

Financial Performance Report - Operating and Capital
FINANCE AND RESOURCE MANAGEMENT COMMITTEE
July 1, 2017 to December 31, 2017

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 2017-18 budget (year-to-date) is prepared from historical data which reflects trends in expenditures from previous years as well as known changes in timing. Differences between the actual income and expenditures and the year-to-date budget may occur for a variety of reasons, such as an accelerated or delayed flow of documents through the accounting system, a change in spending patterns at the college level, or increases in revenues for a particular area.

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

OPERATING BUDGET
2017-18

Attachment P

Dollars in Thousands

	July 1, 2017 to December 31, 2017			Annual Budget for 2017-18		
	Actual	Budget	Change	Original	Adjusted	Change
Educational and General Programs						
University Division						
<u>Revenues</u>						
General Fund	\$86,757	\$86,757	\$0	\$161,675	\$162,004	\$329
Tuition and Fees	293,695	294,079	-384	501,950	512,221	10,271 (6)
All Other Income	20,199	20,122	77	39,350	37,510	-1,840 (7)
Total Revenues	\$400,651	\$400,958	\$-307	\$702,975	\$711,735	\$8,760
<u>Expenses</u>						
Academic Programs	\$-220,670	\$-219,515	\$-1,155 (1)	\$-439,964	\$-445,447	\$-5,483
Support Programs	-131,112	-130,583	-529	-263,011	-266,288	-3,277
Total Expenses	\$-351,782	\$-350,098	\$-1,684	\$-702,975	\$-711,735	\$-8,760 (6,7)
NET	\$48,869	\$50,860	\$-1,991	\$0	\$0	\$0
CE/AES Division						
<u>Revenues</u>						
General Fund	\$38,150	\$38,150	\$0	\$70,961	\$71,006	\$45 (8)
Federal Appropriation	13,844	10,049	3,795 (2)	15,640	15,640	0
All Other Income	706	422	284	880	880	0
Total Revenues	\$52,700	\$48,621	\$4,079	\$87,481	\$87,526	\$45
<u>Expenses</u>						
Academic Programs	\$-42,928	\$-43,149	\$221	\$-80,864	\$-80,909	\$-45
Support Programs	-3,397	-3,488	91	-6,617	-6,617	0
Total Expenses	\$-46,325	\$-46,637	\$312	\$-87,481	\$-87,526	\$-45 (8)
NET	\$6,375	\$1,984	\$4,391	\$0	\$0	\$0
Auxiliary Enterprises						
Revenues	\$179,141	\$176,465	\$2,676 (3)	\$333,313	\$335,182	\$1,869 (3)
Expenses	-178,745	-185,515	6,770 (3)	-326,617	-361,994	-35,377 (3)
Reserve Drawdown (Deposit)	-396	9,050	-9,446 (3)	-6,696	26,812	33,508 (3)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Sponsored Programs						
Revenues	\$143,797	\$159,711	\$-15,914 (4)	\$344,174	\$344,879	\$705 (9)
Expenses	-162,488	-195,443	32,955 (4)	-344,174	-344,879	-705 (9)
Reserve Drawdown (Deposit)	18,691	35,732	-17,041	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
Student Financial Assistance						
Revenues	\$12,639	\$13,317	\$-678	\$25,541	\$26,612	\$1,071 (10)
Expenses	-12,979	-13,310	331	-25,541	-26,612	-1,071 (10)
Reserve Drawdown (Deposit)	340	-7	347	0	0	0
NET	\$0	\$0	\$0	\$0	\$0	\$0
All Other Programs *						
Revenue	\$4,091	\$4,894	\$-803 (5)	\$7,399	\$9,579	\$2,180 (11)
Expenses	-2,193	-2,723	530 (5)	-7,399	-10,034	-2,635 (11)
Reserve Drawdown (Deposit)	-1,898	-2,171	273	0	455	455 (11)
NET	\$0	\$0	\$0	\$0	\$0	\$0
Total University						
Revenues	\$793,019	\$803,966	\$-10,947	\$1,500,883	\$1,515,513	\$14,630
Expenses	-754,512	-793,726	39,214	-1,494,187	-1,542,780	-48,593
Reserve Drawdown (Deposit)	16,737	42,604	-25,867	-6,696	27,267	33,963
NET	\$55,244	\$52,844	\$2,400	\$0	\$0	\$0

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

OPERATING BUDGET

1. Academic program expenditures slightly higher than projected due to the timing of instructional expenditures for enrollment growth.
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 greater than the projected budget due to the timing of federal draw that were requested in 2016-17, but received in 2017-18.
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 research revenues and expenses are less than projected. Total sponsored program expenditures are 0.8% greater than December 31, 2016.
5. Revenue and expenses for All Other Programs were less than projected due to timing of revenues and surplus property expense activity.
6. The annual budget for Tuition and Fees has been increased \$1.7 million for the finalization of the budgets for tuition and E&G fees. The budget for Tuition and Fees has been increased \$8.6 million due to higher than projected undergraduate enrollment, lower than projected enrollment in the graduate programs, and a decrease in Summer session revenues. The corresponding expenditure budgets have been adjusted accordingly.
7. The All Other Income revenue budget for the University Division has been decreased \$1.4 million for budget finalizations in Sales and Services and Continuing Education. The All Other Income budget has been decreased \$14,389 for an adjustment in self-supporting activity. The corresponding expenditure budgets have been adjusted accordingly.
8. The General Fund revenue budget was increased \$45,441 for adjustments to the state central fund distribution. The corresponding expenditure budgets have been adjusted accordingly.
9. The Sponsored Programs revenue and expense budgets were increased \$705,132 to finalize budgets.
10. During budget finalizations, the Student Financial Assistance general funds revenue and expense budgets were increased \$687,145. In the first quarter of 2017-18, the Student Financial Assistance revenue and expenditure budgets were increased \$384,000 to support enrollment growth beyond the originally planned enrollment growth.
11. The projected annual budget for All Other Programs was increased \$2.2 million to finalize budgets and \$454,293 for outstanding 2016-17 commitments that were initiated but not completed before June 30, 2017.

**UNIVERSITY DIVISION
AUXILIARY ENTERPRISES**

Attachment P

Dollars in Thousands

	July 1, 2017 to December 31, 2017			Annual Budget for 2017-18		
	Actual	Budget	Change	Original	Adjusted	Change
Residence and Dining Halls *						
Revenues	\$66,781	\$65,097	\$1,684 (1)	\$120,157	\$120,070	\$-87 (7)
Expenses	-60,431	-62,446	2,015 (1)	-117,364	-121,848	-4,484 (7,8,9,10)
Reserve Drawdown (Deposit)	-6,350	-2,651	-3,699 (1)	-2,793	1,778	4,571 (7,8,9,10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Parking and Transportation						
Revenues	\$8,855	\$8,498	\$357	\$13,704	\$13,704	\$0
Expenses	-6,012	-6,492	480	-13,266	-13,557	-291 (9,10)
Reserve Drawdown (Deposit)	-2,843	-2,006	-837	-438	-147	291 (9,10)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Telecommunications Services						
Revenues	\$10,944	\$12,374	\$-1,430 (2)	\$22,087	\$22,087	\$0
Expenses	-11,065	-12,657	1,592 (2)	-23,161	-24,700	-1,539 (9,10,11)
Reserve Drawdown (Deposit)	121	283	-162	1,074	2,613	1,539 (9,10,11)
Net	\$0	\$0	\$0	\$0	\$0	\$0
University Services * **						
Revenues	\$28,250	\$27,894	\$356	\$48,521	\$48,521	\$0
Expenses	-24,727	-26,225	1,498 (3)	-47,655	-49,909	-2,254 (8,9,10,12)
Reserve Drawdown (Deposit)	-3,523	-1,669	-1,854 (3)	-866	1,388	2,254 (8,9,10,12)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Intercollegiate Athletics *						
Revenues	\$34,076	\$33,257	\$819 (4)	\$69,283	\$72,449	\$3,166
Expenses	-42,115	-42,161	46	-68,903	-72,905	-4,002 (8,9,10,13)
Reserve Drawdown (Deposit)	8,039	8,904	-865 (4)	-380	456	836 (8,9,10,13)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Electric Service *						
Revenues	\$15,243	\$15,521	\$-278 (5)	\$36,061	\$34,720	\$-1,341 (14)
Expenses	-15,718	-16,583	865 (5)	\$-35,531	-34,562	969 (9,10,14)
Reserve Drawdown (Deposit)	475	1,062	-587 (5)	-530	-158	372 (9,10,14)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Inn at Virginia Tech/Skelton Conf. Center						
Revenues	\$7,091	\$6,214	\$877 (6)	\$11,855	\$11,955	\$100 (15)
Expenses	-6,606	-6,582	-24	-11,799	-12,487	-688 (8,9,10,15)
Reserve Drawdown (Deposit)	-485	368	-853 (6)	-56	532	588 (8,9,10,15)
Net	\$0	\$0	\$0	\$0	\$0	\$0
Other Enterprise Functions ***						
Revenues	\$7,901	\$7,610	\$291	\$11,645	\$11,676	\$31 (16)
Expenses	-12,071	-12,369	298	-8,938	-32,026	-23,088 (8,9,10,16)
Reserve Drawdown (Deposit)	4,170	4,759	-589	-2,707	20,350	23,057 (8,9,10,16)
Net	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL AUXILIARIES						
Revenues	\$179,141	\$176,465	\$2,676	\$333,313	\$335,182	\$1,869
Expenses	-178,745	-185,515	6,770	-326,617	-361,994	-35,377
Reserve Drawdown (Deposit)	-396	9,050	-9,446	-6,696	26,812	33,508
Net	\$0	\$0	\$0	\$0	\$0	\$0

* University Systems include Dormitory and Dining Hall System, University Services System, Intercollegiate Athletics System, and Electric Service System. The Systems were created to provide assurance to bond holders that system revenues are pledged for the payment of debt service and to allow for dedicated repair and replacement that are not subject to liens of any creditor of the university.

** University Services System includes Career Services, Center for the Arts, Health Services, Recreational Sports, Student Centers & Activities, Student Organizations, and the VT Rescue Squad.

*** Other Enterprise Functions include Golf Course, Hokie Passport, Library Café, Library Photocopy, Licensing & Trademark, Little Hokie Hangout, New Student and Family Programs, Pouring Rights, Printing Services, Software Sales, Student Athlete Academic Support Services (SAASS), Tailor Shop and Clearing Accounts.

AUXILIARY ENTERPRISE BUDGET

1. Revenues in Residence and Dining Halls are higher than projected due to residence hall occupancy and Dining self-generated revenue being greater than planned. Expenses 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 special project volume.
3. Expenses for the University Services System are lower than projected due to the timing of expenses.
4. Revenues for Intercollegiate Athletics are higher than projected due to higher than anticipated football and basketball ticket sales.
5. Revenue and expenses for the Electric Service auxiliary are lower than projected due to lower than anticipated electricity consumption. Expenses are also lower than projected due to lower than forecasted total cost of purchased electricity.
6. Revenues for the Inn at Virginia Tech and Skelton Conference Center are higher than projected due to timing of revenues.
7. The projected annual revenue, expense, and reserve budgets for Residence and Dining Halls were reduced for decreased Steger Center enrollment.
8. The projected annual expense and reserve budgets for Auxiliary Enterprises were increased \$77,093 for state compensation actions for high-turnover positions.
9. The projected annual expense budget for Auxiliary Enterprises was adjusted for \$5.9 million in outstanding 2016-17 commitments and projects that were initiated but not completed before June 30, 2017. This amount includes \$1.0 million for Residence Halls, \$3.2 million in Dining Hall commitments and projects, and \$0.3 million for Electric Service. The remainder is spread across the other auxiliary programs.
10. The projected annual expense and reserve draw budgets for the Auxiliary Enterprises were increased \$462,322 for the auxiliary share of the state's assessment of a one-time Virginia Retirement System (VRS) investment in 2015 which lowered future VRS actuarial rates.
11. The projected annual expense and reserve budgets for Telecommunications Services were increased for enhancement of network security software and Roanoke campus network infrastructure.
12. The projected annual expense and reserve budgets for the University Services System were adjusted for two additional counseling positions and psychiatric nurse practitioner for Cook Counseling Center, Career and Professional Development personnel, health and recreation sports services in Roanoke, and Recreational Sports challenge course.
13. The projected annual revenue budget for Intercollegiate Athletics was increased \$3.2 million to accommodate additional revenue of \$1 million for the football team's participation in the Camping World Bowl, \$1.1 million in self generated revenue, and \$1.1 million in private fundraising for the Cassell seating project, men's basketball locker room, and athlete meals. Annual expense and reserve draw budgets were increased \$4.6 million to accommodate increases of \$825,000 for coaching staff transitions, athletic contracts, and competitive compensation, \$2.1 million for Camping World Bowl expenses, \$519,000 for sports expenses, \$254,000 for operating expenses, \$120,000 for English Field astroturf, \$565,000 for Cassell seating project, \$522,000 for men's basketball locker room project, and \$807,000 for videoboards and audio projects, and decrease of \$1.1 million for the technical realignment of Student Athlete Academic Support Services.
14. The projected annual revenue and expense budgets for the Electric Services auxiliary were adjusted for decreased 2017-18 cost of wholesale electricity.
15. The projected annual revenue, expense, and reserve budgets for the Inn at Virginia Tech and Skelton Conference Center were increased \$776,680 for construction of an outdoor patio.
16. The projected annual revenue, expense, and reserve budget for Other Enterprise Functions were increased for Licensing and Trademark activity, student affairs operating support, \$22.0 million internal financing of board approved Athletics facilities improvements project (\$10.0 million in 1st Qtr and \$12.0 million in 2nd Qtr), Library Café maintenance needs, and scholarship expenses in Licensing and Trademark.

CAPITAL OUTLAY PROJECTS
AUTHORIZED AS OF DECEMBER 31, 2017
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	
EDUCATIONAL AND GENERAL PROJECTS								
<u>Design Phase</u>								
Improve Kentland Facilities	Sep 2013	\$ 6,000	\$ 15	\$ 9,363	\$ -	\$ -	\$ 9,363	\$ 905 (1)
Renovate Undergraduate Science Laboratories	Jul 2016	6,250	748	-	10,000	-	10,000	1,171 (2)
Agriculture Production Facilities	Oct 2016	1,080	159	22,136	-	-	22,136	180 (3)
Chiller Plant Phase II	Oct 2016	4,040	549	31,024	-	9,797	40,821	604 (4)
Holden Hall Renovation	Oct 2016	3,840	485	44,386	-	17,500	61,886	1,386 (5)
Gas-Fired Boiler at the Central Steam Plant	Apr 2017	3,375	6	-	6,800	-	6,800	6 (6)
Planning: Intelligent Infrastructure and Construction Complex	Apr 2017	2,880	2	-	6,000	-	6,000	2 (7)
Planning: Undergraduate Science Laboratory Building	Jul 2017	2,500	2	-	3,084	-	3,084	2 (8)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	12,860	3,994	20,297	-	-	20,297	9,401 (9)
Academic Buildings Renewal	Sep 2013	18,600	8,186	35,029	-	-	35,029	13,960 (10)
Address Fire Alarm Systems and Access	Jun 2014	1,265	90	4,891	-	-	4,891	3,315 (11)
Health Sciences & Technology	Oct 2016	10,200	0	48,307	17,765	23,793	89,865	0 (12)
<u>Close-Out</u>								
Classroom Building	Dec 2012	1,050	602	42,652	-	-	42,652	42,204 (13)
Biocomplexity Data Center	Sep 2015	900	465	-	5,900	-	5,900	5,215 (14)
Eastern Shore AREC Storage Building	Apr 2016	381	320	-	535	-	535	474 (15)
TOTAL EDUCATIONAL AND GENERAL PROJECTS		\$ 75,221	\$ 15,624	\$ 258,085	\$ 50,084	\$ 51,090	\$ 359,259	\$ 78,825

CAPITAL OUTLAY BUDGET

Educational and General Projects

1. This project is to provide a metabolism research laboratory, an applied reproduction facility, and a building for animal demonstration, handling, and holding spaces. The state authorized design funding effective July 2013 and construction funding effective July 2015. Bid efforts in 2016 and 2017 were more than ten percent over budget. The university plans to rebid in spring 2018 under a modified bid package and more aggressive outreach effort. The annual budget was based on an anticipated construction start date in fall 2017 and will be underspent.
2. This project will renovate seven laboratories within Derring Hall and Hahn Hall for undergraduate science laboratory classes in biology, chemistry, physics, and microbiology. Construction of Phase 1 in Derring 3004 is underway. The remaining work, Phase 2, was bid in December 2017 and received no responses. The project will be rebid in spring 2018. The university has extended the overall completion schedule, simplified the project phasing, and will engage in a more aggressive outreach effort to enhance interest to contractors. The annual budget was based on an anticipated construction start date in January 2018 and will be underspent.
3. This project is for the first of two phases to renew the existing facilities for the livestock and poultry programs. This first phase includes an approximate total scope of 126,000 gross square feet of new and renovated facilities at the Blacksburg campus and three nearby university production and research farms. Schematic design is underway.
4. 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 with improved redundancies. Preliminary design is underway.
5. This project is for a complete renovation and 60,000 gross square foot expansion of Holden Hall to accommodate the instruction and research programs of Materials Science and Engineering, Mining and Minerals Engineering, and Computer Science Engineering. Preliminary design is underway.
6. This project will design, purchase, and install a new Gas-Fired Boiler within the Central Steam Plant. Preliminary design is underway.
7. This planning project is for Hitt Hall, the Fusion Laboratories, and the Smart Dining Center. The total project funding plan calls for \$50 million to cover the three programs. Criteria document development for Design-Build is underway.
8. This planning project is for an entirely state funded 102,000 gross square foot science laboratory building adjacent to the new classroom building. The university is temporarily funding the project and will be reimbursed by the state once construction funding is appropriated. Schematic design is underway.
9. The total project budget amount reflects the Maintenance Reserve appropriation balance carried forward from fiscal year 2017 and the state's fiscal year 2018 appropriation of \$9.719 million. The state maintenance reserve program requires a biennial budget expenditure of 85 percent, which is \$17.3 million of cumulative expenses by June 30, 2018. The annual budget amount reflects the spending level required to slightly exceed the performance requirement.
10. This project is for the renovation of Davidson Hall-Front Section, Sandy Hall, and the Liberal Arts Building. The project is under construction with substantial completion expected in summer 2018.
11. This project supports progress on fire alarm systems and accessibility improvements for several E&G buildings. The eight completed projects include Food Science and Technology Building, Architecture Annex, Lane Hall, Wallace Annex, War Memorial Hall, Whittemore Hall, Patton Hall, and Randolph Hall. The final two projects, Norris Hall and Litton Reaves Hall, are underway and anticipated to be complete by June 2018.
12. This project is being delivered under a Public Private Partnership with Carilion Clinic. The building will be located adjacent to the existing Virginia Tech-Carilion Research Institute facility in Roanoke, Virginia. The Comprehensive Agreement between Virginia Tech and Carilion Clinic was signed December 22, 2017 with an expected completion within 26 months.
13. The project is complete and occupied since August 2016. The project may be closed and financial accounts terminated when final invoices are received and paid.
14. The project is complete and occupied since July 2017. The project may be closed and financial accounts terminated when final invoices are received and paid.
15. The project is complete and occupied since August 2017. The project may be closed and financial accounts terminated when final invoices are received and paid.

Capital Outlay Projects Authorized as of December 31, 2017 (Continued)

Dollars in Thousands

PROJECT INITIATED	FISCAL YEAR ACTIVITY		TOTAL PROJECT BUDGET					
	ANNUAL BUDGET	YTD EXPENSES	STATE SUPPORT	NONGENERAL FUND	REVENUE BOND	TOTAL BUDGET	CUMULATIVE EXPENSES	
AUXILIARY ENTERPRISE PROJECTS								
<u>Design Phase</u>								
Student Wellness Improvements	Jun 2016	\$ 2,259	\$ 235	\$ -	\$ 6,010	\$ 56,990	\$ 63,000	\$ 761 (1)
Creativity & Innovation District Residence Hall	Oct 2016	3,200	95	-	-	26,818	26,818	350 (2)
Dietrick First Floor and Plaza Renovation	Sept 2017	500	0	-	5,000	2,000	7,000	- (3)
<u>Construction Phase</u>								
Maintenance Reserve	On-going	7,000	4,964	-	7,000	-	7,000	4,964 (4)
Lane Substation Expansion	Sept 2015	4,000	1,355	-	2,000	4,500	6,500	2,082 (5)
O'Shaughnessy Renovation	Apr 2016	16,000	6,673	-	8,867	12,633	21,500	8,904 (6)
Athletic Facilities Improvements	Aug 2016	20,000	17,062	-	37,500	-	37,500	23,159 (7)
<u>Close-Out</u>								
Unified Communications & Network Renewal	Apr 2012	1,637	92	-	9,564	6,944	16,508	14,962 (8)
Upper Quad Residential Facilities	May 2013	4,668	3,832	-	35,671	53,729	89,400	86,928 (9)
Residential Door Access Improvements	Dec 2015	757	462	-	7,735	-	7,735	7,440 (10)
TOTAL AUXILIARY ENTERPRISE PROJECTS		\$ 60,021	\$ 34,771	\$ -	\$ 119,347	\$ 163,613	\$ 282,961	\$ 149,551
GRAND TOTAL		\$ 135,242	\$ 50,394	\$ 258,085	\$ 169,431	\$ 214,703	\$ 642,219	\$ 228,377

RECOMMENDATION:

That the report of income and expenditures for the University Division and the Cooperative Extension/Agricultural Experiment Station Division for the period of July 1, 2017 through December 31, 2017 and the Capital Outlay report be approved.

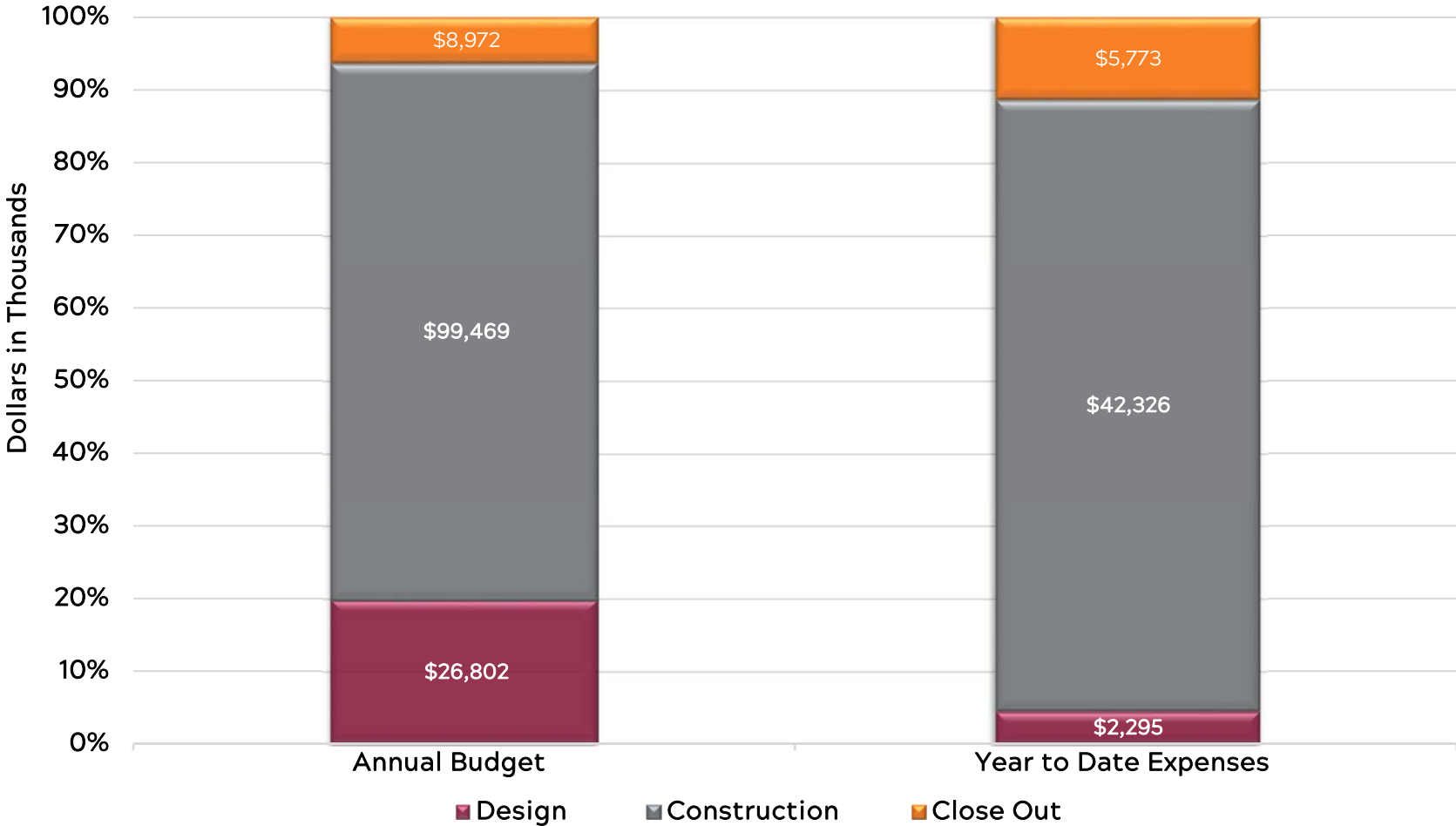
March 25, 2018

CAPITAL OUTLAY BUDGET (Continued)

Auxiliary Enterprises Projects

1. This project includes improvements to War Memorial Hall for Cook Counseling; Hokie Wellness; Recreational Sports; Human Nutrition, Foods, and Exercise; and the School of Education. Deferred maintenance and code requirements will be addressed and air conditioning to the building installed. Renovations to Schiffert Health Center in McComas Hall are included to convert the area vacated by counseling services to accommodate student health services. The project budget was increased in the second quarter to reflect full project authorization in November 2017.
2. This project is planning a new residential community with approximately 600 beds, including 176 beds for student-athletes, and academic collaborative spaces to support creativity and innovation programs. An A/E firm has been selected and a programming study is underway to finalize the building requirements, delivery method, and schedule for a summer 2021 opening. The current project authorization reflects a traditional 350 bed residential program. The authorization will need a future adjustment based on the results of the programming study.
3. This project includes refurbishing the first floor of Dietrick Hall, inserting a modern food service venue, enclosing 6,400 gross square feet of overhang, and improvements to the outdoor plaza. Design is underway with occupancy expected fall 2019.
4. Projects are scheduled and funded by the auxiliary enterprises during the annual Auxiliary Enterprise budgeting process. The units prepare five-year plans that outline their highest priority deferred maintenance needs. The annual budget and total project budget reflect the spending plans of the auxiliary units on scheduled maintenance reserve work for fiscal year 2018. The auxiliary maintenance reserve program covers 104 assets with a total replacement value of \$1.1 billion.
5. This project expands 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. The project should be complete in summer 2019.
6. This project will update O'Shaughnessy Hall's interior; mechanical, electrical, and plumbing systems; elevators; address other deferred maintenance items as needed; and installing air conditioning. Improvements include converting O'Shaughnessy into a living-learning community to modernize the residential program within the building. Construction started late spring 2017 with occupancy expected fall 2018.
7. This project includes four high priority Athletic facility improvements: Rector Field House, Baseball Facilities, athletic nutrition center, and Tennis Facilities. Construction for Rector Field House and Baseball Facilities is underway with completion of both expected late spring of 2018. Feasibility studies are complete for an athletic nutrition center and Tennis Facilities improvements.
8. This project is substantially complete. The total cost is expected to be \$16.508 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
9. This project is substantially complete. The total cost is expected to be \$89.4 million. The project may be closed and financial accounts terminated when final invoices are received and paid.
10. This project is substantially complete. The total cost is expected to be \$7.735 million. The project may be closed and financial accounts terminated when final invoices are received and paid. The annual budget was increased in the second quarter to reflect expected cash outflows for fiscal year 2018.

Project Expenses by Activity Second Quarter





Financial Performance Report

March 25, 2018

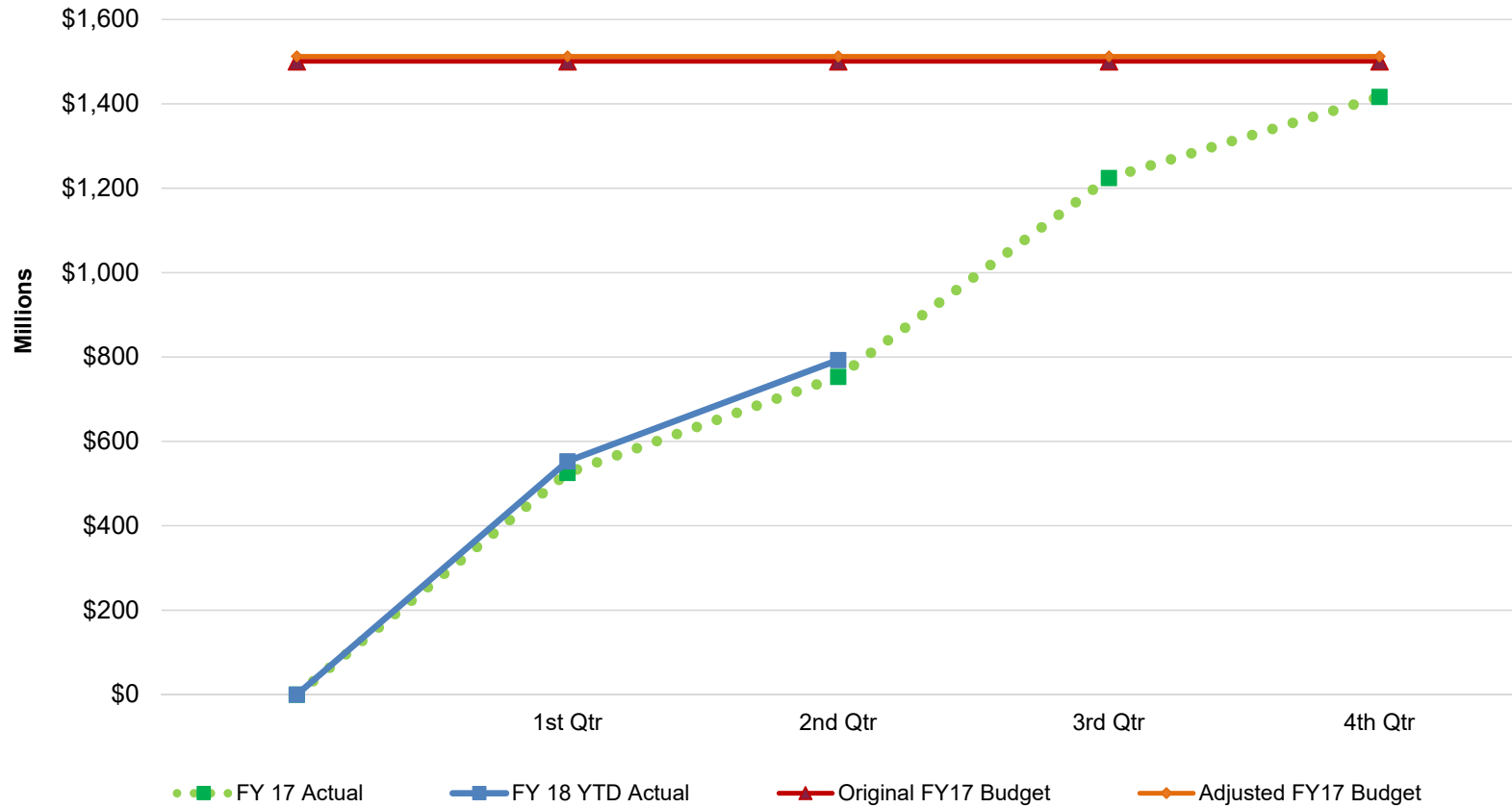
**TIM HODGE,
ASSOCIATE VICE PRESIDENT FOR BUDGET AND
FINANCIAL PLANNING**

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



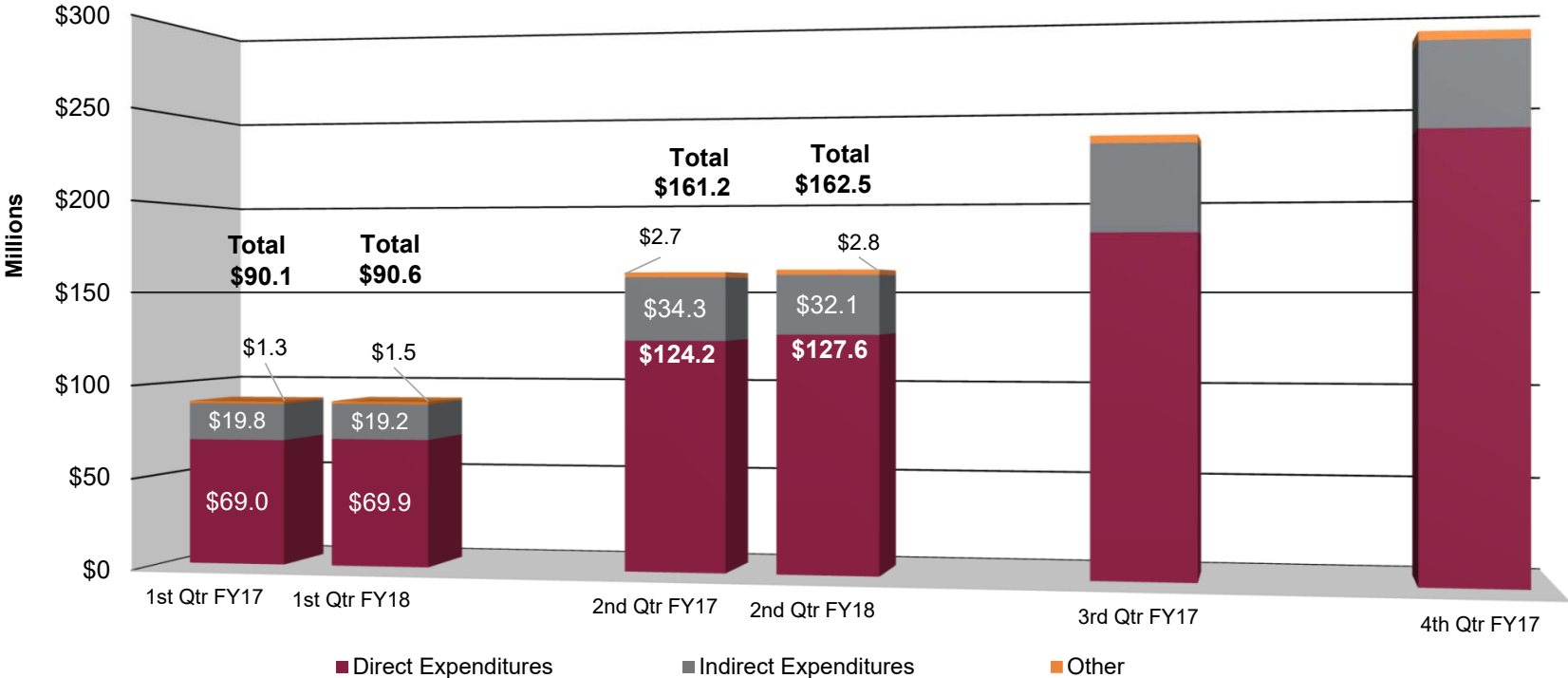
Operating Revenue

2016-17 VS 2017-18



Sponsored Program Expenditures

2016-17 VS 2017-18

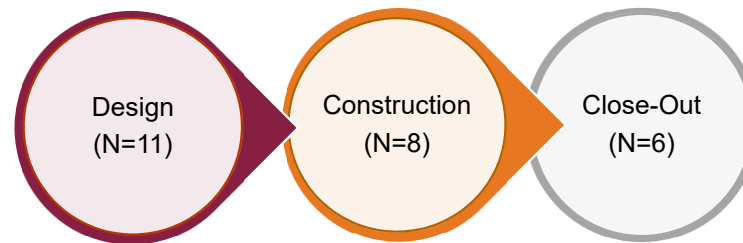


*Other includes Service Centers, Enterprise Funds, Royalty, and Research Ancillary Activity

Auxiliary Enterprises

- Annual Budgets
 - \$12M internal financing of board approved Athletics facilities improvements
 - Recreational Sports Challenge Course \$330k
 - Telecommunications: \$1.2M Roanoke Infrastructure
 - Intercollegiate Athletics
 - Bowl Game \$2.1M, sport facility projects \$2M, salary/operating \$1M, sport expense \$519k
- Financial Performance
 - Residence and Dining Halls: higher than budgeted occupancy and meal plans sales
 - Athletics: higher than budgeted basketball/football ticket sales
 - Telecommunications: lower than projected project volume
 - Other activities are performing as planned

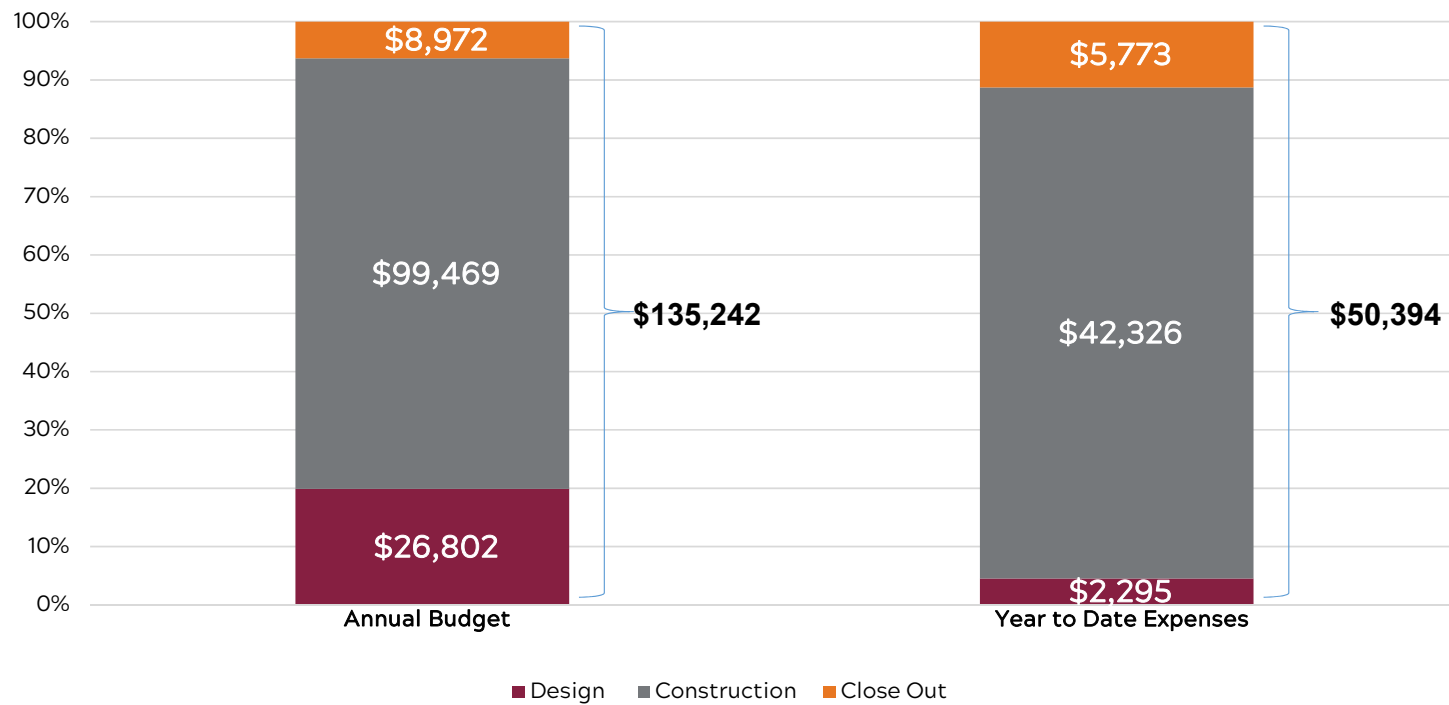
Capital Outlay



- Total capital program level currently authorized
 - \$642 million over multiple years
- Cumulative program expenses
 - \$228 million inception-to-date
- All spending and commitments are within authorized budgets

Project Expenses by Activity Second Quarter

(dollars in thousands)



*This graph depicts percentage of project expenses in each of the separate phases of Design, Construction, and Close Out of the capital projects.

Capital Outlay

- Major Planning Activity Underway
 - Improve Kentland Facilities
 - Student Wellness Improvements
 - Renovate Undergraduate Science Laboratories
 - Agriculture Production Facilities
 - Chiller Plant, Phase II
 - Holden Hall Renovation
 - Creativity and Innovation Residence Hall
 - Gas Fired Boiler
 - Intelligent Infrastructure and Construction Complex
 - Undergraduate Science Laboratory Building
 - Dietrick First Floor and Plaza Renovation

Capital Outlay

- Major Construction Activity Underway
 - Athletic Facilities Improvements
 - Academic Buildings Renewal
 - O'Shaughnessy Renovation
 - Lane Substation Improvements
 - Health Sciences and Technology

Summary

- Operating Budget:
 - On track
- Capital Projects:
 - All spending and commitments are within authorized budgets

RECOMMENDATION:

That the report of income and expenditures for the University Division and the Cooperative Extension/Agricultural Experiment Station Division for the period of July 1, 2017 through December 31, 2017 and the Capital Outlay report be approved.

March 25, 2018