

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

July 1, 2018 to June 30, 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 June 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 June 30, 2019 and the Capital Outlay report be approved.

August 26, 2019

**OPERATING BUDGET
2018-19**

Dollars in Thousands

	July 1, 2018 to June 30, 2019			Annual Budget for 2018-19		
	Actual	Budget	Change	Original	Adjusted	Change
Educational and General Programs						
<u>University Division</u>						
<u>Revenues</u>						
General Fund	\$164,799	\$164,799	\$0	\$164,427	\$164,799	\$372 (10)
Tuition and Fees	547,061	544,996	2,065 (1)	552,081	544,996	-7,085 (11)
All Other Income	45,418	48,186	-2,768 (2)	44,529	48,186	3,657 (12)
Total Revenues	\$757,278	\$757,981	\$-703	\$761,037	\$757,981	\$-3,055
<u>Expenses</u>						
Academic Programs	\$-480,395	\$-479,941	\$-454	\$-481,936	\$-479,941	\$1,995
Support Programs	-276,302	-278,040	1,738	-279,100	-278,040	1,060
Total Expenses	\$-756,697	\$-757,981	\$1,284	\$-761,037	\$-757,981	\$3,055 (10,11,12)
NET	\$581	\$0	\$581 (3)	\$0	\$0	\$0
<u>CE/AES Division</u>						
<u>Revenues</u>						
General Fund	\$72,349	\$72,349	\$0	\$71,603	\$72,349	\$746 (13)
Federal Appropriation	14,910	16,090	-1,180 (4)	15,640	16,090	450 (14)
All Other Income	1,203	1,075	128	880	1,075	195 (15)
Total Revenues	\$88,462	\$89,514	\$-1,052	\$88,123	\$89,514	\$1,391
<u>Expenses</u>						
Academic Programs	\$-81,024	\$-81,550	\$526	\$-81,175	\$-81,550	\$-375
Support Programs	-7,536	-7,964	428	-6,948	-7,964	-1,016
Total Expenses	\$-88,560	\$-89,514	\$954	\$-88,123	\$-89,514	\$-1,391 (13,14,15)
NET	\$-98	\$0	\$-98 (5)	\$0	\$0	\$0
Auxiliary Enterprises						
Revenues	\$349,927	\$349,569	\$358 (6)	\$351,498	\$349,569	\$-1,929 (6)
Expenses	-331,389	-350,005	18,616 (6)	-338,733	-350,005	-11,272 (6)
Reserve Drawdown (Deposit)	-18,538	436	-18,974 (6)	-12,765	436	13,201 (6)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Sponsored Programs						
Revenues	\$327,858	\$322,103	\$5,755 (7)	\$322,103	\$322,103	\$0
Expenses	-298,516	-322,103	23,587 (7)	-322,103	-322,103	0
Reserve Drawdown (Deposit)	-29,342	0	-29,342	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance						
Revenues	\$28,175	\$30,086	\$-1,911	\$30,238	\$30,076	\$-162 (16)
Expenses	-28,211	-30,086	1,875 (8)	-30,238	-30,076	162 (16)
Reserve Drawdown (Deposit)	36	0	36	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
All Other Programs *						
Revenue	\$7,682	\$7,350	\$332	\$7,305	\$7,350	\$45 (17)
Expenses	-4,055	-7,362	3,307 (9)	-7,305	-7,362	-57 (17)
Reserve Drawdown (Deposit)	-3,627	12	-3,639 (9)	0	12	12 (17)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Total University						
Revenues	\$1,559,382	\$1,556,603	\$2,779	\$1,560,304	\$1,556,593	\$-3,710
Expenses	-1,507,428	-1,557,051	49,623	-1,547,539	-1,557,041	-9,503
Reserve Drawdown (Deposit)	-51,471	448	-51,919	-12,765	448	13,213
NET	\$483	\$0	\$483	\$0	\$0	\$0

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

OPERATING BUDGET

1. While the tuition and fee budget was reduced \$7.1 million from the original budget, the net tuition revenue exceeded the revised budget \$2.1 million.
2. Lower than projected activity in Continuing Education programs.
3. While the Commonwealth requires that revenues 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 lower than the projected budget due to the timing of federal drawdowns.
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 exceeded projections and total sponsored research expenditures are lower than projected. The sponsored research expenditures are 4.7% greater than June 30th, 2018.
8. The nongeneral fund Student Financial Assistance revenues and expenditures were \$1.9 million lower than projected due to a shift in scholarship awarding strategy.
9. Expenses for All Other Programs were less than projected due to timing of initiatives and lower than projected Surplus Property activity.
10. The annual budget for the University Division General Fund has been increased \$0.37 million to align internal budgets with the actual mid-year appropriation distribution for compensation and fringe benefits rate change.
11. 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.
12. The All Other Income revenue budget for the University Division has been increased \$0.6 million for budget finalizations in Sales and Services and Continuing Education budgets. The budget was increased the \$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 budget was decreased \$1.22 million for the alignment of the VTCSOM Partnership contributions based on estimated expenditures in 2018-19. The corresponding expenditure budgets have been adjusted accordingly.
13. 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 \$0.08 million for the mid-year appropriation distribution for compensation and fringe benefits rate change. The corresponding expenditure budgets have been adjusted accordingly.
14. 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.
15. 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.
16. The Student Financial Assistance revenue and expenditure budgets were decreased by \$0.1 million for a technical accounting change and by \$0.1 million to align the revenue and expenditure budgeted estimate for general fund support for the Two Year Transfer grant and Virginia Military Survivors Dependents Program with the actual distribution of funds.
17. The projected annual budgets for All Other Programs were decreased \$0.05 million to finalize budgets and increased \$0.01 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 June 30, 2019			Annual Budget for 2018-19		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	\$126,204	\$124,415	\$1,789 (1)	\$127,115	\$124,415	\$-2,700 (8)
Expenses	-121,070	-123,766	2,696 (1)	-120,708	-123,766	-3,058 (8,9,10)
Reserve Drawdown (Deposit)	-5,134	-649	-4,485 (1)	-6,407	-649	5,758 (8,9,10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Parking and Transportation						
Revenues	\$15,198	\$15,061	\$137	\$15,061	\$15,061	\$0
Expenses	-14,662	-16,191	1,529 (2)	-14,485	-16,191	-1,706 (9,10,11)
Reserve Drawdown (Deposit)	-536	1,130	-1,666 (2)	-576	1,130	1,706 (9,10,11)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications Services						
Revenues	\$20,796	\$22,489	\$-1,693 (3)	\$22,551	\$22,489	\$-62 (12)
Expenses	-19,542	-23,100	3,558 (3)	-22,299	-23,100	-801 (9,10,12)
Reserve Drawdown (Deposit)	-1,254	611	-1,865 (3)	-252	611	863 (9,10,12)
Net	\$0	\$0	\$0	\$0	\$0	\$0
University Services * **						
Revenues	\$51,363	\$51,570	\$-207	\$51,566	\$51,570	\$4 (13)
Expenses	-49,967	-52,869	2,902 (4)	-50,843	-52,869	-2,026 (9,10,13)
Reserve Drawdown (Deposit)	-1,396	1,299	-2,695 (4)	-723	1,299	2,022 (9,10,13)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics *						
Revenues	\$77,847	\$78,744	\$-897 (5)	\$74,527	\$78,744	\$4,217 (14)
Expenses	-76,649	-78,315	1,666 (5)	-72,762	-78,315	-5,553 (9,10,14)
Reserve Drawdown (Deposit)	-1,198	-429	-769 (5)	-1,765	-429	1,336 (9,10,14)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Electric Service *						
Revenues	\$34,335	\$34,051	\$284	\$36,893	\$34,051	\$-2,842 (15)
Expenses	-30,232	-34,344	4,112 (6)	-\$36,683	-34,344	2,339 (9,10,15)
Reserve Drawdown (Deposit)	-4,103	293	-4,396 (6)	-210	293	503 (9,10,15)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Inn at Virginia Tech/Skelton Conf. Center						
Revenues	\$11,927	\$11,965	\$-38	\$12,000	\$11,965	\$-35 (16)
Expenses	-13,448	-13,613	165	-12,170	-13,613	-1,443 (9,10,16)
Reserve Drawdown (Deposit)	1,521	1,648	-127	170	1,648	1,478 (9,10,16)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions ***						
Revenues	\$12,257	\$11,274	\$983 (7)	\$11,785	\$11,274	\$-511 (17)
Expenses	-5,819	-7,807	1,988 (7)	-8,783	-7,807	976 (9,10,17)
Reserve Drawdown (Deposit)	-6,438	-3,467	-2,971 (7)	-3,002	-3,467	-465 (9,10,17)
Net	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AUXILIARIES						
Revenues	\$349,927	\$349,569	\$358	\$351,498	\$349,569	\$-1,929
Expenses	-331,389	-350,005	18,616	-338,733	-350,005	-11,272
Reserve Drawdown (Deposit)	-18,538	436	-18,974	-12,765	436	13,201
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 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 expenses, one-time facility improvement projects, and replacement of furniture and equipment normally scheduled during the summer months.
2. Expenses for Parking and Transportation Services are lower than projected due to lower than forecasted Fleet Services business volume and timing of operating expenses including remote parking lot construction.
3. 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.
4. Expenses for the University Services System are lower than projected due to the timing of project expenses and union facility projects scheduled for summer months.
5. Revenues for Intercollegiate Athletics are lower than projected due to lower than anticipated ACC revenue distribution and men's basketball coach contractual buyout. Expenses are lower than projected due to timing of expenses and one-time projects.
6. Expenses for the Electric Service auxiliary are lower than projected due to cost of purchased electricity as well as the timing of items ordered but not yet received thus not paid at fiscal year-end.
7. Revenues for Other Enterprise Functions are higher than projected due to higher than forecasted business volume in New Student and Family Programs and Licensing and Trademark Auxiliary. Expenses are lower than projected due to timing of operating expenses and facility related projects.
8. 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 and increased for sustainability projects.
9. The projected annual expense and reserve budgets for Auxiliary Enterprises were decreased \$0.5 million to align budgets for approved university compensation actions.
10. 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.
11. 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 \$0.3 million for equipment upgrades.
12. The projected annual revenue, expense, and reserve budgets for Telecommunications Services were decreased to align with anticipated business activity levels.
13. 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.
14. The projected annual revenue, expense, and reserve budgets for Intercollegiate Athletics were increased \$4.2 million to accommodate additional revenue of \$1 million the football team's participation in the Military Bowl, \$2.2 million in self-generated revenue, and \$1.0 million in private fundraising for the indoor practice facility. Annual expense and reserve budgets were increased \$5.5 million to accommodate increases of \$0.7 million for Military Bowl expenses, \$0.3 million postseason bonuses, \$1.2 million for sports expenses, \$0.4 million for NCAA academic enhancement, \$1.9 million for operating expenses and facilities maintenance, and \$1 million for indoor practice facility capital project. The budgets were also decreased \$1.3 million for alignment of scholarship expenses to private fundraising.
15. 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.
16. 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. The projected annual revenue, expense, and reserve budgets were increased \$0.9 million for increased business volume, one-time projects, and operating expenses.
17. 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, software sales increased business volume, Little Hoke Hangout summer programming, and sustainability projects. The revenue, expense, and reserve budgets were decreased for a one-time reduction in Tailor Shop revenue, technical accounting alignments, and decreased business volume in Little Hokie Hangout and printing services.

CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF JUNE 30, 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	\$ 434	\$ 22,136	\$ -	\$ -	\$ 22,136	\$ 815 (1)
Holden Hall Renovation	Oct 2016	3,000	1,842	54,849	-	17,500	72,349	4,031 (2)
Planning: Intelligent Infrastructure and Construction Complex	Apr 2017	1,400	1,190	-	6,000	-	6,000	1,286 (3)
Planning: Undergraduate Science Laboratory Building	Jul 2017	1,400	514	-	3,084	-	3,084	1,921 (4)
Commonwealth Cyber Initiative	May 2019	-	5	1,000	-	-	1,000	5 (5)
Corps Leadership and Military Science Building	Jun 2019	-	-	-	22,808	29,192	52,000	1,375 (6)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	12,000	10,512	15,530	-	-	15,530	10,512 (7)
Improve Kentland Facilities	Sep 2013	5,000	1,029	9,363	3,100	-	12,463	1,952 (8)
Renovate Undergraduate Science Laboratories	Jul 2016	5,000	4,609	-	10,000	-	10,000	5,986 (9)
Health Sciences & Technology	Oct 2016	33,000	34,397	51,554	-	40,142	91,696	41,309 (10)
Chiller Plant Phase II	Oct 2016	4,200	853	32,655	-	10,312	42,968	2,245 (11)
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	3,500	3,026	-	8,200	-	8,200	3,050 (12)
<u>Close-Out</u>								
Academic Buildings Renewal	Sep 2013	10,990	8,785	35,029	-	-	35,029	32,824 (13)
Address Fire Alarm Systems and Access	Jun 2014	686	529	4,891	-	-	4,891	4,110 (14)
Biocomplexity Data Center	Sep 2015	450	229	-	5,900	-	5,900	5,481 (15)
Eastern Shore AREC Storage Building	Apr 2016	-	-	-	535	-	535	478 (16)
Acquisition - Falls Church UVA Interest	Apr 2019	-	-	-	-	8,230	8,230	- (17)
Acquisition - Falls Church Property	Apr 2019	-	-	-	-	2,850	2,850	- (18)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		\$ 82,426	\$ 67,953	\$ 227,007	\$ 59,627	\$ 108,226	\$ 394,860	\$ 117,382

CAPITAL OUTLAY BUDGET

Education and General Projects

1. Agriculture Production Facilities: This project is the first of two phases to renew the existing facilities for the livestock and poultry programs. The scope includes 126,000 gross square feet of facilities at the Blacksburg campus and three nearby university production and research farms. Preliminary design is underway with construction expected December 2019.
2. 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 August 2019.
3. 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.
4. 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.
5. Commonwealth Cyber Initiative: This project makes improvements to support the Commonwealth Cyber Initiative Hub renovations, space enhancements, and equipment. Expenses exceeded the annual budget because activities expected in fiscal year 2020 were accelerated to fiscal year 2019. Resources were available and the project remains within budget.
6. Corps Leadership and Military Science Building: The project consolidates the Corps of Cadets and ROTC programs in the northern portion of the Upper Quad project. Preliminary designs were completed November 2017. In April 2019, the university developed a financing plan to support the entire project budget with nongeneral fund resources. The Board authorized the full project in June 2019 and construction is expected to May 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 provides a metabolism research laboratory, an applied reproduction facility, and a building for animal demonstration, handling, and holding spaces. 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.
9. Renovate Undergraduate Science Laboratories: This project renovates 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.
10. 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. Year-to-date expenses exceeded the annual budget because activities expected in fiscal year 2020 were accelerated to fiscal year 2019. Resources were available and sufficient to cover the additional cash outflow and the project remains within the total authorized budget.
11. Chiller Plant Phase II: This project upgrades 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 7 and the low bid exceeds the authorized budget. The State approved infusing additional General Fund and nongeneral fund resources to award the low bid. Construction is underway with completion expected July 2021.
12. 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. Bids for installation were received May 1 and the low bid exceeded the authorized budget. The Board approved supplemental funding on June 3 in order to award the low bid. Installation of the boiler starts July 2019 with completion expected March 2020.
13. Academic Buildings Renewal: This project is complete and may be closed and financial accounts terminated when final invoices are received and paid.
14. Address Fire Alarm Systems and Access: This project is closed and will be removed at the close of the fiscal year.
15. Biocomplexity Data Center: This project is closed and will be removed at the close of the fiscal year.
16. Eastern Shore AREC Storage Building: This project is closed and will be removed at the close of the fiscal year.
17. 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.
18. Acquisition – Falls Church Property: This project was established to acquire the fee simple title to the 5.33 acres currently leased from and owned by the City of Falls Church for a net cost of \$2.85 million. The exercise date is 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 June 30, 2019 (Continued)

Dollars in Thousands

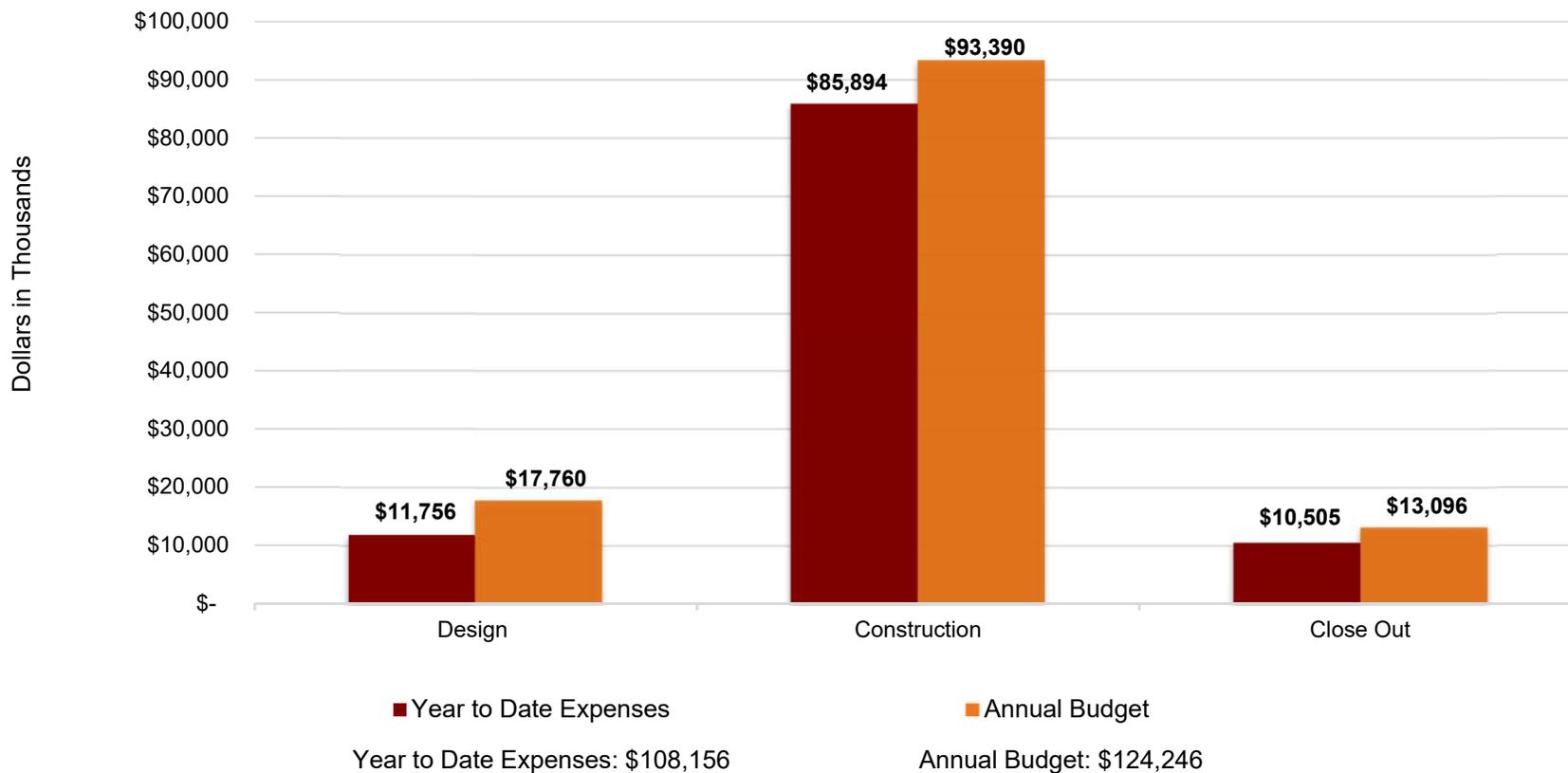
	PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET				
		ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES
AUXILIARY ENTERPRISE PROJECTS								
<u>Design Phase</u>								
Student Wellness Improvements	Jun 2016	\$ 2,300	\$ 1,694	\$ -	\$ 13,310	\$ 44,690	\$ 58,000	\$ 3,257 (1)
Dietrick First Floor and Plaza Renovation	Sept 2017	1,000	140	-	5,000	3,300	8,300	279 (2)
Student-Athlete Performance Center	Mar 2018	1,600	1,180	-	16,682	-	16,682	1,501 (3)
Planning: Slusher Replacement	June 2018	1,750	340	-	3,500	-	3,500	340 (4)
Planning: Athletics Weight Room Renovation & Expansion	Aug 2018	500	75	-	700	-	700	75 (5)
Global Business & Analytics Complex Residence Halls	Jun 2019	-	-	-	-	84,000	84,000	- (6)
New Upper Quad Residence Hall	Jun 2019	-	-	-	-	33,000	33,000	- (7)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	12,000	8,980	-	12,000	-	12,000	8,980 (8)
Lane Substation Expansion	Sept 2015	1,500	882	-	2,000	4,500	6,500	3,502 (9)
Creativity & Innovation District Residence Hall	Oct 2016	3,000	9,483	-	15,880	89,620	105,500	10,631 (10)
ACC Network Studio	Mar 2018	7,500	7,053	-	-	10,000	10,000	7,185 (11)
<u>Close-Out</u>								
Upper Quad Residential Facilities	May 2013	620	109	-	35,671	53,029	88,700	88,189 (12)
O'Shaughnessy Renovation	Apr 2016	4,500	4,381	-	8,867	12,633	21,500	21,055 (13)
Athletic Facilities Improvements	Aug 2016	3,050	3,272	-	37,500	-	37,500	35,968 (14)
Commonwealth Ballroom Improvements	Mar 2018	2,500	2,615	-	3,246	-	3,246	2,747 (15)
TOTAL AUXILIARY ENTERPRISE PROJECTS		\$ 41,820	\$ 40,202	\$ -	\$ 154,356	\$ 334,772	\$ 489,128	\$ 183,711
GRAND TOTAL		\$ 124,246	\$ 108,156	\$ 227,007	\$ 213,983	\$ 442,998	\$ 883,988	\$ 301,093

CAPITAL OUTLAY BUDGET (Continued)

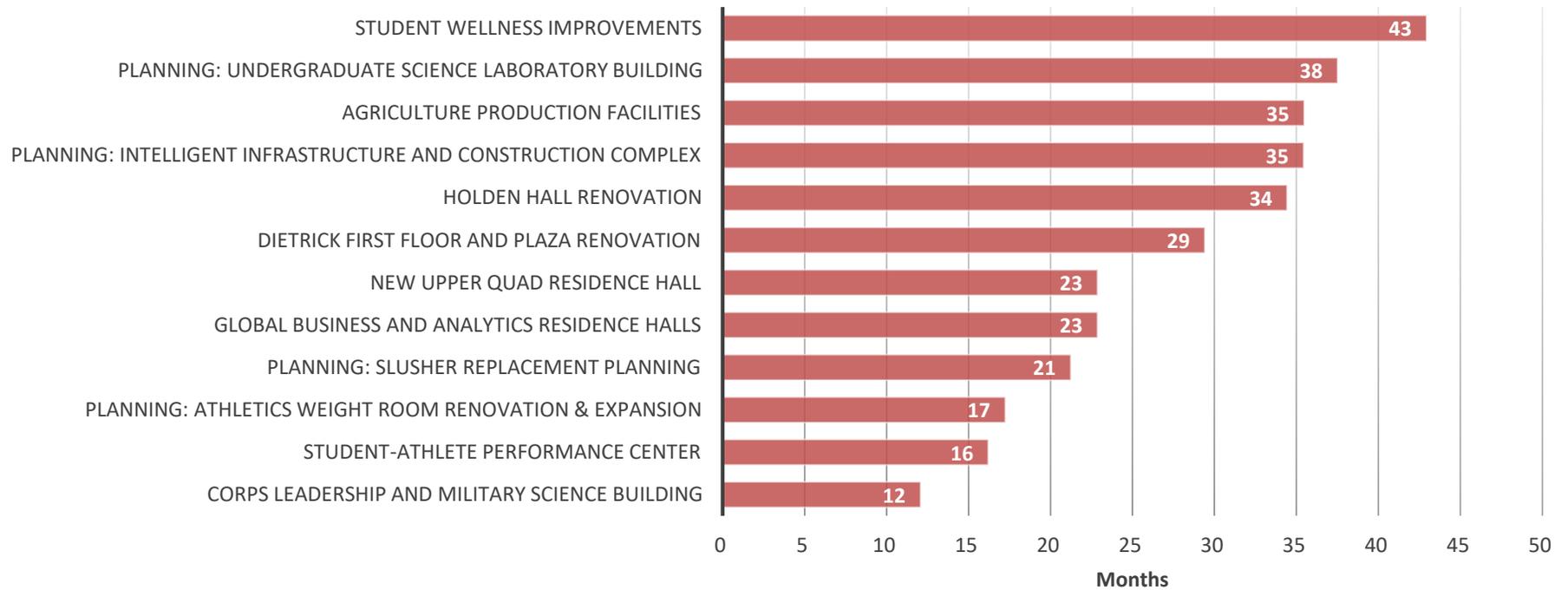
Auxiliary Enterprise Projects

1. **Student Wellness Improvements:** The 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. Working Drawings are underway with construction expected to start December 2019.
2. **Dietrick First Floor and Plaza Renovation:** This project refurbishes 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 February 2021 from August 2019 to accommodate hiring a new A/E firm.
3. **Student-Athlete Performance Center:** This project renovates the fourth floor of the Jamerson Center, constructs a balcony cantilevered from the fourth floor, and a new elevator tower. Bids were received June 4 and the low bid is over the project authorization. The university is developing a request to supplement funding for the project in order to award the low bid.
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 working drawings 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. **Global Business & Analytics Complex Residence Halls:** This project provides two residence halls in the northwest corner of campus with a minimum of 700 beds. Schematic design is underway with construction expected April 2021.
7. **New Upper Quad Residence Hall:** This project will provide the Corps of Cadets an additional 300 beds while replacing Femoyer Hall. Procurement for A/E services is underway.
8. **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.
9. **Lane Substation Expansion:** 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 fall 2019.
10. **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. Construction is underway with completion expected August 2021. Year-to-date expenses exceeded the annual budget because activities expected in fiscal year 2020 were accelerated to fiscal year 2019. Resources are available and sufficient to cover the shifted cash outflows, and total expenditures and commitments remain within the authorized budget.
11. **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.
12. **Upper Quad Residential Facilities:** This project is closed and will be removed at the close of the fiscal year.
13. **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.
14. **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. Year-to-date expenses exceeded the annual budget because expenses expected in fiscal year 2020 were invoiced in fiscal year 2019. Resources were available and sufficient to cover the additional cash outflow and the project remains within the total authorized budget.
15. **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. Year-to-date expenses exceeded the annual budget because expenses expected in fiscal year 2020 were invoiced in fiscal year 2019. Resources were available and sufficient to cover the additional cash outflow and the project remains within the total authorized budget.

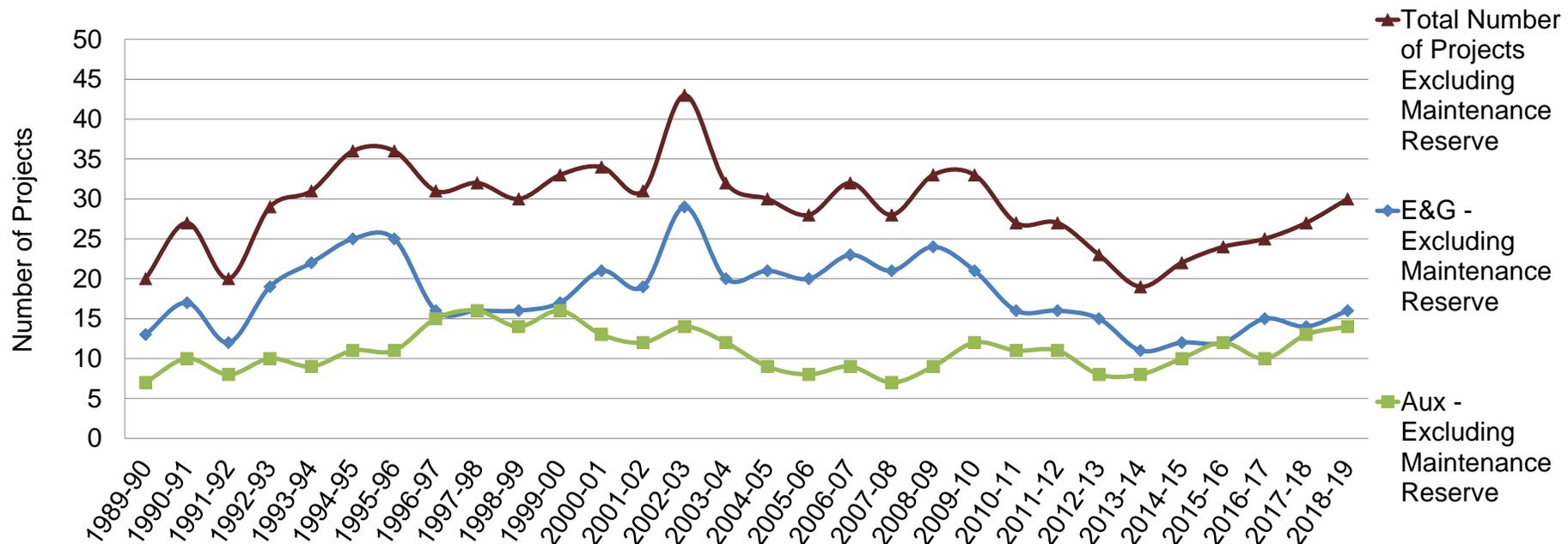
Annual Project Expenditures by Activity Through June 30, 2019



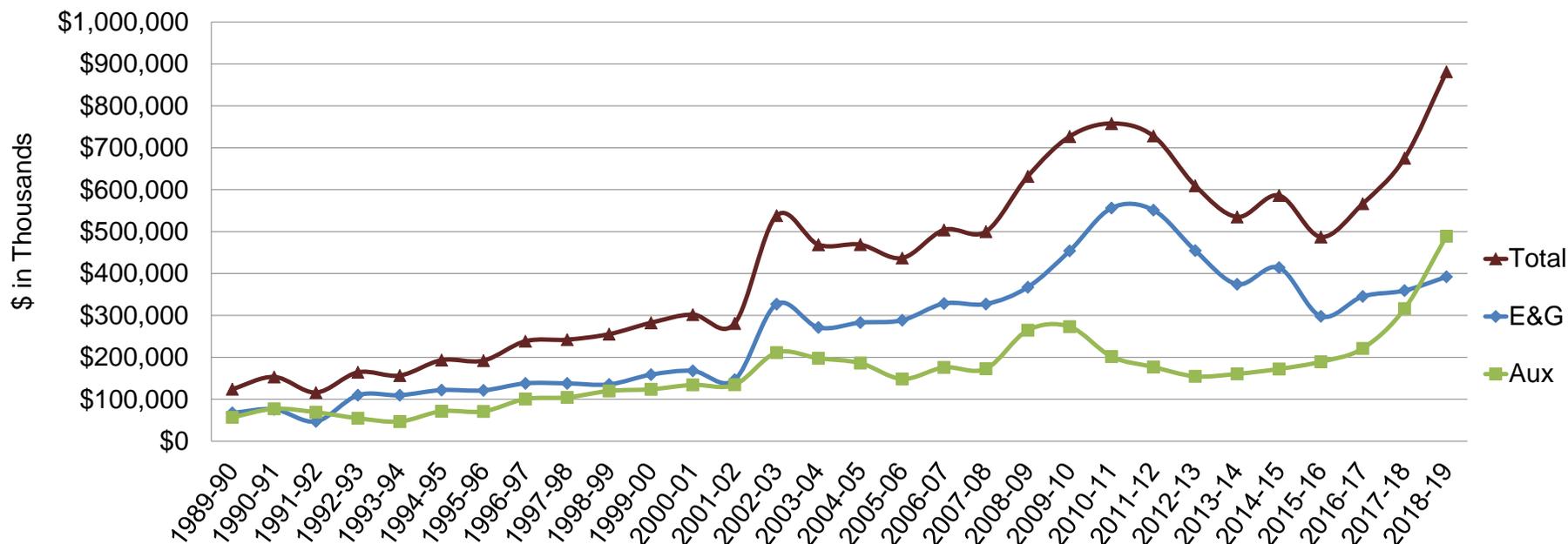
Projected Design Spending Periods (Project Initiated to Construction Start)



CAPITAL PROGRAM PROJECTS Total Number of Active Capital Projects Fiscal Year 1990 - Fiscal Year 2019



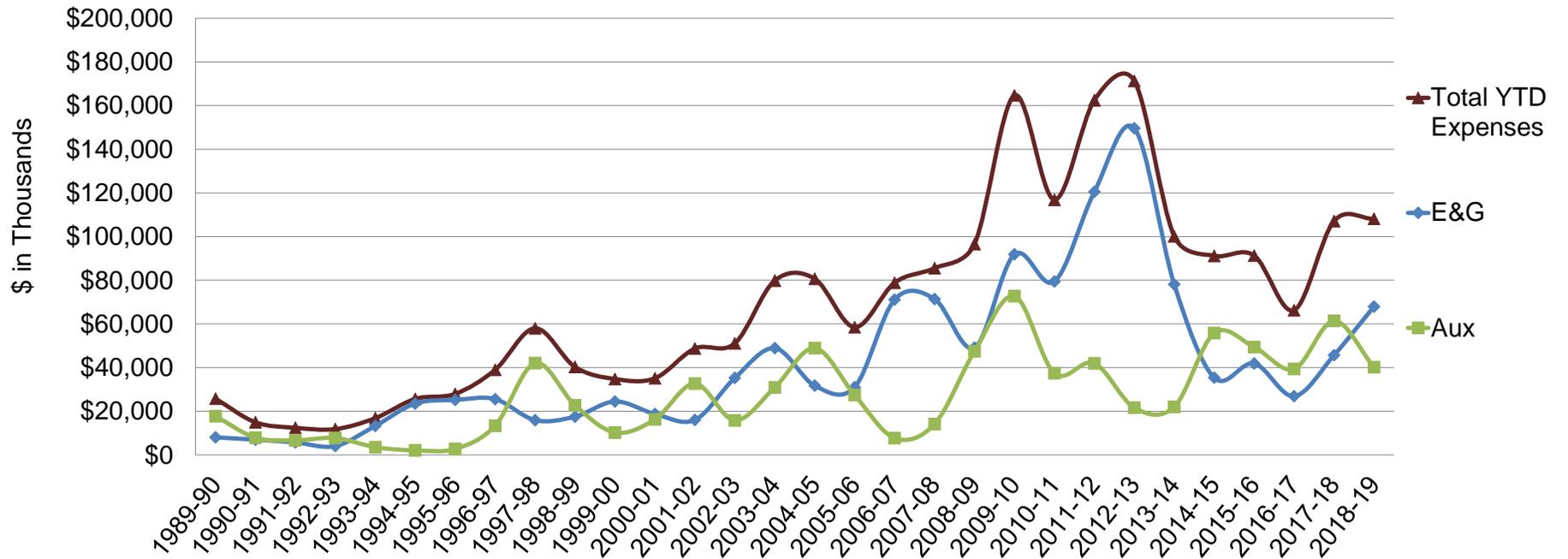
CAPITAL PROGRAM TOTAL BUDGET Total Budget Level of Active Projects Fiscal Year 1990 - Fiscal Year 2019



CAPITAL PROGRAM EXPENDITURES

Total Annual Expenditures for Active Capital Projects

Fiscal Year 1990 - Fiscal Year 2019





Financial
Performance Report
July 1, 2018 - June 30, 2019

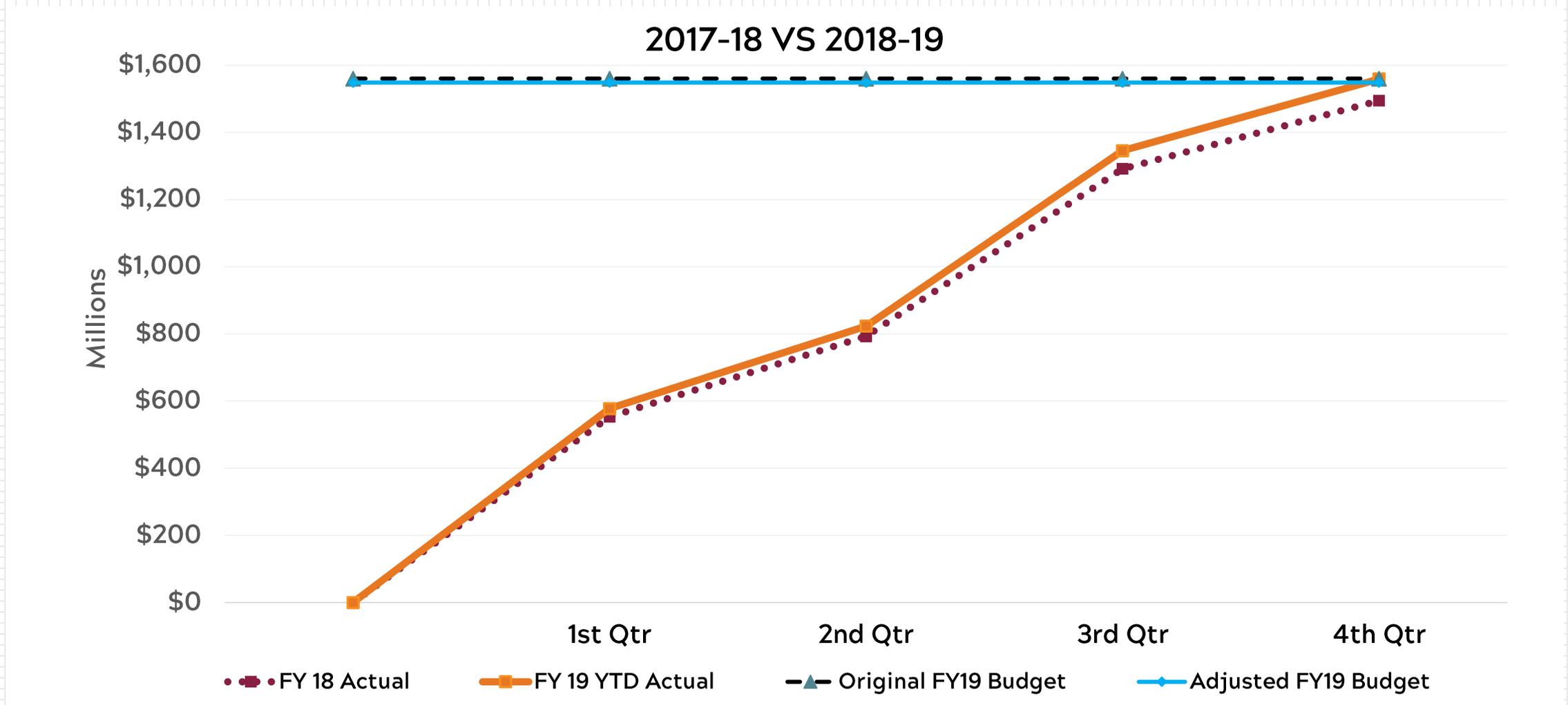
*TIM HODGE, ASSOCIATE VICE PRESIDENT FOR
BUDGET AND FINANCIAL PLANNING*

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

AUGUST 26, 2019



Operating Revenue



Educational & General Budget

4th Quarter - 2018-19

- *While the tuition and fee budget was reduced \$7.1 million from the original budget, the net tuition revenue exceeded the revised budget by \$2.1 million.*
- *Successfully closed fiscal year in both agencies.*

In accordance with state rules, E&G funds were fully utilized without deficit

- *University Division bottom line of \$0.5 million: Continuing Education*
- *Cooperative Extension/Agricultural Experiment Station bottom line of (\$0.1 million): timing of federal fund drawdowns*

Auxiliary Enterprises

4th Quarter - 2018-19

Annual Budget Changes

Auxiliary Enterprises

- *Inn at Virginia Tech: increased \$0.4 million revenue and \$1.2 million expenses for business volume, one-time projects, and operating expenses*
- *Athletics: \$1.0 million increased revenue and expense for sports, operating, and facility projects*

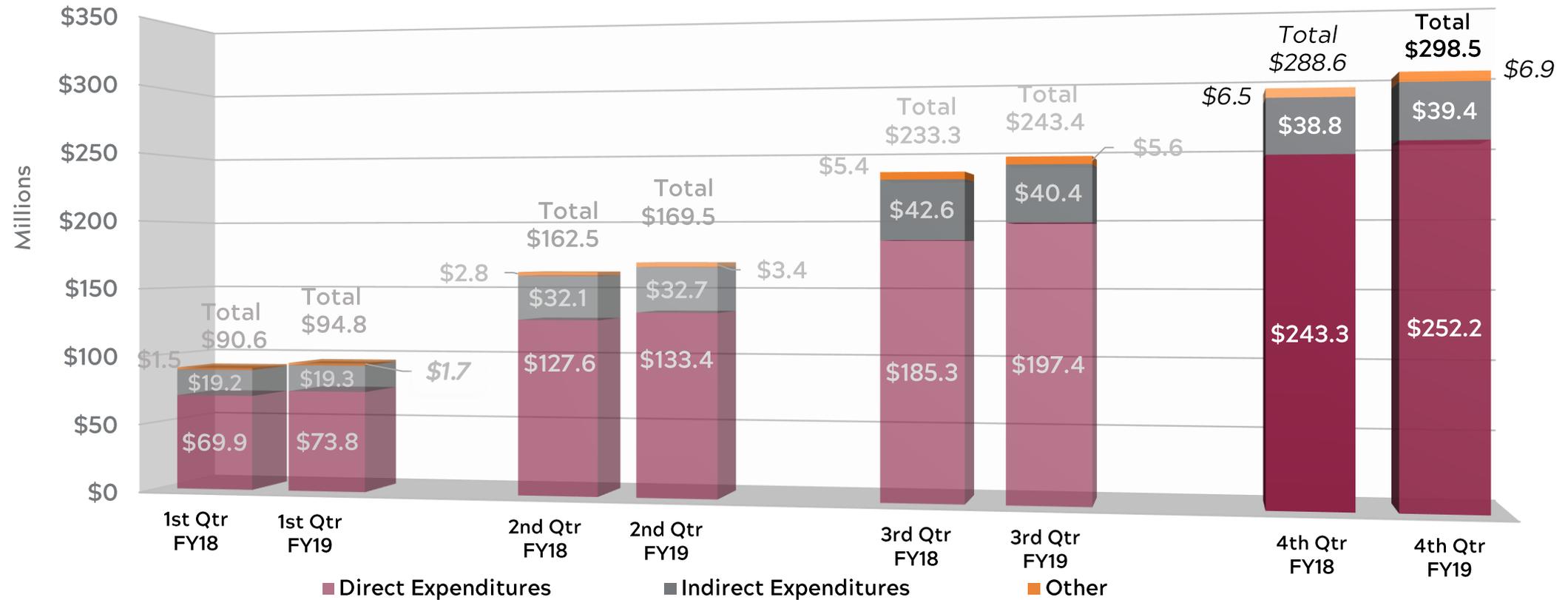
Financial Performance

Auxiliary Enterprises

- *Auxiliary temporary year end savings due to timing incomplete projects (carryover): \$6 million total*
- *Telecommunications: Lower than projected revenues (\$1.7 million) and expenses \$3.6 million due to lower than anticipated special projects volume*
- *Electric Service: Lower than projected expenses \$4.1 million due to lower than forecasted usage, cost of purchased electricity and outstanding commitments at year-end*

Sponsored Program Expenditures

2017-18 VS. 2018-19



Capital Outlay Key Measures



Project authorizations
fully funded

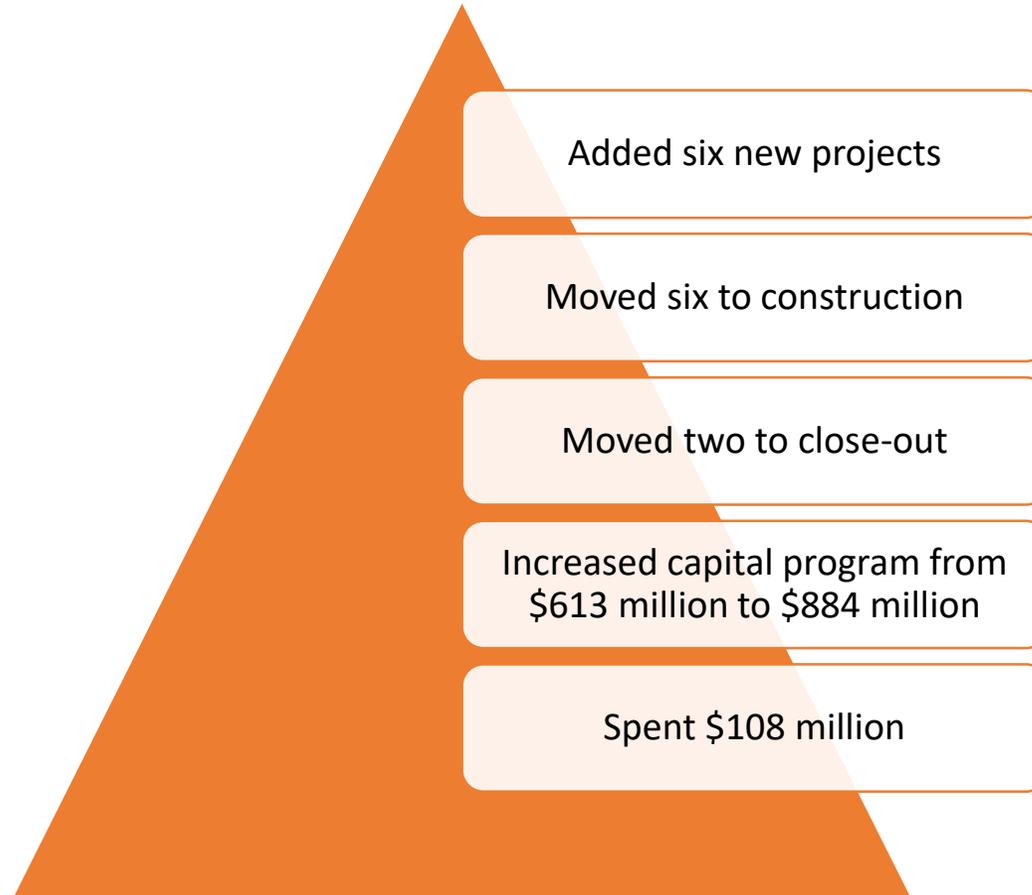


Commitments and expenditures
within authorized budgets



Spending on pace with
budget plan

Progress This Year



Annual Budget Performance



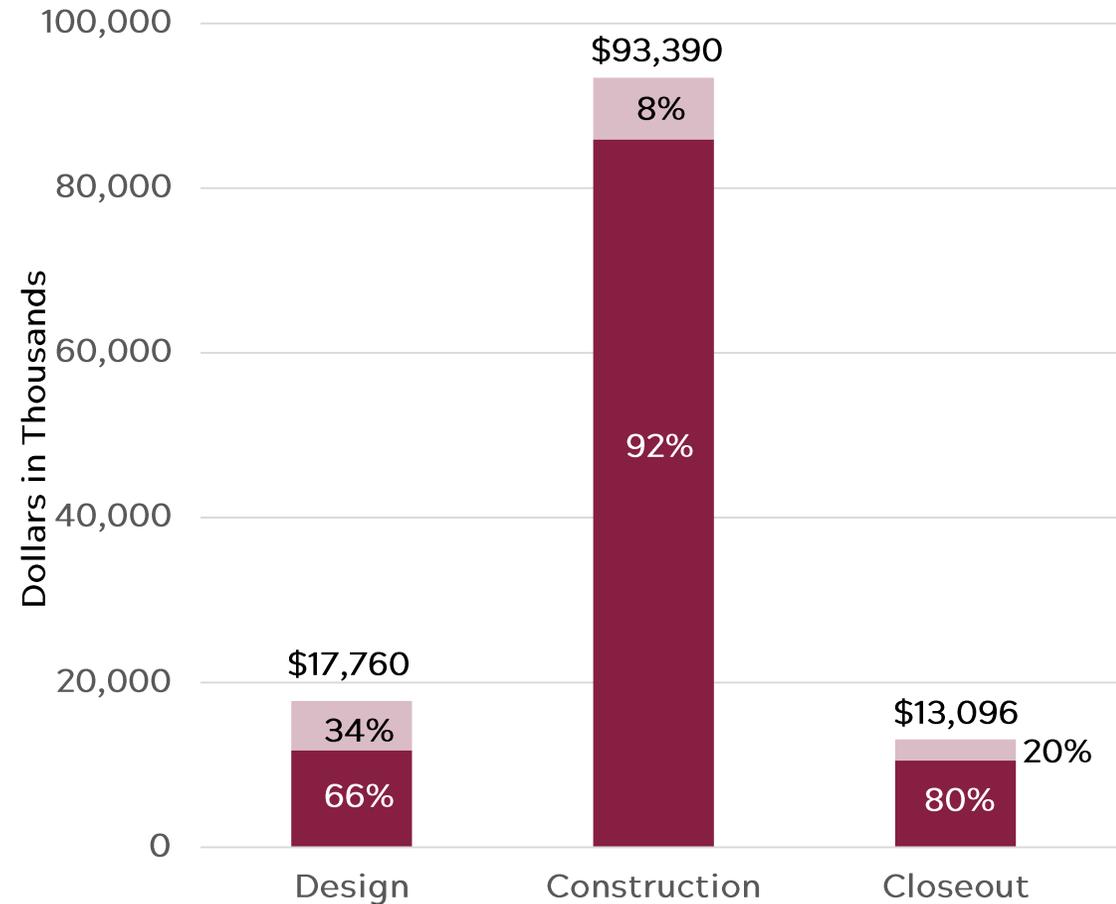
13
Design



10
Construction



10
Closeout



■ Unspent Budget

■ Year to Date Expenses

Annual Budget: \$124,246

Year to Date Expenses: \$108,156

Key Updates

- *Construction starts since March 31, 2019:*
 - *Creativity & Innovation District Living Learning Community*
 - *Instillation for Gas-Fired Boiler⁽¹⁾*
 - *Chiller Plant, Phase II⁽¹⁾*
 - *Student Athlete Performance Center⁽¹⁾⁽²⁾*
 - *Holden Hall Renovation⁽¹⁾⁽²⁾*

⁽¹⁾ *Supplemental funding necessary to award low bid*

⁽²⁾ *Construction starts after June 30, 2019*

- *Foundation's Gilbert Street project*
- *Pricing overruns are escalating*

Planning Activity Underway

	Expected Construction
▪ Athletics Weight Room Renovation & Expansion	November 2019
▪ Agriculture Production Facilities	December 2019
▪ Student Wellness Improvements	December 2019
▪ Intelligent Infrastructure and Construction Complex	February 2020
▪ Dietrick First Floor and Plaza Renovation	March 2020
▪ New Upper Quad Residence Hall	May 2020
▪ Undergraduate Science Laboratory Building	July 2020
▪ Global Business & Analytics Complex Residence Halls	April 2021
▪ Slusher Replacement	May 2021

▪ Replace Turbo Research Lab (capital lease)	Hold

Construction Spending

- ACC Network Studio
- Lane Substation Improvements
- Renovate Undergraduate Science Labs
- Gas Fired Boiler
- Health Sciences and Technology
- Improve Kentland Facilities
- Student Athlete Performance Center⁽¹⁾
- Chiller Plant, Phase II
- Creativity and Innovation Residence Hall
- Renovate Holden Hall⁽¹⁾

Expected Occupancy

July 2019

August 2019

August 2019

March 2020

April 2020

April 2020

October 2020

July 2021

August 2021

October 2021

⁽¹⁾ Construction starts after June 30, 2019

Summary

- *Operating Budget*
 - *On track*
- *Capital Projects*
 - *Program under watch for accelerated pricing*

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 June 30, 2019 and the Capital Outlay report be approved.

August 26, 2019