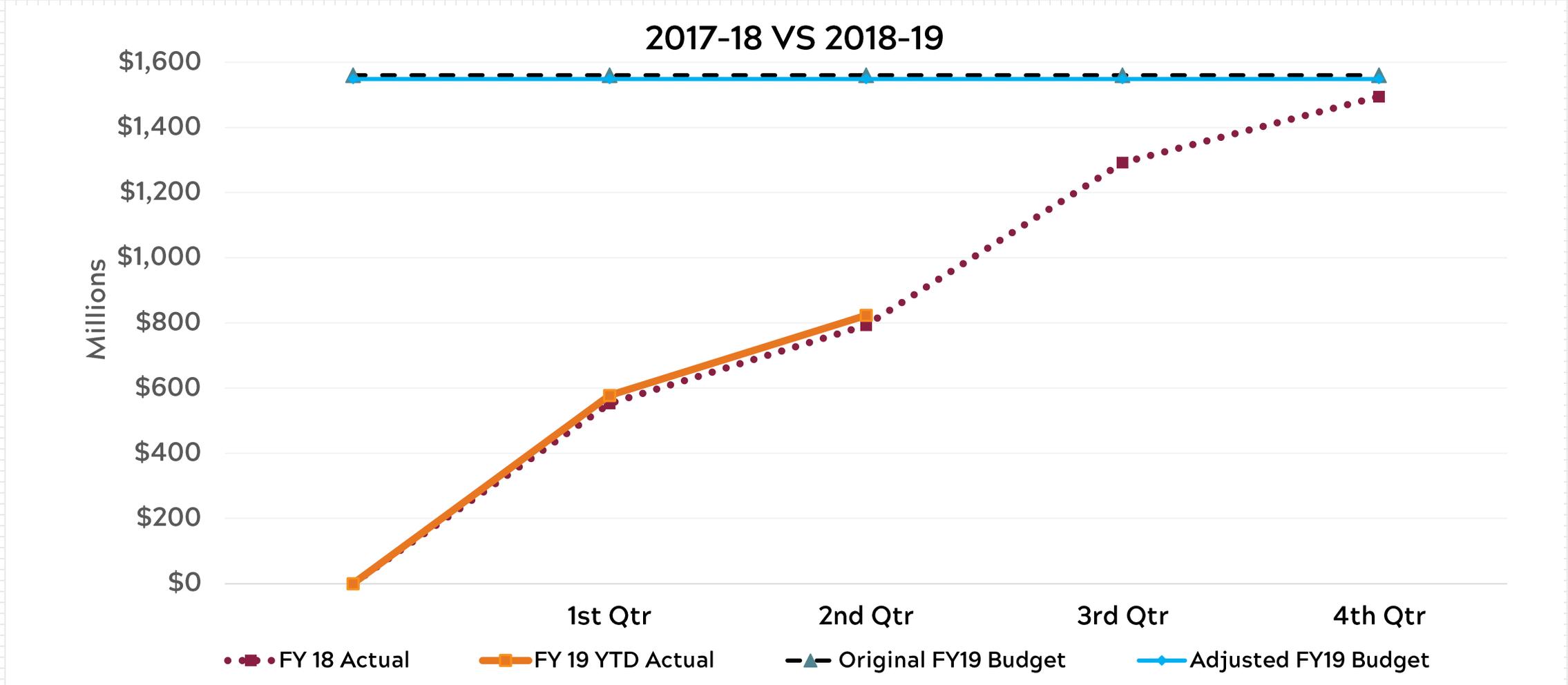
*TIM HODGE, ASSOCIATE VICE PRESIDENT OF BUDGET
AND FINANCIAL PLANNING*

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

MARCH 31, 2019



Operating Revenue



Auxiliary Enterprises

2ND Quarter - 2018-19

Annual Budget Changes

Auxiliary Enterprises

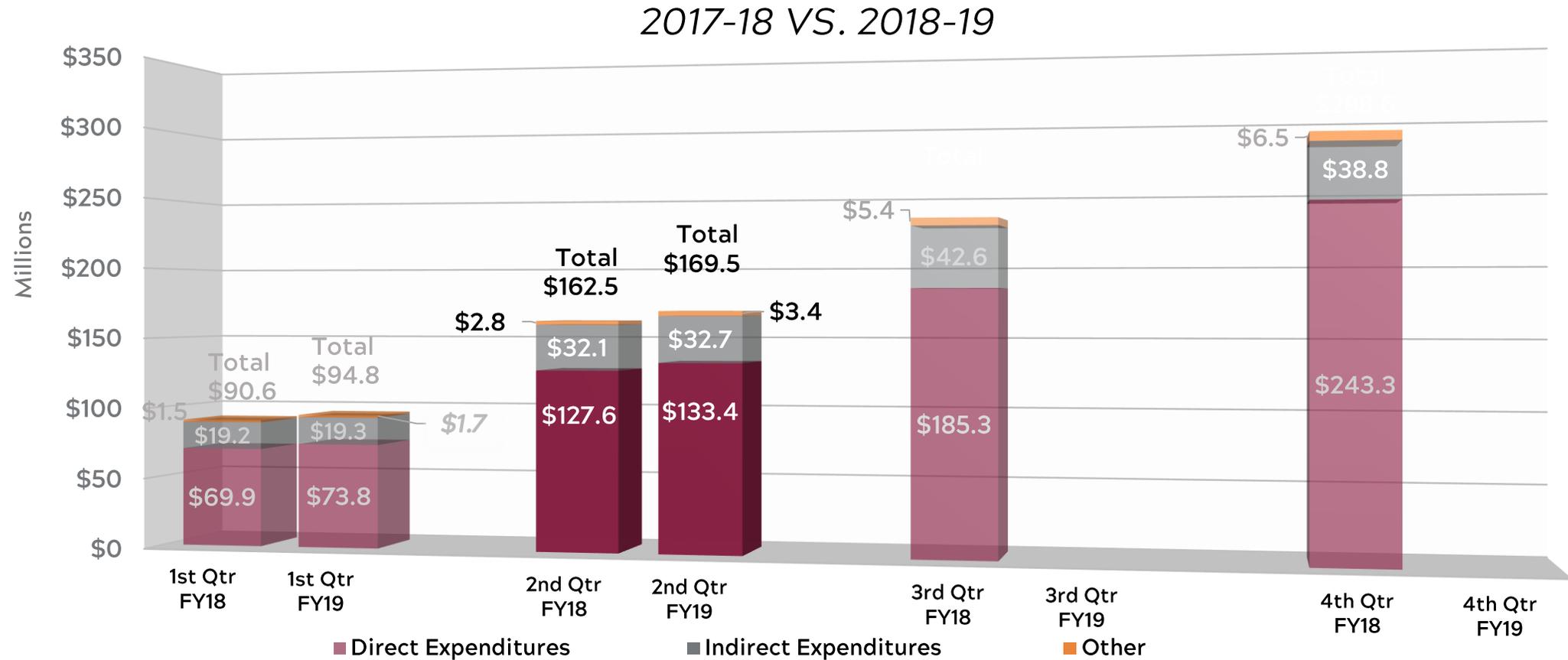
- Lower business volume in Residence Halls (\$800k) and Dining Halls (\$1.6M)
- Athletics Military Bowl \$1M
- \$1M internal financing of board approved Residence Hall and Athletics facility projects

Financial Performance

Auxiliary Enterprises

- Telecommunications: Lower than projected revenues (\$1M) and expenses \$1.5M due to lower than anticipated special projects volume.
- Inn at Virginia Tech: Lower than forecasted revenue (\$0.2M) and expenses due to lower business volume and ECU football game impacts. 3rd quarter adjustment in development.
- 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



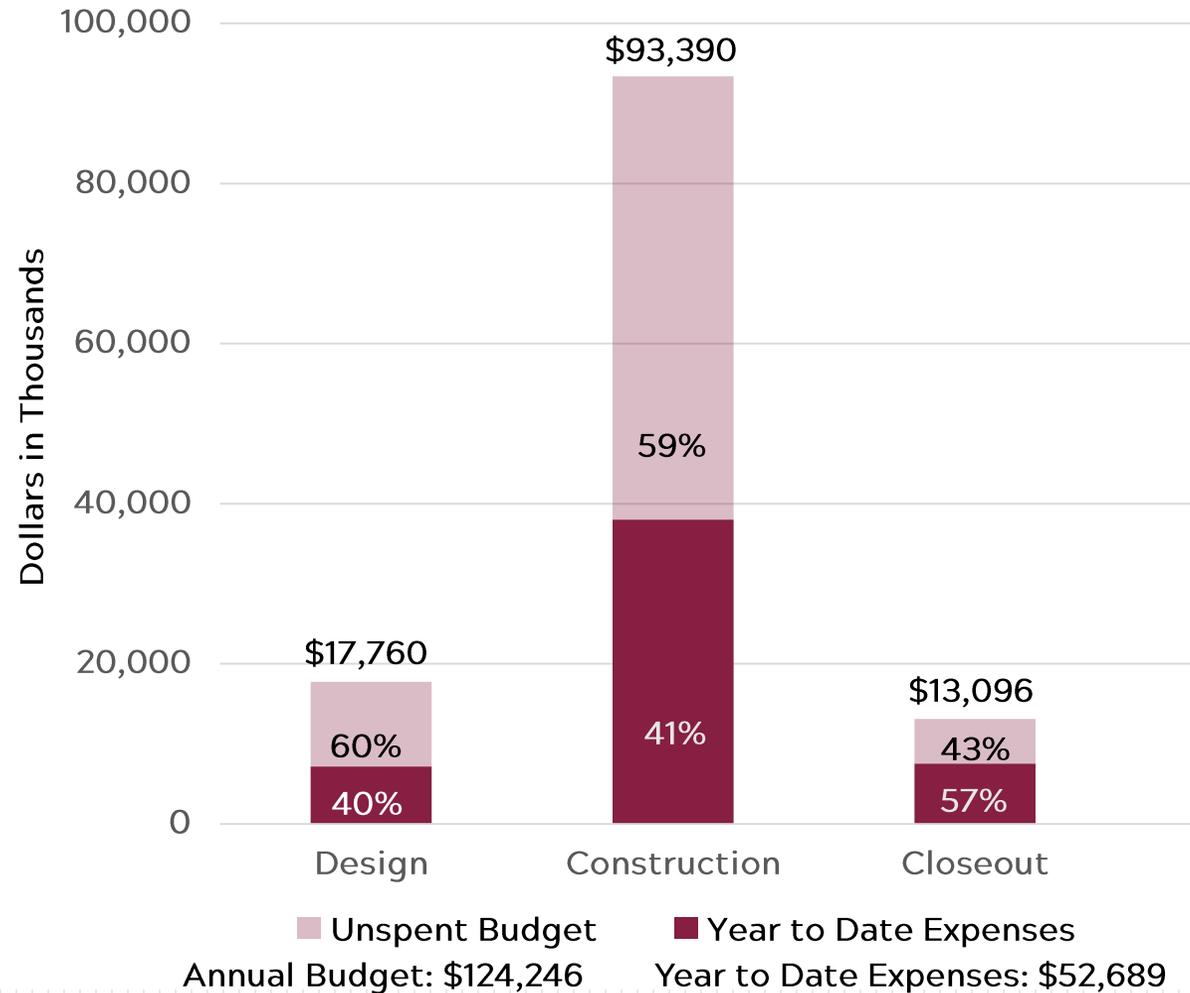
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Planning Activity Underway

- *Chiller Plant, Phase II*
- *Gas Fired Boiler*
- *Student-Athlete Performance Center*
- *Creativity and Innovation Residence Hall*
- *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

April 2019

April 2019

June 2019

June 2019

July 2019

August 2019

December 2019

December 2019

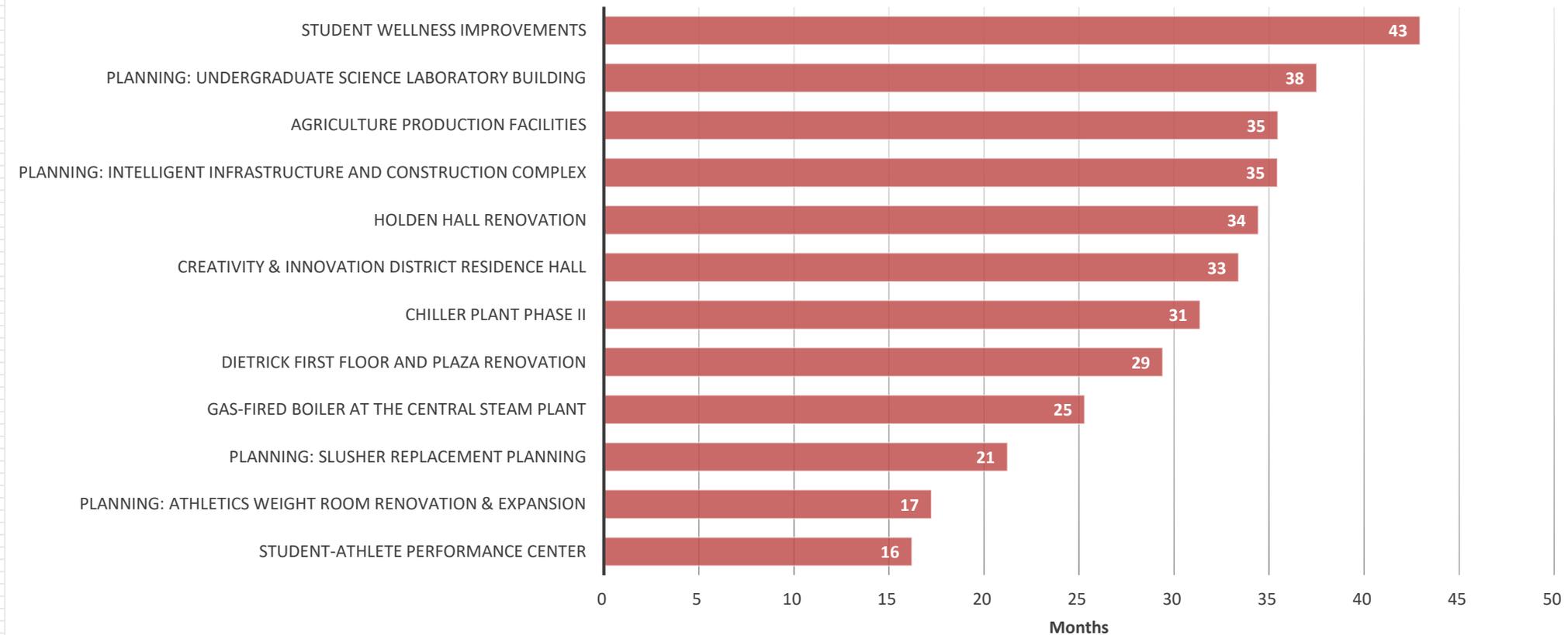
January 2020

February 2020

February 2020

July 2020

Projected Design Spending Period



Construction Spending

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

Expected Occupancy

March 2019

May 2019

July 2019

August 2019

April 2020

April 2020

-
- Applied Projects Building (capital lease)
 - Replace Turbo Research Lab (capital lease)

May 2019

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 December 31, 2018 and the Capital Outlay report be approved.

March 31, 2019