



BOARD OF VISITORS

AUDIT, FINANCE & PLANNING COMMITTEE

FRIDAY, 3 MAY 2024

1:50-3:15 PM

Turman Room

Preston Library

**BOARD OF VISITORS
AUDIT, FINANCE AND PLANNING COMMITTEE
AGENDA
Friday, 3 May 2024**

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VIRGINIA MILITARY INSTITUTE
Richmond, Virginia
Board of Visitors
Audit, Finance and Planning (AFP) Committee
Tuesday, 19 March 2024

MINUTES

Board Members Present:

Mr. Thomas R. Watjen '76 (President)
Mr. John D. Adams '96
Mr. Hugh M. Fain III '80 (Vice-President)
Mr. J. Conrad Garcia
Mr. Thomas E. Gottwald '83 (Vice-President, Committee Chair)
Ms. Gussie A. Lord '01 (Vice-President)
Lt. Col (Ret.) James G. Joustra '76
Maj. Gen. James W. Ring '88
Ms. Kate Todd

Others Present:

MG Cedric T. Wins '85, Superintendent
BG Dallas B. Clark '99, Deputy Superintendent for Finance and Support
COL Jeffrey R. Boobar '86, Senior Director, Finance and Support
Mr. Harold L. Brown, Deputy Director, Intercollegiate Athletics
Ms. Pamela S. Brown, Assistant Director, Finance and Budget
Mr. Andrew C. Deal '12, Chief Operating Officer, VMI Keydet Club
Ms. Crissy S. Elliot, Chief Financial Officer, VMI Alumni Agencies
Ms. Emily E. Fulton '18, Associate Athletic Director for Internal Operations/SWA
Mr. Jeffrey L. Lawhorne, Director, Finance and Budget
Mr. Patrick O. O'Leary '90, General Counsel, Superintendent's Office
COL Kimberly C. Parker, Director, Government Relations
Mr. David L. Prasnicky, Chief Executive Officer, VMI Alumni Agencies
Mr. David G. Sigler, Financial Analyst
COL William "Bill" J. Wyatt, Executive Officer to the Superintendent

Mr. Gottwald, AFP Committee Chair, presided and called the meeting to order at 11:00 AM at the Home2 Suites Short Pump in Richmond, VA. A quorum was physically present with Mr. Fain, Mr. Garcia, Mr. Gottwald, and MG Ring in attendance. Mr. Adams, Ms. Lord, LTC Joustra, Ms. Todd, and Mr. Watjen attended through electronic means.

1. *Welcome and Opening Remarks*

Mr. Gottwald welcomed the Committee and invited BG Clark to provide a brief overview of the forthcoming agenda.

2. *Minutes from the 26 January 2024 BOV-AFP Committee Meeting.*

The Committee unanimously approved the minutes.

3. *Superintendent's Remarks*

MG Wins discussed the financial landscape as it pertained to recent decreases in enrollment, as well as cost-control measures implemented during FY24. He shared that the size of the incoming class of 2028 is trending positively, but the goal remains 495 and the proposed budget assumes 495 incoming matriculants. He added that the Institute's current FY24 spending rate is in alignment with the budget, and close management of budget decisions continues. Mr. Fain inquired about challenges to the Financial Aid Office caused by the Department of Education's ineffective roll-out of its new version of the FAFSA and MG Wins explained that some FAFSA forms have been received but the Education Department's processing glitches continue.

4. *Budget Presentation and Discussion*

BG Clark introduced the FY25 presentation and reminded the Committee no action would be taken during the meeting and all introduced tuition and fee scenarios were within the Board's purview, as none propose tuition or fee increases exceeding permissible levels per State code and all are in line with the parameters within VMI's Six-Year Plan.

BG Clark discussed significant budget assumptions related to enrollment, noting overall enrollment is projected to dip in FY25 since the graduating Class of 2024 is the largest in VMI's history. Assumptions were also presented from the State Conference Budget, the projected increases to in-state and out-of-state tuition, as well as to fees, for a net increase of 2.9%, and private funds which are expected to exceed FY24 allocations. A slide was also shown that quantified the potential impact of 3% Conference Budget compensation increases to E&G and Auxiliary/Athletics Personnel and VMI's employer share of increased health insurance costs (6.3%) in FY25 of \$390,000. The State has not yet calculated the increase in the employee share of healthcare costs.

In reviewing trend data and a comparison of VMI's in-state and out-of-state tuition and fees to other in-state schools and competitor institutions, Mr. Gottwald reminded the Committee and staff of the full Board's questions regarding out-of-state competitiveness and options for consideration. LTC Joustra raised the issue of The Citadel's out-of-state costs compared to VMI's and asked for a greater understanding of cost-differential since they are often VMI's number one competitor. Discussion occurred about enrollment cliff concerns and if any competitors charge less the first year and then increase costs at a greater rate for subsequent years. Mr. Garcia inquired if it was possible, for the average cadet, to determine the net tuition amount families are paying out of pocket when attending from out of state.

Graphs were presented to the Committee depicting budgeted and actual staff and faculty levels comparing FY18 to FY24, as well as information related to vacancies. Trend data was also provided showing Opening Day Enrollment for fiscal years 2018 through 2024.

BG Clark then asked Ms. Emily Fulton, Associate Athletics Director for Internal Operations, to present several slides showing the Athletics Department's budget data within the landscape of public Southern Conference and selected in-state institutions, as well as approved Athletics Department budget actions.

BG Clark then provided handouts with an overview of budget options showing a variety of tuition and fee options. The tuition options ranged from 0% to 3% for VA and NVA cadets. Several fee options increases were also presented which would each net the same cost increase to cadets and families but differ in how the funds are allocated within certain auxiliary enterprises. Along with tuition and fee options, a range of incoming class enrollment (495, 520, and 530) scenarios were presented to display the estimated financial impact of variable tuition and fee increases on VMI's overall budget and fund balance.

Additionally, BG Clark discussed the annual budget process undertaken by Institute leadership which brings forward requests from each department. Anticipated cost increases, to areas such as maintenance contracts, utilities, and software licenses would be part of this process, as well as other initiatives requiring budgetary support.

The Committee took a break for lunch at 12:06 PM. The meeting re-convened at 12:18 PM.

BG Clark explained each handout displaying various budget combinations and permutation scenarios based on various projected enrollments, possible tuition increases, and possible re-allocation of fees that result in an overall 3% increase in total fees. Prompted by LTC Joustra, BG Clark shared that staff is recommending a 3% increase to room and board, a 9% increase to the athletics fees, and a decrease to the auxiliary/UMA fee of 1.5% since this fee allocation is a more accurate representation of how dollars are currently used. Additionally, staff is recommending an increase for both in-state and out-of-state tuition of 3%, while preparing for an incoming class that could exceed 495 based on applications, deposits, and the wait list – but that 495 is still the goal. Mr. Garcia clarified that the potential changes to the fee structure are essentially a re-classification of charges to better represent the current internal accounting shift that has been occurring.

In advance of considering an FY25 tuition increase, Mr. Gottwald inquired as to how FY24 expenditures, and the controlling of costs, are trending compared to the budget and previously expected use of fund balance. BG Clark discussed the quarterly budget reports shared with the Committee and said for the May meeting he would include the requested information and include restricted funds showing as revenues and with the offsetting corresponding expenditures. Mr. Gottwald also commented that additional clarity on Fall enrollment at the May meeting will also be helpful.

BG Clark continued by referencing a handout essentially showing the minimum and maximum revenue scenarios. The minimum scenario was based on a zero tuition increase and an incoming class of 495, with all fees increasing by 3% compared to a 3% tuition increase and an incoming class of 530 and an overall 3% fee increase.

Mr. Gottwald stated the importance of the Board's Athletics Committee having a role in the discussion around the Athletics Department's budget and that the Audit, Finance, and Planning Committee should guide if deficits are appropriate. Regarding the re-allocation of fees, MG Wins referenced FY16 (when the Institute reset the athletics fee from \$1,702 to \$3,090 and decreased the Cadet Facilities/Activities Fee from \$3,002 to \$1,696) and reminded the Committee of the great value the Institute receives from scholarship athletics and emphasized the importance of bringing the budget into balance. Committee members discussed the public perception of the proposed change but also said it is important that the Institute demonstrate its commitment to Athletics.

Discussion occurred related to where VMI's Athletics Fee sits compared to other in-state schools, and it was shared that VMI's FY24 fee of \$3,950 is the highest and Virginia Tech's of \$421 is the lowest. MG Wins discussed the value of Division I athletics at VMI related to the cadet experience and reminded the Committee that only a handful of Power-5 schools are profitable and that the majority of schools rely on student fees as a significant source of revenue.

Mr. Lenny Brown, Deputy Director of Athletics, explained that while budget projections have changed due to proposed fee increases and proposed compensation increases within the potential Conference Budget, the Athletics Department remains on the path to no longer budget deficits in FY27 and FY28.

Mr. Gottwald thanked MG Wins and BG Clark for presenting important information that will better inform the Committee's recommendations at the May Board meeting and thanked the Committee for attending the meeting.

There being no further business to come before the Committee, the meeting adjourned at 1:01 PM.

VIRGINIA MILITARY INSTITUTE

LEXINGTON, VIRGINIA 24450-0304

OFFICE OF THE SUPERINTENDENT

Phone 540-464-7311

Fax 540-464-7660

Virginia Relay/TDD dial 711

4 May 2024

TO: The Board of Visitors

THROUGH: The Audit, Finance and Planning Committee

SUBJECT: Proposed Operating Budget FY 2025

The FY 2025 Operating Budget proposal includes a tuition and fee increase of 3% for both in-state and out-of-state cadets, with total in-state tuition and fees of \$32,388 and total out-of-state tuition and fees of \$64,010. The total budget for all programs totals \$119.1 million for an increase of \$4.6 million or 4.0% from the original FY 2024 budget. The overall increase in VMI's total operating budget is primarily attributable to State mandated compensation increases and increased funding from the State. The budget includes projected use of reserve funds of \$2.285 million.

The Fall 2024 opening enrollment is budgeted to be 1,559 and includes 495 new cadets with 62.4% of the total Corps from Virginia. This is a budgeted enrollment decrease from the FY 2024 budget of 2.4% and is less than the FY 2024 actual of 1,585. The decrease is attributable the graduation of the Class of 2024 which was the largest matriculating class in VMI history. The average enrollment for FY 2025 is projected to be 1,482 compared to 1,517 in FY 2024.

The budget provides for a 3% State-initiated salary increase for employees and State-mandated increases in employer contribution rates for health insurance.

The following motion is recommended:

"The VMI Board of Visitors approves the FY 2025 VMI Operating Budget which includes an increase in tuition and fees of 3.0% for both in-state and out-of-state cadets."



Cedric T. Wins
Major General, U.S. Army (Retired)
Superintendent



VIRGINIA MILITARY INSTITUTE

LEXINGTON, VIRGINIA 24450-0304

OFFICE OF THE SUPERINTENDENT

Phone 540-464-7311

Fax 540-464-7660

Virginia Relay/TDD dial 711

4 May 2024

TO: The Board of Visitors

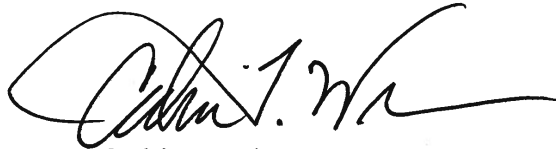
THROUGH: The Audit, Finance and Planning Committee

SUBJECT: VDOT Property Roadway Acceptance – Saunders Drive

VMI is requesting that the Virginia Department of Transportation (VDOT) include Saunders Drive as part of the State Road System. The existing main roads on the VMI Post are currently included in the State Road System and are eligible for maintenance and operations support.

Recommendation:

It is recommended that the Board of Visitors adopt the attached resolution requesting VDOT to assume maintenance responsibility of Saunders Drive.



Cedric T. Wins
Major General, U.S. Army (Retired)
Superintendent



The Board of Visitors of the Virginia Military Institute, City of Lexington, VA, in regular meeting on the ___ day of _____, 20___, adopted the following:

RESOLUTION

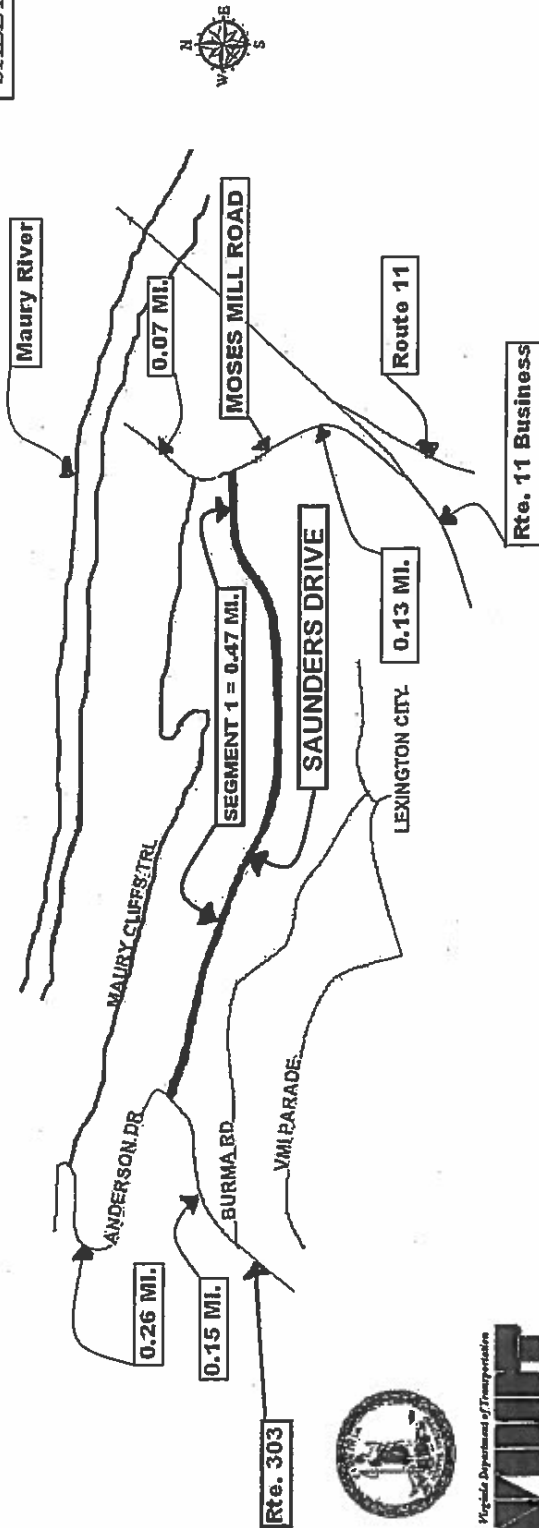
WHEREAS, the Board of Visitors of the Virginia Military Institute has established a road situated within the grounds of its property; and

WHEREAS, the road has been established and constructed to the standards set forth by the Virginia Department of Transportation; and

NOW, THEREFORE, BE IT RESOLVED the Board of Visitors of the Virginia Military Institute requests the Commonwealth Transportation Commissioner to assume maintenance of the segment of road beginning at the intersection of Moses Mill Road, City of Lexington, VA and terminating at Anderson Road, Route 303, as shown on sketch dated January 9, 2012, located within the property of the Virginia Military Institute and allow the institution to retain police powers over such road according to § 33.1-33, Code of Virginia, 1950, as amended.

William J. Wyatt, Jr.
Colonel
Executive Officer to the Superintendent and Acting
Secretary to the VMI Board of Visitors

Date: 4 May 2024



Using the DACSS application, please submit Form AM-412 for each roadway segment and the entire project including the mileage and the pavement types reflecting post-construction conditions.

Staunton District
Lexington Residency

VIRGINIA MILITARY INSTITUTE, LEXINGTON, VA
INSTITUTION STREET, ROUTE 303
ADDITION DUE TO NEW CONSTRUCTION
Completed and Inspected January 9, 2012

Section of Primary Road to be Added (633.1-34)

ROUTE	ACTION	SEGMENT	STATION	LENGTH
303	ADDITION	1	FROM: ANDERSON DRIVE, VMI RTE. 303, STATION 0+00 TO: MOSES MILL ROAD LEXINGTON, VA STATION 24+90	0.47 MI.

Executive Summary

FY 2025 Operating Budget

1. The Budget is comprised of three main sources of operating funds that total \$119,100,500:
 - a) State General Funds of \$32,740,500. E&G operational funds increased by \$3,607,500, UMA remained unchanged, and state aid for financial aid increased by \$125,000.
 - b) Cadet tuition, fee, and sales, and other revenue is projected to be \$53,309,000. The Class of 2028 is projected at 495 cadets. Tuition rates for both in-state and out-of-state cadets increased by 3% and fees increased 3% for FY 2025.
 - c) Private fund support primarily from the VMI Alumni Agencies of \$33,051,000. Unrestricted fund support of \$3,688,000 (11%) and \$29,363,000 in restricted funds (89%).
2. The Budget supports cadet financial assistance from all sources (Private, State, Federal and VMI) of \$20,968,000, an increase of \$2,049,000 or 10.8%. Tuition revenue used for financial aid is budgeted to be \$1,200,000 more than FY 2024. The State financial aid increased \$125,000, Federal financial aid is expected to increase \$250,000 and funding from the endowed scholarship accounts by \$474,000.
3. The Budget for all programs is \$140,068,500, an increase of \$6,632,500 over the prior year.
4. The Educational and General Program (E&G) Budget totals \$74,482,500, an increase of \$4,688,500 from FY 2024. The 3% salary increase is a major factor along with the 6.3% expected increase in medical insurance cost. The SCHEV Pell Initiative grant adds another \$921,000 to the overall operational budget.
5. The Budget assumes 495 new cadets (60% Virginians and 40% Non-Virginians) and a total Corps of 1,559 (63% Virginians and 37% Non-

Virginians). The average enrollment for FY 2025 (fall and spring) is budgeted to be 1,482.

6. Tuition and fees for in-state cadets total \$32,388 and represent an increase of \$914 or 2.9% over FY 2024. Tuition and fees for out-of-state cadets total \$64,010 and represent an increase of \$1,834 or 2.9%.
7. The budget includes a 3% salary increase effective the first pay period of the fiscal year for all full-time employees.
Total personnel costs are budgeted for \$76,866,000 or 65% of the total Budget (excluding cadet financial aid) and include 657 full-time positions. This is an increase of \$2,735,000 or 3.7% over FY 2024.
8. The Budget projects a year-end Fund Balance (30 June 2024) of \$25,400,000 and \$23,115,000 on 30 June 2025.

REVENUE

STATE FUNDS

	2024	2025	Increase (Decrease)	%	Note
Educational and General					
General Funds	21,730,000	25,337,500	3,607,500	16.6%	1a
Cadet Tuition and Other Income	29,795,000	30,527,000	732,000	2.5%	1b
Transfer from/(to) Reserves	1,076,000	-	(1,076,000)		1b
Total Educational & General	52,601,000	55,864,500	3,263,500	6.2%	
Unique Military Activities					
General Funds	5,860,000	5,860,000	-	0.0%	1a
Cadet Fees and Other Income	3,714,000	3,942,000	228,000	6.1%	1b
Transfer from/(to) Reserves	1,060,000	974,000	(86,000)		1b
Total Unique Military	10,634,000	10,776,000	142,000	1.3%	
Auxiliary Enterprises					
Cadet Fees and Other Income	22,248,000	23,349,000	1,101,000	4.9%	1b
Transfer from/(to) Reserves	1,746,000	288,000	(1,458,000)	-83.5%	1b, 8
Total Auxiliary	23,994,000	23,637,000	(357,000)	-1.5%	
Cadet Financial Assistance					
General Funds	1,418,000	1,543,000	125,000	8.8%	1a
Cadet Tuition and Fees	2,300,000	3,500,000	1,200,000	52.2%	1b
Total Cadet Financial Assistance	3,718,000	5,043,000	1,325,000	35.6%	
Total State Funds	90,947,000	95,320,500	4,373,500	4.8%	

	2024	2025	Increase (Decrease)	%	Note
LOCAL FUNDS					
Restricted Funds					
VMI Foundation/Agencies Bd	20,491,000	22,472,000	1,981,000	9.7%	1c
VMI Keydet Club	6,212,000	6,212,000	-	0.0%	1c
VMI Endowment	647,000	679,000	32,000	4.9%	1c
Federal Funds/NCAA Income	1,851,000	2,227,000	376,000	20.3%	1b
Total Restricted	29,201,000	31,590,000	2,389,000	8.2%	
Unrestricted Funds					
VMI Foundation/Agencies Bd	3,250,000	3,250,000	-	0.0%	1c
VMI Keydet Club	200,000	354,000	154,000		1c
VMI Endowment Income	79,000	84,000	5,000	6.3%	1c
Cadet Athletic Fees	5,652,000	5,946,000	294,000	5.2%	1b
Athletic Revenue/Support	1,144,000	1,288,000	144,000	12.6%	1b
Athletic Reserve	1,715,000	-	(1,715,000)	-100.0%	1b
Auxiliary Subsidy to Athletics	-	1,023,000	1,023,000	100.0%	1b
Museum Revenue	584,000	581,000	(3,000)	-0.5%	1b
Conference Income	188,000	189,000	1,000	0.5%	1b
Concessions Income	476,000	443,000	(33,000)	-6.9%	1b
Total Unrestricted	13,288,000	13,158,000	(130,000)	-1.0%	
Total Local Funds	42,489,000	44,748,000	2,259,000	5.3%	
TOTAL ALL FUNDS	133,436,000	140,068,500	6,632,500	5.0%	3
Less: Cadet Financial Assistance	(18,919,000)	(20,968,000)	(2,049,000)	10.8%	1b, 2
TOTAL REVENUE	114,517,000	119,100,500	4,583,500	4.0%	

EXPENDITURES

	2024	2025	Increase (Decrease)	%	Note
STATE FUNDS					
Educational & General					
Instruction	24,681,000	25,525,000	844,000	3.4%	
Public Service	133,000	138,000	5,000	3.8%	
Academic Support	7,628,000	7,652,000	24,000	0.3%	
Cadet Services	4,422,000	5,543,000	1,121,000	25.4%	
Institutional Support	6,793,000	7,163,500	370,500	5.5%	
Physical Plant	8,944,000	9,843,000	899,000	10.1%	
Total Educational & General	52,601,000	55,864,500	3,263,500	6.2%	4
Unique Military Activities					
	10,634,000	10,776,000	142,000	1.3%	
Auxiliary Enterprises					
Operations	21,013,000	20,280,000	(733,000)	-3.5%	
Debt Service	2,481,000	2,470,000	(11,000)	-0.4%	
Maintenance projects	500,000	887,000	387,000	77.4%	
Total Auxiliary Enterprises	23,994,000	23,637,000	(357,000)	-1.5%	
Cadet Financial Assistance					
	3,718,000	5,043,000	1,325,000	35.6%	
Total State Funds	90,947,000	95,320,500	4,373,500	4.8%	

	2024	2025	Increase (Decrease)	%	Note
LOCAL FUNDS					
Educational & General					
Instruction	8,964,000	9,837,000	873,000	9.7%	
Research	48,000	53,000	5,000	10.4%	
Public Service	1,409,000	1,457,000	48,000	3.4%	
Academic Support	2,387,000	2,485,000	98,000	4.1%	
Cadet Services	1,403,000	1,467,000	64,000	4.6%	
Institutional Support	2,774,000	3,016,000	242,000	8.7%	
Physical Plant	208,000	303,000	95,000	45.7%	
Total Educational & General	17,193,000	18,618,000	1,425,000	8.3%	4
Cadet Financial Assistance	15,201,000	15,925,000	724,000	4.8%	
Auxiliary Enterprises					
Intercollegiate Athletics	10,095,000	10,205,000	110,000	1.1%	
Debt Service	-	-	-		
Total Auxiliary Enterprises	10,095,000	10,205,000	110,000	1.1%	
Total Local Funds	42,489,000	44,748,000	2,259,000	5.3%	
TOTAL ALL FUNDS	133,436,000	140,068,500	6,632,500	5.0%	3
Less: Cadet Financial Assistance	(18,919,000)	(20,968,000)	(2,049,000)	10.8%	2
TOTAL EXPENDITURES	114,517,000	119,100,500	4,583,500	4.0%	

SOURCES OF REVENUE

	2024	% of Total	2025	% of Total	Inc (Dec)	% Inc (Dec)
State General Funds	29,008,000	25.3	32,740,500	27.5	3,732,500	12.9%
Cadet Tuition/Fees and Sales	44,790,000	39.1	46,296,000	38.9	1,506,000	3.4%
VMI and Alumni Agencies Support						
<i>VMI Alumni Agencies</i>						
VMI Foundation	22,517,000	19.7	24,435,000	20.5	1,918,000	8.5%
VMI Alumni Agencies Board	1,224,000	1.1	1,287,000	1.1	63,000	5.1%
Total Foundation/ Agencies Bd	23,741,000	20.7	25,722,000	21.6	1,981,000	8.3%
VMI Keydet Club	6,412,000	5.6	6,566,000	5.5	154,000	2.4%
Total Alumni Agencies	30,153,000	26.3	32,288,000	27.1	2,135,000	7.1%
<i>VMI Endowment</i>						
VMI General Endowment	468,000	0.4	489,000	0.4	21,000	4.5%
VMI Collins Endowment	173,000	0.2	189,000	0.2	16,000	9.2%
Outside Trusts (scholarships)	85,000	0.1	85,000	0.1	-	0.0%
Total VMI Endowment	726,000	0.6	763,000	0.6	37,000	5.1%
Total VMI and Alumni Agencies	30,879,000	27.0	33,051,000	27.8	2,172,000	7.0%

	2024	% of Total	2025	% of Total	Inc (Dec)	% Inc (Dec)
Other Revenue						
Athletic Revenue/Support	1,144,000	1.0	1,288,000	1.1	144,000	12.6%
Athletic Reserve	1,715,000	1.5	-	0.0	(1,715,000)	
Auxiliary Subsidy to Athletics	-	-	1,023,000	0.9	1,023,000	-6.9%
Concessions Income	476,000	0.4	443,000	0.4	(33,000)	-0.5%
Museum Revenue	584,000	0.5	581,000	0.5	(3,000)	0.5%
Program/Conference Income	188,000	0.2	189,000	0.2	1,000	
E&G Reserve	1,076,000	0.9	-	0.0	(1,076,000)	
UMA Reserve	1,060,000	0.9	974,000	0.8	(86,000)	
Auxiliary Reserves	1,746,000	1.5	288,000	0.2	(1,458,000)	-83.5%
Federal Funds/Other Income	1,851,000	1.6	2,227,000	1.9	376,000	20.3%
Total Other Revenue	9,840,000	8.6	7,013,000	5.9	(2,827,000)	-28.7%
TOTAL	114,517,000	100.0	119,100,500	100.0	4,583,500	4.0%

Revenue and Expenditure Budget Changes FY 2024 Compared to FY 2025

Revenue

FY 2024 Budgeted Revenue	114,517,000
New State General Funds for FY 2025 Affordable Access	937,500
New State General Affordable Access Funds (not budgeted in FY 2024)	832,000
New SCHEV Pell Initiative grant funding	920,841
FY 2025 Central Appropriations	646,475
FY 2024 Central Appropriations greater than budgeted	395,684
Increased Tuition and Fee Revenue	2,706,000
Increased Tuition Revenue used for Financial Aid	(1,200,000)
Increased VMIAA Support	2,135,000
Increased VMI Endowment Earnings	37,000
Increased Athletics Revenue	279,000
Reduction in planned use of Reserves	(3,321,000)
Increase in Other Income (Federal Fin Aid)	215,000
Total Revenue Increases	4,583,500
 FY 2025 Budgeted Revenue	 119,100,500

Expenditures

FY 2024 Budgeted Expenditures	114,517,000
3% Pay Increase	2,062,941
6.3% Medical Insurance Increase	560,995
New SCHEV Pell Initiative grant (5 staff)	500,541
Indirect Cost Expense	780,000
Bonuses budgeted in FY 2024	(687,866)
Other Salary and Benefit changes during FY 2024	183,545
Total Personal Services Increases	3,400,156
Increase in Student Aid from Tuition and Fee Revenue	-
New SCHEV Pell Initiative grant	420,301
Increase in Utilities (Water, Sewer, Electric and Gas)	111,058
Increase in Contingencies	129,635
Indirect Cost Expense	(780,000)
Increase in Maintenance Projects	387,000
Reduction in Debt Service	(11,000)
Increase in Transfer costs to UMA	111,000
VMIAA supported expenses (Restricted funds subject to donor guidelines)	590,343
Increase in Athletic Operational expenses	225,007
Total Non-Personal Services Increases	1,183,344
 FY 2025 Budgeted Expenditures	 119,100,500

VMI

**Budget Performance
Reports**

FY 2024

**Finance and Support
3 May 2024**

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Key Financial Indicators

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As of 11 April 2024

	Amended Budget	Actual/ Projected	Over (Under)	%	Notes
1. Enrollment					
<i>Fall 2023 Opening Day (Actual)</i>					
New Cadets	450	492	42	9.3%	
% VA Cadets	60.0%	59.3%			
Old Cadets	1,073	1,100	27	2.5%	
Total Cadets	1,523	1,592	69	4.5%	
% VA Total	63.8%	63.0%			
<i>Spring 2024 (Actual)</i>					
Total Cadets	1,404	1,473	69	4.9%	
% VA Total	63.2%	63.3%			
<i>% of cadets in Fall returning in Spring</i>	92.2%	92.5%			
2. State Revenues					
<i>Educational and General (E&G)</i>					
General Funds	21,856,000	21,856,000	-	0.0%	
Cadet Tuition/Other	30,970,000	30,970,000	-	0.0%	
Total E&G Revenue	52,826,000	52,826,000	-	0.0%	
<i>Auxiliary Enterprises (AUX) Revenues</i>	23,293,000	23,293,000	-	0.0%	
<i>Unique Military Activities (UMA)</i>					
General Funds	5,860,000	5,860,000	-	0.0%	
Cadet Fees/Other	3,886,000	3,886,000	-	0.0%	
Total UMA Revenue	9,746,000	9,746,000	-	0.0%	
3. Total Full-time Employees	646	608	(38)	-5.9%	
4. Fund Balance (Cash Balance)					
	E&G	AUX	UMA	Total	
Beginning Balance, 7/1/23	6,646,121	18,004,820	1,470,677	26,121,618	
Estimated revenue over(under) budget	-	-	-	-	
Estimated expenditures (over)under budget	1,414,250	(815,000)	(546,250)	53,000	
Budgeted transfers to(from) fund balance	-	(773,801)	-	(773,801)	
Projected Balance, 6/30/24	8,060,371	16,416,019	924,427	25,400,817	

State Programs

E&G Program Budget Performance Report

For the nine months ended 31 March 2024

Revenue	Amended Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	Notes
General Funds	21,856,000	19,003,215	21,856,000	-	0.0%	
Cadet Tuition/Other Income	33,270,000	33,269,604	33,270,000	-	0.0%	
Total Revenue	55,126,000	52,272,819	55,126,000	-	0.0%	
Expenses						
Cadet Financial Assistance	3,200,000	3,627,546	3,650,000	450,000	14.1%	1
Personal Services	47,842,000	33,175,281	44,006,000	(3,836,000)	-8.0%	2
Nonpersonal Services						
Utilities/Insurance	3,990,000	2,908,968	4,351,000	361,000	9.0%	3
Supplies/equipment/other	7,057,000	6,982,992	7,502,000	445,000	6.3%	4
Contingencies	1,088,000	1,043,218	1,800,000	712,000	65.4%	5
Total nonpersonal	12,135,000	10,935,178	13,653,000	1,518,000	12.5%	
Total Expenses	63,177,000	47,738,005	61,309,000	(1,868,000)	-3.0%	
Indirect cost recoveries (Aux/UMA)	(8,051,000)	(6,038,250)	(7,597,250)	453,750	-5.6%	6
Net Expenses	55,126,000	41,699,755	53,711,750	(1,414,250)	-2.6%	
Excess (Deficiency) Revenue	0	10,573,064	1,414,250	1,414,250		
Add Fund Balance, beginning	6,646,121	6,646,121	6,646,121	0		
Fund Balance, ending	6,646,121	17,219,185	8,060,371	1,414,250		

Notes:

- 1) Based on actual expenditures to date, the estimate of tuition revenue used for financial aid is expected to be \$450,000 more than the FY 2024 amended budget.
- 2) The Institute has experienced higher than normal vacancy and turnover savings as part of overall cost savings strategies.
- 3) Latest estimates for the remainder of the fiscal year suggest that the utility budget will not adequately cover remaining expenses due to increased water rate and utilization.
- 4) Supplies and equipment line item is increased for the E&G support to the CLE, \$195,000 and for additional purchases for the remaining three months of the fiscal year.
- 5) Contingency actual expenditures exceed the amended budget due to projects such as the telephone system upgrade, Smith Hall security enhancements, key personnel employee searches, and State mandated IT external security audit.
- 6) The planned reduction in UMA Indirect Cost payment to E&G of \$341,250 and the decrease in expected recovery from Auxiliary and Athletics results in \$453,750 less in indirect cost recovery to E&G.

**Auxiliary Enterprises Program
Budget Performance Report**

For the nine months ended 31 March 2024

	Amended Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	Notes
Revenue						
Cadet Fees/Other Income	23,293,000	15,345,484	23,293,000	-	0.0%	
Expenses						
Personal Services	4,254,000	3,519,729	3,357,000	(897,000)	-21.1%	1
Nonpersonal Services						
Food Service	7,532,000	6,315,497	7,532,000	-	0.0%	
Other Operating	3,930,000	3,320,591	3,930,000	-	0.0%	
Capital/Maintenance Projects	500,000	358,015	500,000	-	0.0%	
Contingencies	1,795,000	1,828,800	2,000,000	205,000	11.4%	2
Debt Service	2,481,000	1,606,401	2,468,000	(13,000)	-0.5%	
Total nonpersonal	16,238,000	13,429,304	16,430,000	192,000	1.2%	
Total Expenses before indirects	20,492,000	16,949,033	19,787,000	(705,000)	-3.4%	
Indirect costs paid to E&G	4,547,000	3,410,250	4,321,000	(226,000)	-5.0%	3
Total Expenses	25,039,000	20,359,283	24,108,000	(931,000)	-3.7%	
Excess (Deficiency) Revenue	(1,746,000)	(5,013,799)	(815,000)	931,000		
Add: Fund Balance, beginning	18,004,820	18,004,820	18,004,820	-	0.0%	
Less: Planned Transfers	(582,761)	(773,801)	(773,801)	(191,040)		
Fund Balance, ending	15,676,059	12,217,220	16,416,019	739,960	4.7%	

Notes:

- 1) Transfers to E&G of allowable personal services charges are undertaken to utilize E&G funds first. E&G funding in FY 2024 is available to absorb these qualifying personal services expenses.
- 2) The Contingency budget covers repairs and expenditures for projects not eligible to be paid from State E&G funds such as the Laundry Heat Exchange replacement, Cameron Hall seating replacement, and the Institute's share of the Gray Minor Stadium improvements.
- 3) The overall reduction in expenses results in lower Indirect Cost expense.

**Unique Military Activities
Budget Performance Report**

For the nine months ended 31 March 2024

	Amended Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	Notes
Revenue						
General Funds	5,860,000	4,930,915	5,860,000	-	0.0%	
Cadet Fees and Sales	3,886,000	3,818,420	3,886,000	-	0.0%	
Total Revenue	9,746,000	8,749,335	9,746,000	-	0.0%	
Expenses						
Personal Services	3,576,000	2,594,740	3,576,000	-	0.0%	
Nonpersonal Services						
Cadet Uniform Purchases	1,300,000	1,256,850	1,600,000	300,000	23.1%	1
Other Operating	4,388,000	2,250,952	4,388,000	-	0.0%	
Total nonpersonal	5,688,000	3,507,802	5,988,000	300,000	5.3%	
Total Expenses before indirects	9,264,000	6,102,542	9,264,000	-	0.0%	
Indirect costs paid to E&G	1,370,000	1,028,250	1,028,250	(341,750)	-24.9%	2
Total Expenses	10,634,000	7,130,792	10,292,250	(341,750)	-3.2%	
Excess (Deficiency) Revenue	(888,000)	1,618,543	(546,250)	341,750		
Add Fund Balance, beginning	1,470,677	1,470,677	1,470,677			
Fund Balance, ending	582,677	3,089,220	924,427	341,750		

Notes:

1) Cadet uniform expenses in FY 2023 were less than budgeted as uniforms anticipated to arrive in FY 2023 were delayed until FY 2024, resulting in the need to increase the current year budget.

2) As a result of the revised indirect cost rate calculations done every two years there is a planned reduction in payment of Indirect Cost to E&G from UMA operations for FY 2024. Indirect costs are anticipated to be reduced.

Local Programs

**Unrestricted Local Budget
Budget Performance Report**

For the nine months ended 31 March 2024

	Amended Budget	Year-to-Date Actual	Projected for The Year	Over (Under) Budget	%	Notes
Revenue						
VMI Endowment	79,000	39,575	79,000	-	0.0%	
VMI Foundation	2,850,000	2,850,000	2,850,000	-	0.0%	
VMI Development Board	400,000	150,000	400,000	-	0.0%	
Keydet Club	800,000	172,606	800,000	-	100.0%	1
Athletic Revenue	1,143,000	1,170,107	1,237,000	94,000	8.2%	2
Museum Revenue	584,000	439,193	584,000	-	0.0%	
Cadet Fees - Athletic	5,868,000	5,805,475	5,868,000	-	0.0%	
Conference Revenue - CLE	188,000	200,873	201,000	13,000	6.9%	3
Commission Revenue	476,000	355,444	476,000	-	0.0%	
Total Revenue	12,388,000	11,183,273	12,495,000	107,000	0.9%	
E&G Expenditures						
Instruction						
Faculty Salary Supplements	674,000	593,677	-	(674,000)	-100.0%	4
Public Service						
Daniel's Award	-	-	-	-	0.0%	
Museum Programs	899,000	665,990	899,000	-	0.0%	
Total Public Service	899,000	665,990	899,000	-	0.0%	

Unrestricted Local Budget Budget Performance Report

For the nine months ended 31 March 2024

	Amended Budget	Year-to-Date Actual	Projected for The Year	Over (Under) Budget	%	Notes
<i>Academic Support</i>						
Dean's Official Fund	14,000	10,572	14,000	-	0.0%	
Preston Library	15,000	15,000	15,000	-	0.0%	
Center for Leadership/Ethics	188,000	187,686	188,000	-	0.0%	
Total Academic Support	217,000	213,258	217,000	-	0.0%	
<i>Student Services</i>						
Commandant's Official Fund	13,000	9,937	13,000	-	0.0%	
Chaplain's Office Support	92,000	-	92,000	-	0.0%	
Total Student Services	105,000	9,937	105,000	-	0.0%	
<i>Institutional Support</i>						
Staff Salary Supplements	693,000	549,686	693,000	-	0.0%	
Mortgage Subsidies	36,000	34,312	36,000	-	0.0%	
Diversity Office	-	-	-	-		
Superintendent's Funds	-	-	-	-		
Quarter's--Rent/Enter	98,000	69,230	98,000	-	0.0%	
Allotment	30,000	13,417	30,000	-	0.0%	
Travel--State	10,000	5,110	10,000	-	0.0%	
VA Hi Ed Business Council	9,000	8,915	9,000	-	0.0%	
Protocol Office/Gifts	13,000	6,196	13,000	-	0.0%	
Local Bank Fees/Charges	2,000	-	2,000	-	0.0%	
Board of Visitors' Meetings	9,000	3,536	9,000	-	0.0%	
Contingencies	896,000	108,877	1,570,000	674,000	75.2%	4
Total Institutional Support	1,796,000	799,279	2,470,000	674,000	37.5%	

Unrestricted Local Budget Budget Performance Report

For the nine months ended 31 March 2024

	Amended Budget	Year-to-Date Actual	Projected for The Year	Over (Under) Budget	%	Notes
<i>Athletics</i>						
Operations	9,832,000	7,983,371	9,232,000	(600,000)	-6.1%	
Total Expenditures	13,523,000	10,265,512	12,923,000	(600,000)	-4.4%	
Excess (Deficiency) Revenue						
Add Fund Balance, beginning	(1,135,000)	917,761	(428,000)	707,000	-62.3%	
Less VMIAA Direct Pay	2,772,452	2,772,452	2,772,452	-	0.0%	
Fund Balance, ending	(120,000)	(120,000)	(120,000)	-	0.0%	
	1,517,452	3,570,213	2,224,452	707,000	46.6%	

Notes:

- 1) Support provided by the Keydet Club for special projects in Athletics: \$103K for soccer equipment and \$69K for the basketball team's trip to the Bahamas.
- 2) Athletic generated revenues were \$94k more than budgeted, \$26k from game guarantees, \$24k from Football gate receipts, and \$44k from Track entry fees. See Athletic Budget report for more details.
- 3) Conference revenues from registration fees was greater than estimated.
- 4) The faculty salary supplement paid by Local Unrestricted funds will be moved to State E&G as allowed due to availability of E&G vacancy savings. The reduction in Faculty Salary supplements moved to the Contingency line item for budget purposes. Any funds not needed in the Contingency line item will result in additional unrestricted local fund balance carried into FY 2025.

**Intercollegiate Athletics
Budget Performance Report**

For the nine months ended 31 March 2024

	Amended Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	Notes
Revenue and Support						
Cadet Fees	5,868,000	5,805,475	5,868,000	-	0.0%	
<i>Guarantees</i>						
Football	425,000	425,000	425,000	-	0.0%	
Basketball	250,000	233,781	250,000	-	0.0%	
Baseball	11,500	21,500	21,500	10,000	87.0%	
Soccer	-	4,500	4,500	4,500	100.0%	
Wrestling		11,104	11,104	11,104	100.0%	1
<i>Gate Receipts</i>						
Football	200,000	223,704	223,704	23,704	11.9%	2
Basketball	42,000	25,612	42,000	-	0.0%	
Entry Fees - Track Invitationals	60,000	104,035	104,035	44,035	73.4%	3
Concessions	208,500	208,500	208,500	-	0.0%	
NCAA Academic Assistance	101,000	36,000	101,000	-	0.0%	
NCAA/Conference Revenue Sharing	409,000	436,980	439,000	30,000	7.3%	
<i>VMI Development Board</i>						
Unrestricted Aid	250,000		250,000	-	0.0%	
Restricted Endowment	345,000	187,336	345,000	-	0.0%	
<i>Keydet Club</i>						
Budgeted Operating Support	71,000		71,000	-	0.0%	
Special Projects	800,000	172,606	800,000	-	0.0%	
Program and Other Income	155,000	120,871	155,000	-	0.0%	
Total Revenue	9,196,000	8,017,004	9,319,343	123,343	1.3%	

**Intercollegiate Athletics
Budget Performance Report**

For the nine months ended 31 March 2024

	Amended Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%
Expenditures					
Football	1,813,000	1,644,930	1,910,000	97,000	5.4%
Basketball	1,185,000	1,049,599	1,193,000	8,000	0.7%
Track--Men/Women	534,000	389,207	534,000	-	0.0%
Wrestling	275,000	255,192	295,000	20,000	7.3%
Baseball	510,000	312,795	510,000	-	0.0%
Lacrosse	501,000	320,529	401,000	(100,000)	-20.0%
Swimming	208,000	155,895	208,000	-	0.0%
Water Polo	169,000	119,440	169,000	-	0.0%
Rifle	66,000	62,787	68,000	2,000	3.0%
Soccer - Men	463,000	405,607	463,000	-	0.0%
Soccer - Women	228,000	206,647	238,000	10,000	4.4%
Training & Medical	532,000	368,875	532,000	-	0.0%
Sports Information/Promotions	496,000	329,412	510,000	14,000	2.8%
Strength & Conditioning	217,000	183,249	230,000	13,000	6.0%
NCAA Tutoring	58,000	49,202	58,000	-	0.0%
Administration	1,179,000	955,773	1,179,000	-	0.0%
Indirect Costs	2,274,000	1,599,750	2,248,000	(26,000)	-1.1%
Contingencies	50,000	29,400	50,000	-	0.0%
Total Expenditures	10,758,000	8,438,289	10,796,000	38,000	0.4%
Excess(Deficiency) Revenue	(1,562,000)	(421,285)	(1,476,657)	85,343	
Add: Beginning Fund Balance	1,045,243	1,045,243	1,045,243		
Ending Fund Balance	(516,757)	623,958	(431,414)	85,343	-16.5%

Intercollegiate Athletics Budget Performance Report

For the nine months ended 31 March 2024

Notes:

- 1) Budget increased for the \$11k in guarantee revenue and \$9k in team fundraising.
- 2) Football gate receipts were greater than estimated.
- 3) Track Invitational entry fees were greater than estimated.
- 4) Budgeted increase of \$97k to cover remaining estimated expenses through the end of the year.
- 5) The Lacrosse amended budget included \$100k for the field project in error. The field was completed in FY 2023.
- 6) The additional \$10k is for a camera to support broadcasting as required by the Southern Conference.
- 7) Budget increase of \$14k needed to cover remaining estimated expenses through the end of the year.
- 8) Budget increase of \$13k needed to cover remaining estimated expenses through the end of the year.
- 9) Indirect cost for the year has been adjusted to reflect the current rate and anticipated expenses for the fiscal year.

Museum Operations Budget Performance Report

For the nine months ended 31 March 2024

	VMI Museum				VMCW			
	Amended Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	Amended Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget
Revenue and Support								
Admissions	-			-	182,000	134,523	182,000	-
Sales	165,000	146,530	165,000	-	75,000	73,830	75,000	-
Donations	8,000	7,015	8,000	-	6,000	2,482	6,000	-
Rents/Other	134	242	250	116	1,160	2,287	2,300	1,140
Local Unrestricted Funds	73,913	73,913	73,913	-	83,314	83,314	83,314	-
Endowment Income	42,000	35,666	42,000	-	179,000	89,498	179,000	-
Total Revenue	289,047	263,366	289,163	116	526,474	385,934	527,614	1,140
Operating Expenses								
Personal Services	181,000	80,248	161,000	(20,000)	418,000	321,814	411,000	(7,000)
Merchandise for Resale	82,000	56,609	82,000	-	38,000	39,852	48,000	10,000
Other Operating	50,000	33,832	50,000	-	73,000	43,466	73,000	-
Total Expenses	313,000	170,689	293,000	(20,000)	529,000	405,132	532,000	3,000
Excess (Deficiency) Rev	(23,953)	92,677	(3,837)	20,116	(2,526)	(19,198)	(4,386)	(1,860)
Add: Fund Balance, begin	(71,995)	(71,995)	(71,995)	-	(83,696)	(83,696)	(83,696)	-
Add: Special Endow draw		-		-				-
Fund Balance, ending	(95,948)	20,682	(75,832)	20,116	(86,222)	(102,894)	(88,082)	(1,860)

Museum Operations Budget Performance Report

For the nine months ended 31 March 2024

	Jackson House				Total All				%	Note
	Amended Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	Amended Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget		
Revenue and Support										
Admissions	65,000	30,324	65,000	-	247,000	164,847	247,000	-	0.0%	
Sales	80,000	40,734	80,000	-	320,000	261,094	320,000	-	0.0%	
Donations	3,000	1,216	3,000	-	17,000	10,713	17,000	-	0.0%	
Rents/Other	-	10	10	10	1,294	2,539	2,560	1,266	100.0%	
Local Unrestricted Funds	309,817	309,817	309,817	-	467,044	467,044	467,044	-	100.0%	1
Endowment Income	-	-	-	-	221,000	125,164	221,000	-	0.0%	
Total Revenue	457,817	382,101	457,827	10	1,273,338	1,031,401	1,274,604	1,266	0.1%	
Operating Expenses										
Personal Services	207,000	148,189	196,000	(11,000)	806,000	550,251	768,000	(38,000)	-4.7%	
Merchandise for Resale	40,000	25,571	40,000	-	160,000	122,032	170,000	10,000	6.3%	
Other Operating	57,000	42,245	57,000	-	180,000	119,543	180,000	-	0.0%	
Total Expenses	304,000	216,005	293,000	(11,000)	1,146,000	791,826	1,118,000	(28,000)	-2.4%	
Excess (Deficiency) Rev	153,817	166,096	164,827	11,010	127,338	239,575	156,604	29,266		
Add: Fund Balance, begin	(297,591)	(297,591)	(297,591)	-	(453,282)	(453,282)	(453,282)	-		
Add: Special Endow draw	-	-	-	-	-	-	-	-		
Fund Balance, ending	(143,774)	(131,495)	(132,764)	11,010	(325,944)	(213,707)	(296,678)	29,266		

Notes: 1) Local Unrestricted funds moved to the Museum Systems to provide support for balancing operating budgets from FY 2022 and FY 2023.

**Center for Leadership and Ethics
Budget Performance Report**

For the nine months ended 31 March 2024

	Budget	Year-to-Date Actual	Projected For The Year	Over (Under) Budget	%	Notes
Revenue and Support						
Cash Donations	39,000	-	39,000	-	0%	
Endowment Income	1,097,000	780,603	1,097,000	-	0%	
Conference Income	188,000	200,873	200,873	12,873	7%	
VMI E&G Program Support	-	-	195,000	195,000		1
Rental Income	-	-	-	-		
Total Revenue	1,324,000	981,476	1,531,873	207,873	16%	
Operating Expenses						
Personal Services	1,115,000	851,133	1,085,000	(30,000)	-3%	2
Conference Expenses	182,000	31,991	182,000	-	0%	
Program/Other Expenses	265,000	189,736	265,000	-	0%	
Total Expenses	1,562,000	1,072,860	1,532,000	(30,000)	-2%	
Excess (Deficiency) Rev						
Add: Fund Balance, begin	(238,000)	(91,384)	(127)	237,873	0%	
Fund Balance, ending	806,414	806,414	806,414	-	0%	
	568,414	715,030	806,287	237,873		

1) The CLE provides leadership training for VMI staff as a service, and as the E&G funds availability permits, a transfer of support is made to support CLE operations and eliminate the fiscal year operating deficit.

2) Position vacancies from staff turnover and hourly staff budget not spent.

Capital Budget

VMI
Capital Projects Budget Report
31 December 2023

	(\$ Millions)			%
	Estimated Cost/Budget	Projected Cost/ Funding	Over(Under)	Over
Complete/Near Complete Projects				
Barracks Emergency Repairs	4.5	4.5	0.0	0%
Nichols Engineering Bldg/Annex	17.8	17.8	0.0	0%
Cocke Hall Annex	2.2	2.2	0.0	0%
JM Hall/VMI Museum	2.8	4.1	1.3	46%
Crozet Hall (Mess Hall)	13.3	14.6	1.3	10%
Hinty Hall	3.9	4.9	1.0	26%
Stormwater Drainage	5.2	5.3	0.1	2%
Foster Stadium	11.2	12.7	1.5	13%
Gray-Minor Stadium	6.8	6.9	0.1	1%
Mallory Hall	13.8	13.8	0.0	0%
North Institute Hill Parking	1.6	1.8	0.2	13%
Kilbourne Hall (ROTC)	8.7	13.4	4.7	54%
Marshall Hall	19.0	22.4	3.4	18%
Barracks Expansion/Renovation	48.7	62.7	14.0	29%
Maury House Renovation	1.2	1.2	0.0	0%
Military & Leadership FTG (Phase I)	16.6	16.8	0.2	1%
Post Hospital Renovation	5.1	5.1	0.0	0%
South Institute Hill Parking	2.8	2.8	0.0	0%
Maury-Brooke Hall Renovation	19.0	19.6	0.6	3%
Military & Leadership FTG (Phase II)	1.5	1.5	0.0	0%
Corps Physical Training Fac--Phase I Plan/Const	80.6	80.6	0.0	0%
Corps Physical Training Fac--Phase II Plan/Cons	38.1	38.1	0.0	0%
Post Improvements--Phase I (VCBA)	4.0	4.0	0.0	0%
Post Improvements--Phase II (VCBA)	4.0	4.0	0.0	0%
Post Improvements--Phase III (VCBA)	4.0	4.0	0.0	0%
Clarkson-McKenna Pressbox Expansion	1.7	1.7	0.0	0%
Improve Post Infrastructure Phases I - III	33.2	33.2	0.0	0%

	(\$ Millions)			% Over
	Estimated Cost/Budget	Projected Cost/Funding	Over(Under)	
Preston Library Renovation	19.5	19.5	0.0	0%
Chessie Nature Trail - South River Bridge	2.1	2.1	0.0	0%
Scott Shipp Hall Renovation	43.3	43.3	0.0	0%
Lackey Parking	3.5	3.5	0.0	0%
412 Parade Avenue Renovations	2.9	2.9	0.0	0%
Corps Physical Training Fac--Phase III Plan/Const	43.0	43.0	0.0	0%
Total Complete/Near Complete	485.6	514.0	28.4	6%
On-Going Projects				
Turman House Renovations	2.5	2.5	0.0	0%
408 Parade Avenue Renovations	2.0	2.0	0.0	0%
Post-Wide Safety and Security	11.1	11.1	0.0	0%
Renovate and Expand Engineering Laboratories	74.9	74.9	0.0	0%
CLE Phase 2/Parking - Detailed Planning	3.6	3.6	0.0	0%
Cadet Safety and Security	8.7	8.7	0.0	0%
Barracks Windows - Detailed Planning	1.0	1.0	0.0	0%
Moody Hall - Detailed Planning	2.1	2.1	0.0	0%
Total On-Going	105.9	105.9	0.0	0%
Total All	591.5	619.9	28.4	5%

VMI
Capital Projects Funding Details
31 December 2023

	Source of Funding (\$ Millions)							Total
	State GF/Debt	VMI Bond	Other Debt	Gifts	Debt	VMI Gifts	Aux	
Complete/Near Complete Projects								
Barracks Emergency Repairs	4.1						0.4	4.5
Nichols Engineering Bldg/Annex	17.8				2.2			17.8
Cocke Hall Annex								2.2
JM Hall/VMI Museum		1.2	2.6	0.3				4.1
Crozet Hall (Mess Hall)		0.7			12.1	1.2	0.6	14.6
Hinty Hall	4.7	0.2						4.9
Stormwater Drainage	2.1	2.8					0.4	5.3
Foster Stadium		12.7						12.7
Gray-Minor Stadium		6.4		0.5				6.9
Mallory Hall	13.8							13.8
North Institute Hill Parking		1.8						1.8
Kilbourne Hall (ROTC)	13.0	0.4						13.4
Marshall Hall		18.4				4.0		22.4
Barracks Expansion/Renovation	62.7							62.7
Maury House Renovation				0.8			0.4	1.2
Military & Leadership FTG (Phase I)	15.1			1.0			0.7	16.8
Post Hospital Renovation	5.1						-	5.1
South Institute Hill Parking					2.8			2.8
Maury-Brooke Hall Renovation	19.6							19.6
Military & Leadership FTG (Phase II)				1.0			0.5	1.5
Corps Physical Training Fac--Ph I Plan/Const	80.6							80.6
Corps Physical Training Fac--Ph II Plan/Const	38.1							38.1
Post Improvements--Phase I (VCBA)					4.0			4.0
Post Improvements--Phase II (VCBA)					4.0			4.0
Post Improvements--Phase III (VCBA)					4.0			4.0
Clarkson-McKenna Pressbox Expansion							1.7	1.7
Improve Post Infrastructure Phases I - III	29.6				3.4		0.2	33.2

Source of Funding (\$ Millions)

	State	GF/Debt	IDA Bond	VMI Foundation/Dev Bd	Other Debt	Gifts	Debt	VMI Gifts	Aux	Total
Preston Library Renovation	19.5									19.5
Chessie Nature Trail - South River Bridge						1.2		0.9		2.1
Scott Shipp Renovation	43.3									43.3
Lackey Parking					3.5					3.5
412 Parade Avenue Renovations								2.9		2.9
Corps Physical Training Fac--Ph III Plan/Const	33.0				10.0					43.0
Total Complete/Near Complete	402.1	44.6	2.6	13.6	36.0	6.4		8.7		514.0
On-Going Projects										
Turman House Renovations								2.5		2.5
408 Parade Avenue Renovations					2.0					2.0
Post-Wide Safety and Security	11.1									11.1
Renovate and Expand Engineering Laboratories	74.9									74.9
CLE Phase 2/Parking - Detailed Planning	2.1							1.5		3.6
Cadet Safety and Security	8.7									8.7
Barracks Windows - Detailed Planning	1.0									1.0
Moody Hall - Detailed Planning	2.1									2.1
Total On-Going	99.9	-	-	-	2.0	-	4.0			105.9
Total All	502.0	44.6	2.6	13.6	38.0	6.4	12.7			619.9
Funding Source %	81.0%	7.2%	0.4%	2.2%	6.1%	1.0%	2.0%			100.0%

VMI Capital Projects Budget Report 31 March 2023

Notes

1. **Estimated Cost/Budgets** are based on architect/engineering (AE) estimates or construction managers (CM) estimates. The capital project process normally includes an AE estimate based on a feasibility study prepared by the AE firm. The CM-at-risk project delivery method includes project cost estimates developed by the AE firm and the CM. BCOM reviews and adjusts project budgets based on historical costs from across the Commonwealth.
2. **Projected Costs/Funding** reflect costs based on contractor bids or CM guaranteed maximum prices (GMP) for all projects. The CM's final guaranteed maximum price is developed after a rigorous "value engineering" type process and include reviews and analyses of major sub-contractor bids. The project costs approximate the funding that has been obtained for the projects in all cases except as described in the notes below.
3. JM Hall/VMI Museum projected cost/funding exceeds the original budget and reflects furnishings/equipment and facility improvements (windows, HVAC, lighting, and other electrical) that were not included in the original budget estimate.
4. The Crozet Hall projected cost of \$14.6 million includes final settlement of contractor claims (the Supreme Court of Virginia ruled in the general contractor's favor requiring VMI to work out the amount owed to the contractor for "delay" damages). Costs also reflect the settlement with the A/E for design errors and omissions.
5. Hinty Hall (Physical Plant Building) projected cost/funding exceeds the original budget and reflects furnishings/equipment, additional State-mandated storm water management, and other unforeseen site costs such as rock removal that were not fully included in the original budget estimate.
6. The North Institute Hill Parking projected cost/funding includes the cost of outside consultants to conduct studies (required by the State's Department of Conservation and Recreation) of project related storm water modeling and management. Project costs also reflect unforeseen rock removal that was not fully included in the original budget estimate.
7. Kilbourne Hall (ROTC) projected cost/funding exceeds the original budget and reflects escalating construction costs (labor and materials) due to a "busy" market and to some unforeseen conditions (to include repairs of a failing retaining wall and replacement of an interior asphalt floor with a concrete floor). The State provided "supplemental funding" for construction of about \$3.8 million and another \$485,000 for furnishings and equipment. Private funds of approximately

\$400,000 from the \$45 million VMI Development Board bond financing is included in the projected cost/funding.

8. Marshall Hall (The Center for Leadership and Ethics or CLE) projected cost/funding of \$22.3 million includes \$4.0 million from the Gillis endowment gift for the theater portion of the project.
9. Barracks Expansion/Renovation projected cost/funding of \$62.7 million includes \$14.0 million of “supplemental funding” provided by the State in June 2007. VMI negotiated a credit from the CM for schedule delays and negotiated with the A/E for reimbursements to VMI for errors and omissions. The Barracks Renovation and Expansion was completed in August 2010.
10. The Military and Leadership Field Training Grounds (Phase I) project began construction in October 2009 and was completed in the fall of 2011. A \$5.0 million private gift was pledged to the VMI Foundation and designated for the project with \$1.0 million received up front and another \$1.0 million was received later. The balance of this private gift is due from the donor’s estate upon her death. VMI also provided \$0.7 million from its Auxiliary Fund Balance. Several project elements from the MLFTG Master Plan are being added using these new funds as they become available.
11. The Maury-Brooke Hall Renovation project began construction in February 2012. Phases 1 and 2 were substantially completed in the summer of 2012, and Phase 3 was completed in October 2012. Phases 4-5 were completed in March 2013, and Phase 6 was completed in May 2013. Using project savings several additional items were added late in the project. The project was complete in August 2013.
12. The Corps Physical Training Facilities (CPTF) capital project was completed in 2016. Phase I totaled \$80.6 million and consists of the new Indoor Training Facility (ITF). Phase II totaled \$38.1 million and comprises the renovations to Cormack Hall and Cocke Hall.
13. VMI has three separate \$4.0 million projects financed through bonds issued by the Virginia College Building Authority (VCBA). The projects consist of improvements to various Post facilities to include the Barracks (parapets, turrets, stoops, hot water/showers, windows), Cocke Hall Pool, Foster Stadium, Moody Hall, McKethan Park, Cabell House, Post-wide closed-circuit/TV installation, Richardson Hall HVAC, Cameron Hall roof-replacement, Virginia Museum of the Civil War (New Market) Wastewater Treatment Plant, 450 Institute Hill, and Mallory Hall/Computer and Information Science Department space modifications. Additional projects may be added, or some eliminated from this list. VMI is required to pay the debt service on these bonds.
14. VMI received \$1.0 M in additional private funds to which was added \$550K in Auxiliary Funds for continued work on the North Post Training Area (MLFTG).

The project includes construction of a new maintenance facility and construction of a new Leadership Reaction Course. The initial bids received were higher than the design estimate. The design estimate was reviewed and revised, and the project was re-bid. The project was awarded in December 2014. The construction is complete. Physical Plant took occupancy of the new Maintenance Facility in July 2015. Training at the new LRC is managed by the Commandant.

15. The 2016 Session of the General Assembly authorized VMI's Post Infrastructure Project (Phases I, II and III). The total estimated project cost is \$33.2M, with \$3.6M funded by VMI. Overall scope of work includes energy infrastructure improvements including improvements to the heat plant facility, utility monitoring and control, site improvements and demolition/replacement of the Post Police facility. Design development work began in January 2017. Construction began in April 2019 and was completed in May 2021.
16. The 2016 Session of the General Assembly authorized VMI's project for the renovation of Preston Library. This project consists of a full replacement of mechanical, electrical and plumbing systems, elevator installation to the 700 level, space repurposing, archive expansion, relocation of admin offices, and changes to the 500 level entrance to enhance traffic flow and customer support. Construction began in June 2019 and concluded in March 2021.
17. The 2016 Session of the General Assembly authorized VMI's Scott Shipp Hall Renovation and Expansion Project. The current project estimate is \$43.3 M. Project Phase I includes a 28,000 square foot expansion of the 1955 portion of the building and complete renovation to the annex built in the same year. Goal of the project is to increase office and collaborative spaces, update classrooms and upgrade various utilities. Construction began in August 2019. By February 2021, Phase I was complete with classroom and office space finished prior to the start of the Spring semester. Phase II began in December 2020 with final completion in December 2021. The North Hill parking lot expansion portion of the project began in March 2022 and will be completed in August 2022.
18. The Chessie Nature Trail South River Bridge project will replace the bridge over the South River that was destroyed by Hurricane Isabel in 2003. This new pedestrian bridge will allow access to the entire trail from start to finish without requiring cadets and other trail users to traverse public roads. The funding for this project is a grant from the Federal Highway Administration (FHWA) with additional funding from VMI. The design was put out to bid in May 2020 with all estimates coming in significantly over budget. Additional funds were infused by FHWA and VMI and the project was re-bid and awarded in November 2020. Construction began in December 2020. The project is finished, and a ribbon-cutting ceremony was held in December 2021.
19. The 2018 Session of the General Assembly authorized VMI to expend \$1.8 million to complete detailed planning on the Corps Physical Training Facility

Phase 3 (Aquatic Center). Construction funding was included in the Governor's proposed budget amendments and was approved during the 2019 General Assembly session. The total estimated cost for this project is \$43 million and includes \$10 million in private funding. Project is a 58,000 square foot facility with a 50-meter pool and space for offices, classrooms, and spectator space to seat 750. Construction began in December 2020 and is scheduled for completion by January 2023.

20. The 2020 Session of the General Assembly authorized VMI's Post-Wide Safety and Security project for an estimated \$10.0 million. Project includes installation of 14 vehicular gates at various entry points around main Post. Intent is to increase safety measures during cadet activities and events on Post while providing a mechanism to lock down entire Post during Post-wide training events or in case of emergency or significant incidents occurring on Post or in the surrounding area. The design development for this project began in September 2021 with construction anticipated to begin in Summer 2023. Construction duration is estimated to be approximately 18 months.
21. The 2020 Session of the General Assembly authorized VMI's Renovate and Expand Engineering Laboratories project for an estimated \$57.0 million. A 33,029 square foot addition and renovation of the existing 63,133 square feet will allow for the growth of the STEM curriculum. Design development began in September 2021 with construction anticipated to begin in Summer 2023. Construction duration is estimated to be approximately 24 months..
22. The 2020 Session of the General Assembly authorized VMI to expend \$2.1 million in Institute funds to complete detailed planning on the CLE Phase 2 project. The 2021 Session authorized the use of State funds rather than Institute funds to complete detailed planning. The 2022 Session of the General Assembly authorized an additional \$1.5 million in detailed planning funds related to the addition of the parking facility to this project. This additional detailed planning is to be funded from non-general funds.
23. The 2022 Session of the General Assembly authorized VMI's Improve Cadet Safety and Security (Barracks Doors and Locks) project for an estimated \$8.7 million. VMI will begin the process to select architects/engineers for design services in Fall 2022.
24. The 2022 Session of the General Assembly authorized detailed planning for VMI's Replace Windows in Old and New Barracks project for \$1.0 million. VMI will begin the process to select architects/engineers for design services in Fall 2022.
25. The 2022 Session of the General Assembly authorized detailed planning for VMI's Construct Moody Hall project for \$2.1 million. VMI will begin the process to select architects/engineers for design services in Fall 2022.

26. The Capital Projects Budget Report summarizes all major capital projects in support of Vision 2039 and spans approximately 16 years. These 41 projects have an “estimated cost/budget” totaling \$591.5 million which reflects estimates from architect/engineers or construction managers before the projects were bid or placed under contract. The “projected cost/funding” for these projects total \$619.9 million and mostly reflects costs based on actual contract prices or construction manager guaranteed maximum prices. The total “projected cost/funding” exceeds the total “estimated cost/budget” by \$28.4 million or 5% (the State provided supplemental funding of approximately \$18.7 million).

Note: 38 of the 41 projects have a combined “projected cost/funding” of \$521.4 million which exceeds the combined “estimated cost/budget” of \$515.1 million by \$6.3 million or only 1.2%. For 3 of the 41 projects (Barracks Expansion/Renovation, Kilbourne Hall, and Marshall Hall), the combined “projected cost/funding” is \$98.5 million which exceeds the “estimated cost/budget” of \$76.4 million by \$22.1 million or 29% (the State provided \$18.7 million or 85% of the \$22.1 million).

27. All projects require detail reviews and on-site progress inspections by the State. The State also requires annual reporting on any projects completed in the preceding calendar year with a cost of \$1.0 million or greater as a part of VMI’s Financial Management Standards.

VIRGINIA MILITARY INSTITUTE
LEXINGTON, VIRGINIA 24450-0304

Deputy Superintendent for Finance, Administration and Support
Phone 540-464-7321
Fax 540-464-7169

3 May 2024

MEMORANDUM

TO: The Audit, Finance and Planning Committee
FROM: BG Dallas B. Clark
SUBJECT: VMI Annual Debt Report

The VMI Board of Visitors adopted Debt Management Guidelines and Procedures for VMI at its August 2005 meeting and amended those guidelines at its April 2016 meeting. The guidelines call for an annual report to the VMI Board of Visitors that provides information on the outstanding debt of VMI and the VMI Alumni Agencies, the results of specific financial ratios, and various other pertinent information.

The FY 2023 Annual Debt Report of VMI accompanies this transmittal memo. This report consists of two sections as follows:

1. Direct Debt Obligations of the Institute
2. Annual Debt Report - Compliance
 - Unrestricted Net Assets, exclusive of the impact of recording pension liabilities equal at least 25% of the Institute Direct Debt.
 - Maximum Annual Debt Service Costs as a percentage of total Operating Expenses does not exceed 10%.

Other Compliance notes:

- VMI is in compliance with all significant financial and operating covenants of existing indebtedness.
- VMI issued no new debt for FY 2023 or FY 2024.

DIRECT DEBT OF OBLIGATIONS OF VIRGINIA MILITARY INSTITUTE

Outstanding Balance 6/30/23							2021-2022	2022-2023	2023-2024
<u>Obligation</u>	<u>Principal</u>	<u>Premium (1)</u>	<u>Total</u>	<u>Interest rates</u>	<u>Final Maturity</u>	<u>Annual Debt Service</u>	<u>Annual Debt Service</u>	<u>Annual Debt Service</u>	
Crozet Hall, Series 2009D	-	(0)	(0)	2.50 - 5.00	2022	-	-	-	
Crozet Hall, Series 2012A	1,696,324	80,639	1,776,964	2.00 - 5.00	2025	109,657	890,770	890,191	
Crozet Hall, Series 2019B	-	-	-	2.00 - 5.00	2025	729,750	-	-	
Total Crozet	1,696,324	80,639	1,776,964			839,407	890,770	890,191	
Cocke Hall Annex, Series 2007B	-	0	0	4.00 - 4.50	2020	-	-	-	
Cocke Hall Annex, Series 2010B	-	-	-	2.00 - 5.00	2022	-	-	-	
Cocke Hall Annex, Series 2021A/B	-	(0)	(0)	0.48-5.00	2023	162,432	158,875	-	
Total Cocke Hall	-	(0)	(0)			162,432	158,875	-	
JM Hall Renovation, Series 2007B	-	-	-	4.00 - 4.50	2020	-	-	-	
JM Hall Renovation, Series 2010B	-	-	-	2.00 - 5.00	2023	184,585	189,625	-	
JM Hall Renovation, Series 2021A/B	-	-	-	0.48-5.00	2024	184,585	189,625	-	
Total JM Hall	-	-	-			184,585	189,625	-	
South Institute Hill Parking, Series 2010 A1/A2	1,435,000	47,704	1,482,704	4.35-5.50	2031	235,172	233,689	231,678	
Improve Post Facilities I (Series 2013A)	205,000	1,459	206,459	2.00 - 4.00	2034	102,000	210,125	210,125	
Improve Post Facilities I (Series 2021A/B)	2,855,000	694	2,855,694	0.48-1.91		37,634	90,192	89,779	
Total IPF I	3,060,000	2,153	3,062,153			139,634	300,317	299,904	
Improve Post Facilities II (Series 2014A)	335,000	30,224	365,224	2.00 - 5.00	2035	39,875	175,625	177,625	
Improve Post Facilities II (Series 2021A/B)	2,805,000	914	2,805,914	0.48-2.01		40,791	108,092	112,555	
Total IPF II	3,140,000	31,139	3,171,139			80,666	283,717	290,180	
Improve Post Facilities III (Series 2015A)	3,015,000	193,180	3,208,180	3.00 - 5.00	2036	286,797	288,544	289,794	
Improve Post Infrastructure I,II,III (Series 2018A)	2,910,000	263,634	3,173,634	4.00-5.00	2039	254,600	253,975	257,975	
Lackey Parking (Series 2019A)	3,105,000	304,223	3,409,223	2.25-5.00	2040	238,900	238,025	236,900	
	<u>18,361,324</u>	<u>922,672</u>	<u>19,283,996</u>			<u>2,422,192</u>	<u>2,837,536</u>	<u>2,496,621</u>	

(1) Represents unamortized premium on bonds sold. This amount is being amortized over the remaining life of the debt obligation.

ANNUAL DEBT REPORT - COMPLIANCE

As of June 30

The Approved Debt Policy of the Virginia Military Institute requires the maintenance of the following financial covenants:

- > Unrestricted Net Assets, exclusive of the impact of recording pension liabilities, shall equal at least 25% of the Total Direct Debt of the Institute.
- > Maximum Annual Debt Service should not exceed 10% of Operating Expenses.

The Institute is in compliance with all significant financial and operating covenants of existing indebtedness.

Fiscal Year	Unrestricted Net Assets	Total Debt	Direct Debt	Ratio
2023	32,855,869	18,361,324		179%
2022	33,673,305	20,528,614		164%
2021	34,041,565	22,173,614		154%
2020	26,248,569	22,463,614		117%
2019	27,264,552	20,658,614		132%

Fiscal Year 2019-2023

New Indebtedness

VMI did not issue any new debt in FY 2023 or FY 2024.

Fiscal Year	Maximum Annual Debt Service	Operating Expenses	Ratio
2023	2,837,536	112,402,128	2.5%
2022	2,422,192	104,530,851	2.3%
2021	2,564,967	100,617,244	2.5%
2020	2,488,182	96,566,771	2.6%
2019	2,396,101	93,446,289	2.6%