

## **Financial Performance Report - Operating and Capital**

### **FINANCE AND AUDIT COMMITTEE**

**July 1, 2016 to December 31, 2016**

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 Audit 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 2016-17 budget (year-to-date) is prepared from historical data which reflects trends in expenditures from previous years as well as known changes in timing. Differences between the actual income and expenditures and the year-to-date budget may occur for a variety of reasons, such as an accelerated or delayed flow of documents through the accounting system, a change in spending patterns at the college level, or increases in revenues for a particular area.

Quarterly budget estimates are prepared to provide an intermediate measure of income and expenditures. Actual revenues and expenditures may vary from the budget estimates. The projected year-end budgets are, however, the final measure of budgetary performance.

**OPERATING BUDGET**  
**2016-17**

Attachment P

Dollars in Thousands

	July 1, 2016 to December 31, 2016			Annual Budget for 2016-17		
	Actual	Budget	Change	Original	Adjusted	Change
<b>Educational and General Programs</b>						
<b>University Division</b>						
<u>Revenues</u>						
General Fund	\$88,244	\$88,244	\$0	\$166,480	\$163,776	\$-2,704 (9)
Tuition and Fees	270,004	273,011	-3,007 (1)	480,035	474,275	-5,760 (10)
All Other Income	19,536	21,427	-1,891 (2)	41,544	42,480	936 (11)
Total Revenues	\$377,784	\$382,682	\$-4,898	\$688,059	\$680,531	\$-7,528
<u>Expenses</u>						
Academic Programs	\$-206,450	\$-204,546	\$-1,904 (3)	\$-428,056	\$-423,373	\$4,683
Support Programs	-117,902	-119,066	1,164 (4)	-260,003	-257,158	2,845
Total Expenses	\$-324,352	\$-323,612	\$-740	\$-688,059	\$-680,531	\$7,528 (9,10,11)
NET	\$53,432	\$59,070	\$-5,638	\$0	\$0	\$0
<b>CE/AES Division</b>						
<u>Revenues</u>						
General Fund	\$37,507	\$37,507	\$0	\$70,301	\$69,405	\$-896 (12)
Federal Appropriation	8,613	7,825	788 (5)	15,640	15,640	0
All Other Income	550	473	77	933	933	0
Total Revenues	\$46,670	\$45,805	\$865	\$86,874	\$85,978	\$-896
<u>Expenses</u>						
Academic Programs	\$-42,635	\$-42,873	\$238	\$-80,047	\$-79,151	\$896
Support Programs	-3,402	-3,428	26	-6,827	-6,827	0
Total Expenses	\$-46,037	\$-46,301	\$264	\$-86,874	\$-85,978	\$896 (12)
NET	\$633	\$-496	\$1,129	\$0	\$0	\$0
<b>Auxiliary Enterprises</b>						
Revenues	\$171,944	\$173,159	\$-1,215 (6)	\$320,175	\$321,617	\$1,442 (6)
Expenses	-169,033	-172,791	3,758 (6)	-311,278	-334,199	-22,921 (6)
Reserve Drawdown (Deposit)	-2,911	-368	-2,543 (6)	-8,897	12,582	21,479 (6)
NET	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sponsored Programs</b>						
Revenues	\$141,931	\$168,943	\$-27,012 (7)	\$341,952	\$341,952	\$0
Expenses	-161,191	-198,019	36,828 (7)	-341,952	-341,952	0
Reserve Drawdown (Deposit)	19,260	29,076	-9,816	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
<b>Student Financial Assistance</b>						
Revenues	\$11,355	\$11,621	\$-266	\$21,713	\$23,254	\$1,541 (13,14)
Expenses	-11,219	-11,373	154	-21,713	-23,254	-1,541 (13,14)
Reserve Drawdown	0	0	0	0	0	0 (13,14)
NET	\$136	\$248	\$-112	\$0	\$0	\$0
<b>All Other Programs *</b>						
Revenue	\$3,496	\$3,457	\$39	\$9,253	\$6,807	\$-2,446 (15)
Expenses	-2,203	-2,776	573 (8)	-9,253	-7,316	1,937 (15)
Reserve Drawdown (Deposit)	-1,293	-681	-612 (8)	0	509	509 (15)
NET	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total University</b>						
Revenues	\$753,180	\$785,667	\$-32,488	\$1,468,026	\$1,460,139	\$-7,887
Expenses	-714,035	-754,872	40,837	-1,459,129	-1,473,230	-14,101
Reserve Drawdown (Deposit)	15,056	28,027	-12,971	-8,897	13,091	21,988
NET	\$54,201	\$58,822	\$-4,622	\$0	\$0	\$0

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

**OPERATING BUDGET**

1. Tuition and Fee revenue collections are behind historical projections due to timing of tuition collections.
2. Activity levels are lower than projected in Continuing Education programs as well as in the Veterinary Teaching Hospital due to the closing of the Roanoke Referral Clinic.
3. Academic program expenditures are higher than projected due to timing of costs associated with the establishment of new academic programs.
4. Support program expenditures are lower than projected due to the timing of one-time project expenditures.
5. 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 were greater than the projected budget due to the timing of a draw that was requested in 2015-16, but received in 2016-17.
6. Quarterly and projected annual variances are explained in the Auxiliary Enterprises section of this report.
7. Historical patterns have been used to develop a measure of the revenue and expenditure activity for Sponsored Programs. Actual revenues and expenses may vary from the budget estimates because projects are initiated and concluded on an individual basis without regard to fiscal year. Total sponsored research revenues and expenses are less than projected. Total sponsored research expenditures are 2.7% below December 31, 2015 due to lower federal grant and contract activity in the first two quarters.
8. Expenses for All Other Programs were less than projected due to timing of surplus property expense activity.
9. The General Fund revenue budget was reduced \$2.7 million primarily due to the removal of the General Fund share of the planned compensation program. The corresponding expenditure budgets have been adjusted accordingly.
10. The annual budget for Tuition and Fees has been decreased \$5.7 million for the finalization of the budgets for tuition and E&G fees, driven primarily by a refinement in projected enrollment growth. The corresponding expenditure budgets have been adjusted accordingly.
11. The All Other Income revenue budget for the University Division has been increased \$935,800 for budget finalizations in Sales and Services and Continuing Education. The corresponding expenditure budgets have been adjusted accordingly.
12. The General Fund revenue budget was reduced \$895,368 primarily due to the removal of the General Fund share of the planned compensation program. The corresponding expenditure budgets have been adjusted accordingly.
13. The General Funds revenue and expense budgets for Student Financial Assistance were increased \$400,000 for the Two-Year College Transfer Grant and \$72,000 for the VA Military Survivors and Dependent Program based on a projection of annual activity. The revenue and expense budgets were increased by \$10,000 for the Cybersecurity Public Service Scholarship Program for students pursuing an education in programs specifically designed for careers in cybersecurity defense.
14. The Student Financial Aid revenue and expense budgets for Non-General Funds were increased \$770,000 during budget finalizations and \$289,823 for a technical accounting change.
15. The projected annual budgets for All Other Programs was decreased \$2.4 million to finalize budgets and realignment of Alumni Affairs. The expense budget was increased \$511,174 for outstanding 2015-16 commitments that were initiated but not completed before June 30, 2016.

**UNIVERSITY DIVISION  
AUXILIARY ENTERPRISES**

Attachment P

Dollars in Thousands

	July 1, 2016 to December 31, 2016			Annual Budget for 2016-17		
	Actual	Budget	Change	Original	Adjusted	Change
<b>Residence and Dining Halls *</b>						
Revenues	\$62,453	\$62,974	\$-521 (1)	\$116,762	\$116,623	\$-139 (7)
Expenses	-57,207	-58,159	952 (1)	-111,989	-118,455	-6,466 (7,8,9)
Reserve Drawdown (Deposit)	-5,246	-4,815	-431 (1)	-4,773	1,832	6,605 (7,8,9)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Parking and Transportation</b>						
Revenues	\$8,141	\$8,424	\$-283 (2)	\$13,858	\$13,704	\$-154 (10)
Expenses	-6,298	-6,551	253 (2)	-13,585	-13,595	-10 (8,9,10)
Reserve Drawdown (Deposit)	-1,843	-1,873	30 (2)	-273	-109	164 (8,9,10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Telecommunications Services</b>						
Revenues	\$11,348	\$11,354	\$-6	\$19,498	\$20,794	\$1,296 (11)
Expenses	-10,908	-10,956	48	-18,494	-21,871	-3,377 (8,9,11)
Reserve Drawdown (Deposit)	-440	-398	-42	-1,004	1,077	2,081 (8,9,11)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>University Services * **</b>						
Revenues	\$27,248	\$27,173	\$75	\$46,680	\$46,690	\$10 (12)
Expenses	-25,677	-26,276	599	-45,875	-47,673	-1,798 (8,9,12)
Reserve Drawdown (Deposit)	-1,571	-897	-674	-805	983	1,788 (8,9,12)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Intercollegiate Athletics *</b>						
Revenues	\$35,365	\$35,264	\$101	\$66,146	\$66,998	\$852 (13)
Expenses	-43,187	-41,860	-1,327 (3)	-65,848	-72,076	-6,228 (8,9,13)
Reserve Drawdown (Deposit)	7,822	6,596	1,226 (3)	-298	5,078	5,376 (8,9,13)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Electric Service *</b>						
Revenues	\$15,606	\$15,565	\$41	\$34,627	\$34,274	\$-353 (14)
Expenses	-15,545	-17,275	1,730 (4)	-34,067	-34,276	-209 (8,9,14)
Reserve Drawdown (Deposit)	-61	1,710	-1,771 (4)	-560	2	562 (8,9,14)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Inn at Virginia Tech/Skelton Conf. Center</b>						
Revenues	\$5,603	\$6,118	\$-515 (5)	\$11,728	\$11,728	\$0
Expenses	-6,742	-7,044	302 (5)	-11,638	-11,908	-270 (8,9)
Reserve Drawdown (Deposit)	1,139	926	213 (5)	-90	180	270 (8,9)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>Other Enterprise Functions ***</b>						
Revenues	\$6,180	\$6,287	\$-107	\$10,876	\$10,806	\$-70 (15)
Expenses	-3,469	-4,670	1,201 (6)	-9,782	-14,345	-4,563 (8,9,15)
Reserve Drawdown (Deposit)	-2,711	-1,617	-1,094 (6)	-1,094	3,539	4,633 (8,9,15)
Net	\$0	\$0	\$0	\$0	\$0	\$0
<b>TOTAL AUXILIARIES</b>						
Revenues	\$171,944	\$173,159	\$-1,215	\$320,175	\$321,617	\$1,442
Expenses	-169,033	-172,791	3,758	-311,278	-334,199	-22,921
Reserve Drawdown (Deposit)	-2,911	-368	-2,543	-8,897	12,582	21,479
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, and Tailor Shop.

**AUXILIARY ENTERPRISE BUDGET**

1. Revenues in Residence and Dining Halls are lower than projected due to lower than anticipated dorm occupancy and Dining meal plan sales from lower than budgeted freshmen student enrollment. Expenses in Residence and Dining Halls are lower than projected due to timing of operating and project expenses.
2. Revenues and expenses in Parking and Transportation Services are lower than projected due to lower than forecasted Fleet Services business volume.
3. Expenses for Intercollegiate Athletics are higher than projected due to higher than projected operational expenses. A third quarter budget adjustment request is under development.
4. Expenses for the Electric Service auxiliary are lower than projected due to lower than forecasted total cost of purchased electricity and unrelated business income tax expenses.
5. Revenues and expenses for the Inn at Virginia Tech and Skelton Conference Center are lower than projected due to lower than forecasted business activity.
6. Expenses for Other Enterprise Functions are lower than projected due to timing of operating expenses.
7. The projected annual revenue, expense, and reserve budgets for Residence and Dining Halls were adjusted for increased facility use agreement revenues, decreased Steger Center fall enrollment, and increased \$304,000 for Innovation and Creativity dorm planning expenses.
8. The projected annual expense budget for Auxiliary Enterprises was adjusted for \$10.5 million in outstanding 2015-16 commitments and projects that were initiated but not completed before June 30, 2016. This amount includes \$703,512 for Athletics, \$3.6 million for Residence Halls, \$2.6 million in Dining Hall commitments and projects, and \$598,048 for Electric Service. The remainder is spread across the other auxiliary programs.
9. The projected annual expense and reserve budgets for the Auxiliary Enterprises were decreased \$596,057 to reduce the placeholder budgets for compensation and fringe benefits to final amounts.
10. The projected annual revenue, expense, and reserve budgets for Parking and Transportation Services were decreased for reduced parking permit volume and self-generated revenue as well as a reduced Blacksburg Transit contract expense.
11. The projected annual revenue, expense, and reserve budgets for Telecommunications Services were increased \$1.3 million for infrastructure projects and expense budget increased \$1.8 million for network equipment refreshment.
12. The projected annual revenue, expense, and reserve budgets for the University Services System were adjusted for increased Rescue Squad revenues, an additional counselor position in the Cook Counseling Center, expanded student center wage support and Cultural Center renovations, career services mentoring position, additional student health counseling space, and increased \$190,000 for Rescue Squad ambulance replacement.
13. The projected annual revenue budget for Intercollegiate Athletics was increased \$852,000 to accommodate additional revenue of \$250,000 for neutral site game, \$15,000 for IMG multimedia and \$791,000 for the football team's participation in the Belk Bowl and ACC Football Championship, partially offset by decreased revenue of (\$204,000) from SEZ premium seat revenue. Annual expense and reserve draw budgets were increased \$5.6 million to accommodate \$762,000 for football and basketball coaching staff transition costs, \$100,000 for athlete food and dietary supplies, \$2.5 million for Rector Field House capital project expenses, and \$2.2 million for ACC Football Championship and Belk Bowl expenses.
14. The projected annual revenue and expense budgets for the Electric Services auxiliary were decreased for reduced 2016-17 cost of wholesale electricity and the associated reduction in customers rates.
15. The projected annual revenue, expense, and reserve budgets for Other Enterprise Functions were increased for internal financings, scholarship expenses in Licensing and Trademark, Library Photocopy equipment, and decreased for lower than expected activity level in Hokie Camp, Tailor Shop, and Printing Services.

**CAPITAL OUTLAY PROJECTS  
AUTHORIZED AS OF DECEMBER 31, 2016**

Dollars in Thousands

PROJECT INITIATED	CURRENT YEAR			TOTAL PROJECT BUDGET					
	ORIGINAL ANNUAL BUDGET	REVISED ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES	
<b>Educational and General Projects</b>									
<u>Educational and General Maintenance Reserve</u>									
Maintenance Reserve	On-going	9,100	9,100	3,392	10,578	0	0	10,578	3,392 (1)
<u>Design Phase</u>									
Improve Kentland Facilities	Sep 2013	4,500	3,000	166	8,618	0	0	8,618	848 (2)
Corps Leadership & Military Science Building	Dec 2015	1,920	1,375	649	0	2,100	0	2,100	1,374 (3)
Planning: Renovate Undergraduate Science Laborator	Jul 2016	0	600	6	0	600	0	600	6 (4)
Agriculture Production Facilities	Oct 2016	1,120	1,120	10	22,136	0	0	22,136	10 (5)
Chiller Plant Phase II	Oct 2016	2,000	2,000	10	31,024	9,797	0	40,821	10 (6)
Health Sciences & Technology	Oct 2016	3,380	1,600	0	48,307	23,793	0	72,100	0 (7)
Holden Hall Renovation	Oct 2016	3,670	2,000	5	44,386	17,500	0	61,886	5 (8)
<u>Construction Phase</u>									
Academic Buildings Renewal	Sep 2013	13,500	7,000	119	27,389	4,466	0	31,855	2,549 (9)
Address Fire Alarm Systems and Access	Jun 2014	2,751	2,865	650	4,891	0	0	4,891	2,676 (10)
BI Data Center Expansion	Sep 2015	4,800	4,800	667	0	5,900	0	5,900	992 (11)
Eastern Shore AREC Storage Building	Apr 2016	26	425	40	0	535	0	535	40 (12)
<u>Close-Out</u>									
Classroom Building	Dec 2012	8,530	10,641	8,716	42,652	0	0	42,652	40,726 (13)
<b>TOTAL</b>		<b>55,297</b>	<b>46,526</b>	<b>14,430</b>	<b>239,981</b>	<b>64,691</b>	<b>-</b>	<b>304,672</b>	<b>52,628</b>

**Educational and General Projects**

1. The total project budget amount reflects the balance of maintenance reserve appropriation carried forward from fiscal year 2016 and the state's fiscal year 2017 allocation of \$9.038 million of Maintenance Reserve funds.
2. This project is to provide a metabolism research laboratory, an applied reproduction facility, and a building for animal demonstration, handling, and holding spaces. The state authorized design funding effective July 2013 and construction funding effective July 2015. The \$8.618 million amount reflects the total project less equipment funding which is allocated separately after the start of construction. The early site package for the Applied Reproduction Facility is complete and working drawings are complete for the remainder of the project. Construction bids exceed the budget by \$1.4 million. Value engineering efforts have identified \$840,000 of savings and the university is exploring options to move forward with the project without negative impact to the programs.
3. This project planned a new 60,500 gross square foot Corps Leadership and Military Science Building to be located in the northern portion of the existing Upper Quad near Lane Hall. The facility envisions a centralized and consolidated home to the wide range of Corps of Cadets and ROTC programs currently dispersed around the northern area of campus. Preliminary Designs are complete, and the project will be put on hold pending completion of its funding plan.
4. This project is to plan for the renovations of up to ten undergraduate laboratories within Derring and Hahn Halls that are needed to accommodate the increased demand for introductory undergraduate science laboratory classes in biology, chemistry, physics, and microbiology. An A/E firm has been selected and schematic design is underway.
5. This project is for the first of two phases of the existing facilities renewal for the livestock and poultry programs. This first phase includes an approximate total scope of 126,000 gross square feet of new and renovated facilities at the Blacksburg campus and three nearby university production and research farms. An A/E firm has been selected and design is underway.
6. This project continues the strategic infrastructure advancements initiated by the Chiller Plant, Phase I project. This Phase II project includes the upgrade of campus utility systems and addresses several strategic needs for shifting the campus to a lower resource consuming cooling service. An A/E firm has been selected and design is underway.
7. This project calls for a Public Private Partnership delivery located adjacent to the existing Virginia Tech-Carilion Research Institute facility in Roanoke, Virginia. The 105,000 gross square foot building will serve as a fully operational and contained biomedical research and education facility.
8. This project is for the renovation and expansion of Holden Hall to accommodate the instruction and research programs of Material Science Engineering, Mining/Mineral Engineering, and Computer Science Engineering. The final project would be 101,000 gross square feet of engineering instruction and research space. Schematic design is underway.
9. This project is for the renovation of three academic buildings located in the core of main campus bordering the Drillfield: Davidson Hall-Front Section, Sandy Hall, and the Liberal Arts Building. The state authorized design funding effective July 2013 and construction funding effective July 2015. The \$31.8 million amount reflects the total project including a \$4.5 million nongeneral fund supplement for a cost overrun. The \$31.8 million does not include equipment funding which is allocated separately after the start of construction. The university is working with the Commonwealth to obtain a General Fund supplement to offset the project's nongeneral fund supplement amount. The project is under construction with substantial completion expected in spring 2018.
10. This project will support progress on fire alarm systems and accessibility improvements for several E&G buildings. The implementation plan calls for improvements to be executed in multiple packages, and construction funding will be released on a package-by-package basis. The State has appropriated \$4.89 million of General Fund resources for the total project budget of which \$4.26 million has been committed to the following projects underway or completed: Food Science and Technology Building, Architecture Annex, Wallace Annex, War Memorial Hall, Lane Hall, Whittemore Hall, Patton Hall, Randolph Hall, and Norris Hall.
11. This project will establish a new high performance data center within the existing Biocomplexity Institute's facilities. The Design-Build contract has been executed and construction is underway with the data center ready for use by Spring 2017.
12. This project is for a new equipment maintenance building for the Eastern Shore Agriculture Research and Extension Center (AREC). The facility's program provides space to store and secure modern research equipment on-site. The project is under construction with substantial completion expected in July 2017. The budget was adjusted in the second quarter to reflect the project being authorized for construction at the November 2016 Board of Visitors meeting.
13. The project is complete and has been occupied since August 2016. The project may be closed and financial accounts terminated when final invoices are received and paid and completion of the authorized scope has been verified by the Chief Facilities Officer.

## Capital Outlay Projects Authorized as of December 31, 2016 (Continued)

Dollars in Thousands

PROJECT INITIATED	CURRENT YEAR			TOTAL PROJECT BUDGET					
	ORIGINAL ANNUAL BUDGET	REVISED ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES	
<b>Auxiliary Enterprises Projects</b>									
<u>Auxiliary Maintenance Reserve</u>									
Maintenance Reserve	On-going	7,000	7,000	3,854	0	7,000	0	7,000	3,854 (1)
<u>Design Phase</u>									
Planning: O'Shaughnessy Renovation	Apr 2016	1,720	1,720	829	0	1,750	0	1,750	831 (2)
Planning: Student Wellness Services	Jun 2016	2,000	2,000	91	0	0	2,785	2,785	16 (3)
Creativity & Innovation District Residence Hall	Oct 2016	0	304	0	0	0	26,818	26,818	0 (4)
<u>Construction Phase</u>									
Unified Communications & Network Renewal	Apr 2012	3,386	2,605	669	0	9,564	6,944	16,508	14,573 (5)
Upper Quad Residential Facilities	May 2013	24,905	21,300	13,069	0	35,671	53,729	89,400	77,601 (6)
Lane Substation Expansion	Sept 2015	4,000	4,000	284	0	2,000	4,500	6,500	721 (7)
Residential Door Access Improvements	Dec 2015	3,368	4,052	3,304	0	7,735	0	7,735	6,688 (8)
Athletic Facilities Improvements	Aug 2016	2,700	7,200	1,655	0	37,500	0	37,500	2,378 (9)
<u>Close-Out</u>									
Airport Hangar	Apr 2015	514	574	95	0	2,520	0	2,520	1,837 (10)
East Eggleston Renovation	Aug 2015	0	0	0	0	2,500	0	2,500	2,196 (11)
<u>On Hold and Not Funded</u>									
Parking Blanket Authorizations Balance	Jul 2002	0	0	0	0	0	16,547	16,547	0 (12)
Phase IV of Oak Lane Community (Houses 2 - 5)	Aug 2010	0	0	0	0	0	17,518	17,518	0 (13)
TOTAL		49,593	50,755	23,850	0	106,240	128,841	235,081	110,694
GRAND TOTAL		<u>\$ 104,890</u>	<u>\$ 97,281</u>	<u>\$ 38,280</u>	<u>\$ 239,981</u>	<u>\$ 170,931</u>	<u>\$ 128,841</u>	<u>\$ 539,753</u>	<u>\$ 163,321</u>

**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, 2016 through December 31, 2016 and the Capital Outlay report be accepted.

April 3, 2017



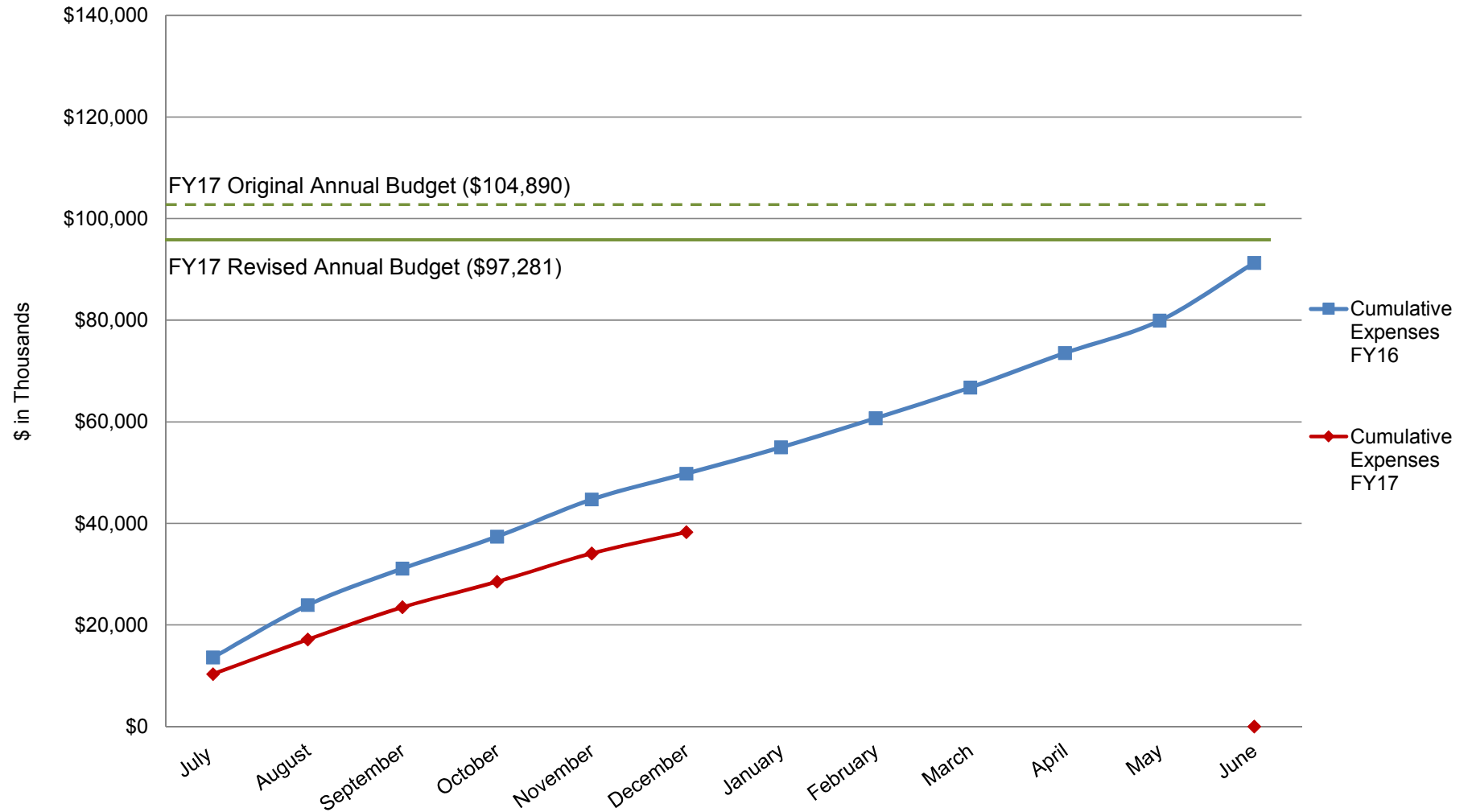
## CAPITAL OUTLAY BUDGET (Continued)

**Auxiliary Enterprises Projects**

1. 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 budget reflect the spending plans of the auxiliary units on scheduled maintenance reserve work for fiscal year 2017. The auxiliary maintenance reserve program covers 104 assets with a total replacement value of \$1.1 billion.
2. This project will plan updates to O'Shaughnessy Hall's interior; mechanical, electrical, and plumbing systems; elevators; address other deferred maintenance items as needed; and install air conditioning. Improvements include converting O'Shaughnessy into a living-learning community to modernize the residential program within the building. Planning work is underway with working drawings nearing completion.
3. This project, as authorized at the March 2016, Board of Visitors meeting, is to explore alternatives and prepare design documents for an expanded, comprehensive student wellness services solution to meet student expectations.
4. The original project was over budget and has been on hold for several years while the university explored alternatives. A programming study is underway for a new residential hall in the living-learning community model focused on academic collaborative spaces to support creativity and innovation activities and the athletics program. The programming study will include a review of required utilities, mechanical, electrical, and plumbing components, and a cost review. The authorization may need adjustment based on the results of the programming study.
5. This project includes improvements to four complementary communication infrastructure components. The four components include a unified communications system, upgrading the Internet Protocol (IP) Network, upgrading the cable plant, and upgrading equipment rooms in various facilities. This project is being implemented in phases and is anticipated to be complete in spring 2017. The total expected costs are \$16.5 million. The budget was adjusted in the first quarter to reflect expected cash outflows for fiscal year 2017.
6. This project replaces Rasche and Brodie with two new residential facilities and razes Thomas and Monteith, effectively modernizing 1,000 beds in the residential inventory. Construction is underway. The first building, Pearson Hall, was occupied in November 2015. The second hall was originally scheduled to be occupied by fall 2016 and is behind schedule with anticipated substantial completion by spring 2017. The budget was adjusted in the first quarter to reflect expected cash outflows for fiscal year 2017.
7. This project will expand the Lane 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. Specifications for the transformers are being developed and equipment is being ordered. The entire project should be complete in late 2017 with an expected total cost of \$6.5 million.
8. This project will install electronic door access locks on approximately 4,520 student rooms in the existing residential system and improve access control to approximately 1,551 non-student doors. Installation is underway for the first half of the residence halls. The remaining half will be completed in the summer of 2017. The total cost is expected to be \$7.435 million and the project may be underspent. The budget was adjusted in the second quarter to reflect expected cash outflows for fiscal year 2017.
9. This project includes four high priority Athletic facility improvements: Rector Field House, Baseball Facilities, athletic nutrition center, and Tennis Facilities. Planning for the project was approved in November 2015. Rector Field House site work was approved August 2016 and construction was approved November 2016 and is expected to begin early winter 2016. Construction for Baseball Facilities was approved August 2016 and is expected to begin early winter 2016. Feasibility studies are underway for an athletic nutrition center and Tennis Facilities improvements. The annual budget was adjusted in the first quarter to reflect the project's supplemental approval for Rector and Baseball at the August 2016 Board of Visitors meeting.
10. This project is substantially complete and was occupied in April 2016. The total cost is expected to be \$2.3 million. The project may be closed and financial accounts terminated when completion of the authorized scope has been verified by the Chief Facilities Officer and all expenses moved to the capital project. The budget was adjusted in the first quarter to reflect expected cash outflows for fiscal year 2017.
11. The project was closed in October 2016. The total cost was \$2.196 million and the authorization was underspent.
12. The purpose of this unfunded parking blanket authorization balance is to complete future improvements and repair projects for the parking system as specific needs are identified and as funding becomes available.
13. This is the remaining unallocated authorization of the original \$23.5 million Oak Lane Community, Phase IV project. The outstanding Oak Lane Community expansion, houses two through five and their necessary site improvements, may be constructed as organizations come forward with program and financing plans.

### CAPITAL PROGRAM ANNUAL PERFORMANCE Cumulative Monthly Expenditures

Fiscal Year 2016 and YTD Fiscal Year 2017





# Financial Performance Report

## Second Quarter 2016-17

Tim Hodge, Assistant Vice President for  
Budget and Financial Planning

April 3, 2017



# Overview

- The university continuously monitors financial performance
- Each quarter the university provides the Board with an update on financial performance
- The annual budget represents the university's projection of operations
  - The original budget is as reviewed with the Board in June
  - The adjusted budget is revised as new information becomes available



# E&G – Annual Budget

- No significant changes during 2nd Quarter
- During 3rd quarter, we expect to bring forward
  - Assuming no further changes, the annual budget will be adjusted to reflect the results of the 2017 General Assembly session. Current year: loss of interest income (\$400K)
  - Closure of veterinary specialty clinical satellite activities in Roanoke



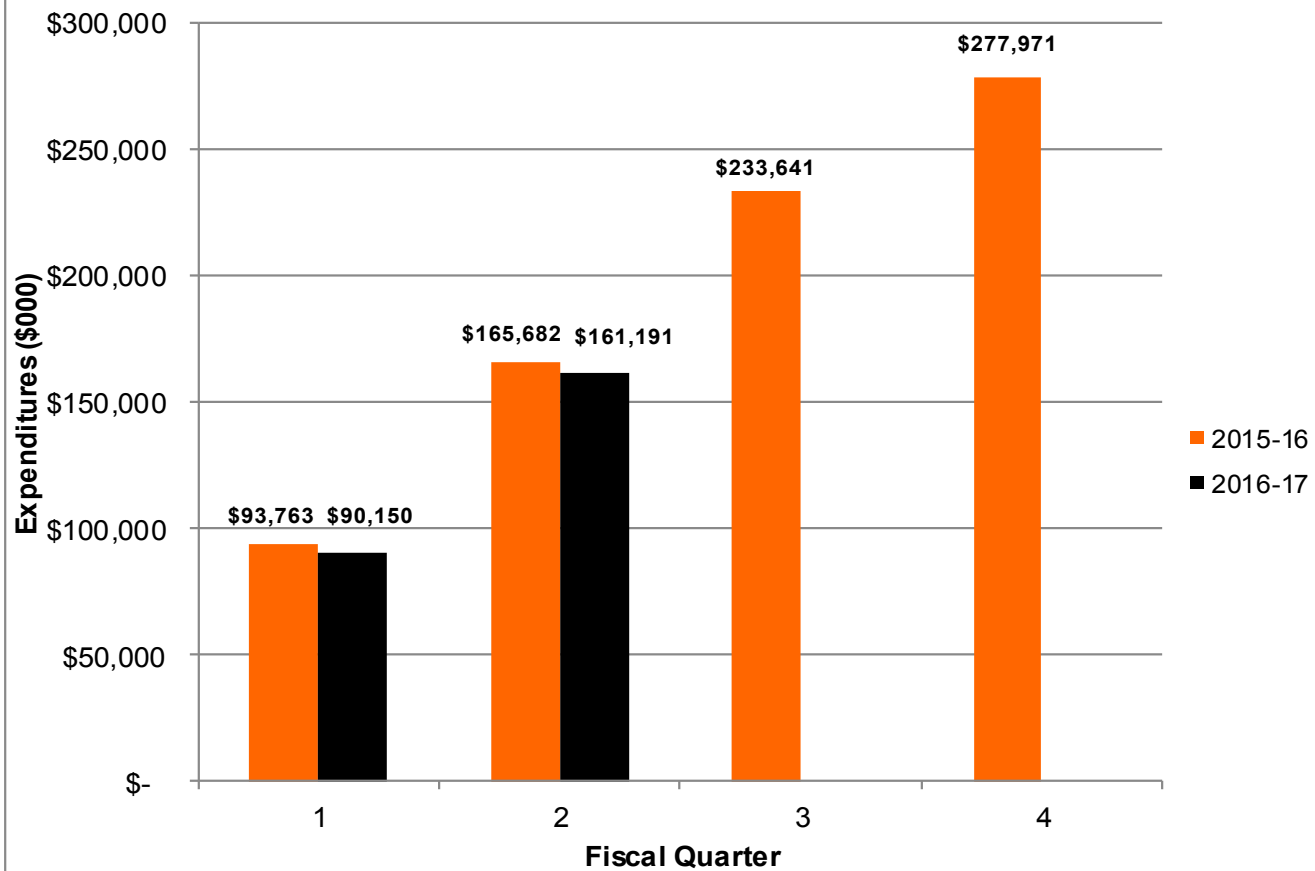


# E&G - Financial Performance

- University Division
  - Tuition: normal timing variations in tuition collections
  - State assessment of Virginia Retirement System investment is being assessed on the existing budget
    - 2016-17 \$4.1M
    - 2017-18 \$2.7M
  
- Cooperative Extension/Agricultural Experiment Station (CE/AES)
  - Federal funds expected last fiscal year have been received
  - Agency 229 is exempted from the VRS assessment.



## Sponsored Programs Expenditures 2015-16 to 2016-17





# Auxiliary Enterprises

## Annual Budget

- Athletics Football Conference Championship & Bowl Game: \$2.2 million
- Residential: Dorm planning \$304k
- Rescue Squad: Ambulance replacement \$190k
- Electric Service: \$598k carryover of outstanding commitment





# Auxiliary Enterprises

## Financial Performance

- Licensing Royalties: higher than project royalties from licensee sales
- Electric Service: lower than projected cost of purchased electricity
- Dorms and Dining: lower than budgeted occupancy and meal plan sales
- Athletics: expenses are running ahead due to scholarships, personnel changes and additional operating costs.
- Inn at VT, Fleet, & Printing Services: lower than projected business volume



# Capital Outlay – Total Program

- **Total capital program level currently authorized**
  - \$539.8 million over several years
- **Cumulative program expenses**
  - \$163.3 million inception-to-date
- **Significant total program adjustments**
  - Projects approved at the November 2016 Board meeting and added to the report:
    - ❖ Construction for Eastern Shore AREC Storage Building
    - ❖ Construction for Rector Component of Athletic Facilities Improvements

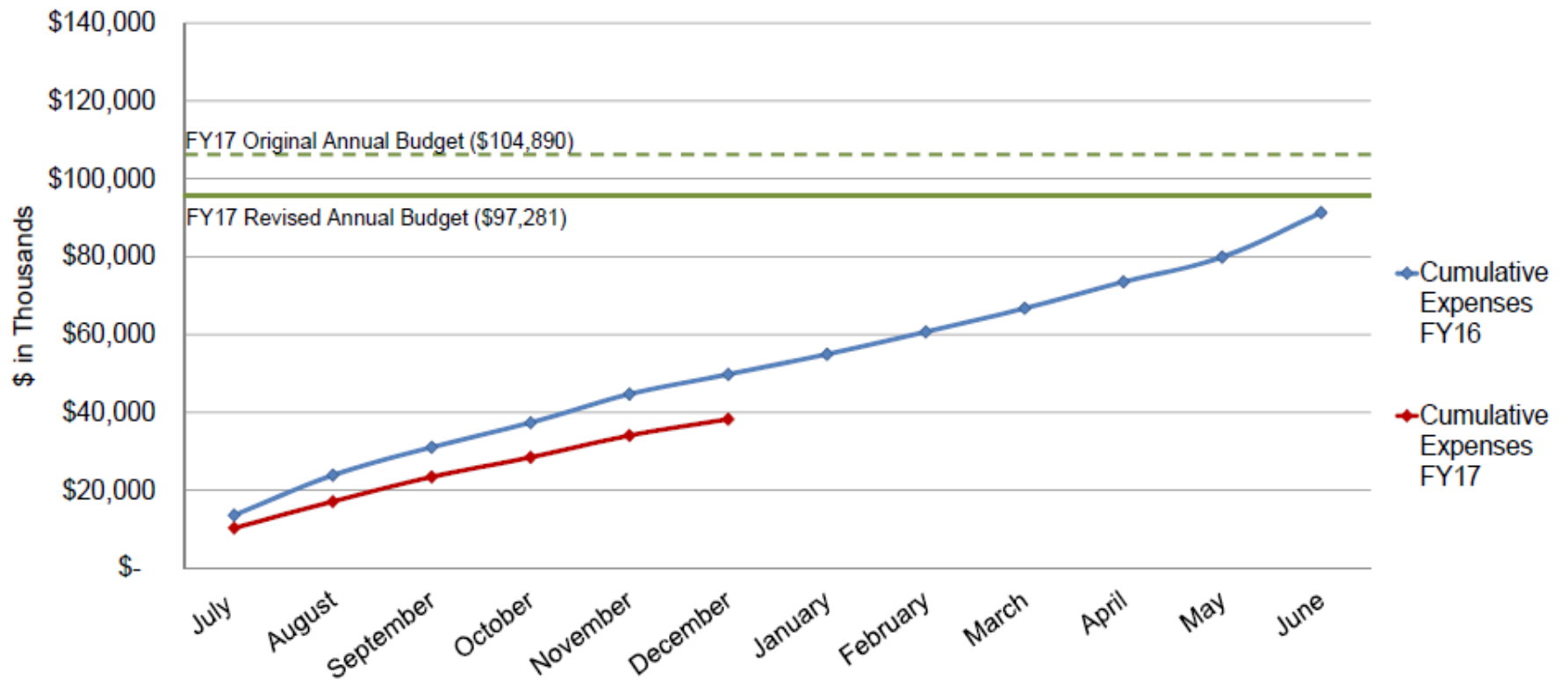


# Capital Outlay – Annual budget

- **Revised annual capital budget as of second quarter**
  - \$97.3 million
- **Annual expenses as of second quarter**
  - \$38.3 million
- **Annual budget adjustments this quarter**
  - Total project budgets unchanged.
    - ❖ East Eggleston Renovation                      \$(304) thousand
    - ❖ Residential Door Access Improvements      \$684 thousand



### CAPITAL PROGRAM ANNUAL PERFORMANCE Cumulative Monthly Expenditures Fiscal Year 2016 and Fiscal Year 2017





# Capital Outlay

- **Major Construction Underway**
  - Classroom Building
  - Fire Alarm Systems and Access
  - BI Data Center Expansion
  - Upper Quad Residential Facilities
  - Residential Door Access Improvements
  - Athletic Facilities Improvements





# Questions?