



# TIDEWATER COMMUNITY COLLEGE

## REVIEW REPORT FOR THE YEAR ENDED JUNE 30, 2025

Auditor of Public Accounts

Staci A. Henshaw, CPA

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Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

February 27, 2026

Dr. Marcia Conston  
President, Tidewater Community College

## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We have reviewed the accompanying financial statements of **Tidewater Community College** (College), which comprise the Statement of Net Position as of June 30, 2025, and the related Statements of Revenues, Expenses, and Changes in Net Position, and Cash Flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

### *Accountant's Responsibility*

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services (SSARS) promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We did not review the financial statements of Tidewater Community College Educational Foundation, Inc. or the Tidewater Community College Real Estate Foundation, Inc., which are discretely presented component units of the College. Those statements were audited by another auditor whose reports have been furnished to us, and our conclusion, insofar as it relates to the amounts included for the Foundations, is based solely on the reports of the other auditor.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

#### *Accountant's Conclusion*

Based on our review and the reports of the other auditor, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

#### *Emphasis of Matters*

##### Relationship to the Virginia Community College System

As discussed in Note 1, the financial statements of the College are intended to present the financial position, the changes in financial position, and where applicable, cash flows of only that portion of the financial statements of the Virginia Community College System (System) that is attributable to the transactions of the College. They do not purport to, and do not, present fairly the financial position of the System, as of June 30, 2025, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

##### Change in Accounting Principle

As discussed in Note 1 of the accompanying financial statements, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which updates existing recognition and measurement guidance. Our conclusion is not modified with respect to this matter.

#### *Other Matters*

##### Omitted Required Supplementary Information

The System consolidates information from its 23 community colleges into the basic financial statements for the System; however, the System does not prepare certain required supplementary information, including management's discussion and analysis and pension and other postemployment benefit-related schedules, for each college, and as such, the required

supplementary information has been omitted from the financial statements of the College. Required supplementary information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

#### Audits of Federal Student Aid

Federal funds received by the Commonwealth of Virginia are audited at a statewide level by the Auditor of Public Accounts in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). As part of the Commonwealth of Virginia's Single Audit of federal funds, the Auditor of Public Accounts audits federal student financial aid at Virginia's state-supported colleges and universities. The Auditor of Public Accounts audited the College's federal student aid programs in fiscal year 2021 and did not report any material noncompliance. An additional audit of financial aid is ongoing as part of the fiscal year 2025 System financial statement audit. Copies of our audits of the financial statements of the System along with copies of the Commonwealth of Virginia's Single Audits may be found on our website at [www.apa.virginia.gov](http://www.apa.virginia.gov).

#### *Restriction on Use*

Our report is intended solely for the information and use of the accreditation review board and management of the College and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Staci A. Henshaw  
AUDITOR OF PUBLIC ACCOUNTS

ACS/vks

**TIDEWATER  
COMMUNITY COLLEGE**

**FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2025**

**Virginia Community College System  
Tidewater Community College  
Statement of Net Position  
As of June 30, 2025**

	Community College	Component Units	
		Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents (Note 2)	\$ 34,721,232	\$ 2,335,587	\$ 788,907
Short term investments (Note 2)	15,951,273	-	-
Accounts receivable, net (Note 3)	4,295,783	-	15,000
Pledges receivable (Note 3)	-	387,947	-
Due from Commonwealth (Note 4)	911,676	-	-
Due from system office	297,575	-	-
Interest receivable	179,405	-	-
Prepaid expenses	764,608	41,763	29,477
Inventories	373,608	-	-
<b>Total Current Assets</b>	<b>57,495,160</b>	<b>2,765,297</b>	<b>833,384</b>
<b>Noncurrent Assets</b>			
Restricted cash and cash equivalents (Note 2)	59,192	-	-
Prepaid expenses	11,410	-	-
Endowment cash and cash equivalents (Note 2)	-	200,842	-
Appropriation available	3,109,313	-	-
Endowment investments (Note 2)	-	3,204,053	-
Other long-term investments (Note 2)	22,300,754	7,746,478	6,276,742
Pledges receivable (Note 3)	-	614,695	-
Post employment benefit assets (Note 17)	2,496,224	-	-
Non-depreciable capital assets, net (Note 5)	17,132,094	-	4,295,394
Depreciable capital assets, net (Note 5)	254,935,054	-	12,536,860
<b>Total Noncurrent Assets</b>	<b>300,044,041</b>	<b>11,766,068</b>	<b>23,108,996</b>
<b>Total Assets</b>	<b>357,539,201</b>	<b>14,531,365</b>	<b>23,942,380</b>
<b>Deferred Outflows of Resources</b> (Note 8)	14,700,538	-	-
<b>Total Assets and Deferred Outflows of Resources</b>	<b>372,239,739</b>	<b>14,531,365</b>	<b>23,942,380</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts and retainage payable (Note 6)	2,526,311	262,121	39,528
Accrued payroll expense	7,011,744	-	-
Unearned revenue	5,277,801	-	333,810
Long-term liabilities-current portion (Note 9)	8,805,267	570	294,287
Securities lending obligation	20,080	-	-
Post employment benefit obligations (Notes 9, 16)	231,371	-	-
Deposits	578,055	-	-
<b>Total Current Liabilities</b>	<b>24,450,629</b>	<b>262,691</b>	<b>667,625</b>
<b>Noncurrent Liabilities</b>			
Long-term liabilities (Note 9)	41,048,707	2,087	9,260,839
Pension and post employment benefit obligations (Notes 9, 15, and 16)	45,864,063	-	-
<b>Total Noncurrent Liabilities</b>	<b>86,912,770</b>	<b>2,087</b>	<b>9,260,839</b>
<b>Total Liabilities</b>	<b>111,363,399</b>	<b>264,778</b>	<b>9,928,464</b>
<b>Deferred Inflows of Resources</b> (Note 8)	13,545,728	-	-
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>124,909,127</b>	<b>264,778</b>	<b>9,928,464</b>
<b>Net Position</b>			
Net investment in capital assets	227,737,600	-	7,277,127
Restricted for:			
Nonexpendable	-	3,404,895	-
Expendable	8,219,810	8,448,263	-
Unrestricted	11,373,202	2,413,429	6,736,789
<b>Total Net Position</b>	<b>\$ 247,330,612</b>	<b>\$ 14,266,587</b>	<b>\$ 14,013,916</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

See Independent Accountant's Review Report

**Virginia Community College System**  
**Tidewater Community College**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2025**

	Community College	Component Units	
		Tidewater Community College Educational Foundation	Tidewater Community College Real Estate Foundation
<b>Revenues</b>			
<b>Operating Revenue</b>			
Tuition and fees (net of scholarship allowance of \$24,776,970)	\$ 27,001,764	\$ -	\$ -
Federal grants and contracts	5,281,941	-	-
State and local grants	2,807,841	-	-
Nongovernmental grants	368,270	-	-
Sales/services of education department	18,952	-	-
Auxiliary enterprises (net of scholarship allowance of \$79,351)	7,666,042	-	-
Gifts and contributions	-	1,759,874	-
Other operating revenues	1,725,117	335,333	2,104,128
<b>Total Operating Revenue</b>	<b>44,869,927</b>	<b>2,095,207</b>	<b>2,104,128</b>
<b>Expenses</b>			
<b>Operating Expenses</b>			
Instruction	51,820,344	60,223	-
Public service	5,176,523	-	-
Academic support	9,249,913	79,817	-
Student services	14,768,059	280,535	-
Institutional support	25,433,305	1,315,000	748,684
Operation and maintenance	16,148,747	-	561,550
Scholarships and fellowships	25,309,634	380,742	-
Auxiliary enterprises	4,496,157	-	-
Fundraising	-	45,137	-
Other expenses	-	570	-
<b>Total Operating Expenses (Note 12)</b>	<b>152,402,682</b>	<b>2,162,024</b>	<b>1,310,234</b>
<b>Operating Income (Loss)</b>	<b>(107,532,755)</b>	<b>(66,817)</b>	<b>793,894</b>
<b>Nonoperating Revenues(Expenses)</b>			
State appropriations (Note 13)	78,670,321	-	-
Local appropriations	11,880	-	-
Grants and gifts	29,529,500	-	-
Investment income	2,292,095	1,264,676	645,473
Interest on capital asset related debt	(1,506,046)	-	-
Other nonoperating revenue (expense)	1,703,302	-	-
<b>Net Nonoperating Revenue</b>	<b>110,701,052</b>	<b>1,264,676</b>	<b>645,473</b>
<b>Income before other revenues, expenses gains (losses)</b>	<b>3,168,297</b>	<b>1,197,859</b>	<b>1,439,367</b>
Capital gifts, grants and contracts	862,080	-	-
Additions to permanent and term endowments	-	7,930	-
<b>Increase (Decrease) in Net Position</b>	<b>4,030,377</b>	<b>1,205,789</b>	<b>1,439,367</b>
<b>Net Position</b>			
<b>Net Position beginning of year, as previously reported</b>	<b>244,625,441</b>	<b>13,060,798</b>	<b>12,574,549</b>
Adjustments to net position (Note 1)	(1,325,206)	-	-
Net position beginning of year, as restated	243,300,235	13,060,798	12,574,549
<b>Net Position end of year</b>	<b>\$ 247,330,612</b>	<b>\$ 14,266,587</b>	<b>\$ 14,013,916</b>

The accompanying Notes to the Financial Statements are an integral part of this statement.

See Independent Accountant's Review Report

**Virginia Community College System  
Tidewater Community College  
Statement of Cash Flows  
For the Year Ended June 30, 2025**

	<u>Community College</u>
<b>Cash flows from operating activities:</b>	
Tuition and fees	\$ 26,551,887
Grants and contracts	8,289,195
Payments to suppliers and others	(25,670,454)
Payments for employee wages	(70,500,275)
Payments for employee fringes and pension benefits	(23,071,582)
Payment for scholarships	(25,008,342)
Payments for utilities	(3,969,573)
Sales and services of education department	18,952
Auxiliary	7,666,042
Custodial receipts	716,888
Custodial disbursements	(699,564)
PLUS, Stafford and Direct Lending loan receipts	8,445,271
PLUS, Stafford and Direct Lending loan disbursements	(8,434,664)
Other	1,725,117
Net cash used by operating activities	(103,941,102)
<b>Cash flows from non-capital financing activities:</b>	
State appropriations	78,670,321
Local appropriations	11,880
Grants and gifts	29,413,815
Other non-operating revenue(expense)	1,582,350
Net cash provided (used) by non-capital financing activities	109,678,366
<b>Cash flows from capital and related financing activities:</b>	
Capital grants and gifts	862,080
Purchase capital assets	(6,358,745)
Proceeds from sale of capital assets	24,830
Debt interest payments	(1,937,180)
Debt principal payments	(7,671,444)
Net cash provided (used) by capital financing activities	(15,080,459)
<b>Cash flows from investing activities:</b>	
Purchases of investments	(15,015,000)
Sale of investments	13,400,000
Investment income	1,916,914
Net cash provided (used) by investing activities	301,914
<b>Net increase (decrease) in cash and cash equivalents</b>	(9,041,281)
Cash and cash equivalents, beginning of year	43,801,625
<b>Cash and cash equivalents, End of Year</b>	34,760,344
<b>Reconciliation of operating income (loss) to net cash used in operating activities:</b>	
Operating income (loss)	(107,532,755)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation and amortization expense	12,518,181
Changes in assets, deferred outflows, liabilities and deferred inflows:	
Appropriation available and receivables, net	(329,083)
Prepaid expenses and other	412,427
Post employment benefits asset	(36,702)
Accrued compensation and leave	(1,245,279)
Accounts payable and other	(495,096)
Unearned revenue	(299,785)
Deposits pending distribution	2,413
Custodial receipts(disbursements)	17,324
Stafford and Direct Loan receipts(disbursements)	10,607
Pension liability	(5,244,223)
Post employment benefits liability	(1,476,062)
Deferred inflows of resources related to pensions and post employment benefits	1,065,983
Deferred outflows of resources related to pensions and post employment benefits	(1,309,052)
<b>Net cash used in operating activities</b>	(103,941,102)
<b>Reconciliation of cash and cash equivalents:</b>	
Cash and cash equivalents per Statement of Net Position	34,780,424
Less: Securities Lending Cash Equivalents	20,080
Cash and cash equivalents end of year	\$ 34,760,344
<b>Noncash transactions</b>	
VRS Special Revenue Allocation	274,095
Amortization of bond premium	349,718
Unrealized gain/loss on investments	396,270
Amortization of deferral on debt defeasance	(203,200)
Capital assets acquired through the assumption of a liability	1,173,848
Retainage payable	165,412

The accompanying Notes to the Financial Statements are an integral part of this statement.

**See Independent Accountant's Review Report**

# TIDEWATER COMMUNITY COLLEGE

## NOTES TO FINANCIAL STATEMENTS

As of June 30, 2025

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. Reporting Entity

Tidewater Community College System (TCC) is a two-year public institution of higher education located in South Hampton Roads, Virginia, operating under the Virginia Community College System (VCCS). VCCS was established as an institution of higher education in 1965 and TCC was established in 1968. VCCS includes the State Board for Community Colleges, a System Office located in Richmond, a Shared Service Center and twenty-three community colleges located on forty campuses throughout the Commonwealth.

The Shared Service Center (SSC) was established to process administrative transactions. Located in Daleville, Virginia, the SSC supports the VCCS mission by providing customer service and administrative services to the 23 community colleges and System Office. These services include administrative functions in the areas of human resources, fiscal services, payroll, and procurement. The costs associated with the SSC are allocated to the 23 community colleges and System Office.

The State Board for Community Colleges is the governing body and is charged with the responsibility to establish, control, and administer a statewide system of publicly supported comprehensive community colleges. VCCS therefore functions as a statewide institution of higher learning.

VCCS is a discrete component unit of the Commonwealth of Virginia and is included in the general-purpose financial statements of the Commonwealth. VCCS prepares an annual financial report that includes consolidated financial information for all twenty-three community colleges and the community college foundations. A separate report is prepared for the Commonwealth of Virginia that includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority.

## Community College Foundations

The Tidewater Community College Educational Foundation and Tidewater Community College Real Estate Foundation are legally separate, tax-exempt organizations formed to promote the achievements and further the aims and purposes of the college. The foundations accomplish their purpose through fundraising and funds management efforts that benefit the college and its programs. Although the college does not control the timing or amount of receipts from the foundations, the majority of resources or income thereon that the foundations hold and invest is restricted to the activities of the college by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of the college, the foundations are considered discrete component units.

During the year ended June 30, 2025, the Tidewater Community College Educational Foundation distributed \$277,369 to the college and the Tidewater Community College Real Estate Foundation distributed \$16,570 to the college for both restricted and unrestricted purposes. Complete financial statements for the foundations can be obtained by writing the VCCS Office of Fiscal Services, 300 Arboretum Place, Suite 200, Richmond, VA 23236.

The financial statements for the Tidewater Educational and Real Estate Foundations are as of December 31, 2024.

### C. Financial Statement Descriptions

The three financial statements presented are the Statement of Net Position, the Statement of Revenues, Expenses and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of TCC at the end of the fiscal year and also provides the amount of net position and the availability for expenditure. The Statement of Revenues, Expenses, and Changes in Net Position presents operating and non-operating revenues received by the institution, operating and non-operating expenses incurred and any other revenues, expenses, gains and losses. The Statement of Cash Flows provides additional information about the financial results of TCC by reporting the major sources and uses of cash.

D. Basis of Accounting

For financial reporting purposes, TCC is considered a college within a special purpose government engaged in only business-type activities. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods and services. Accordingly, the financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All material internal transactions have been eliminated.

Revenues and expenses of the summer academic term occur within two fiscal years, because the term extends from May through August and the fiscal year ends on June 30. Expenses and a proportional amount of revenue have been reported in the current period for the portion of the summer academic term from May 16 through June 30, 2025.

Tidewater Educational and Real Estate Foundations are private, nonprofit organizations that report under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB. Where necessary, reclassifications have been made to convert FASB presentation to GASB presentation requirements.

E. Prepaid Assets

Prepaid assets for rent, insurance, and similar items are recognized when purchased and expensed when used.

F. Inventories

Inventories are stated at cost (primarily first-in, first-out method) and consist mainly of goods purchased for resale and expendable supplies.

G. Cash Equivalents and Investments

Cash equivalents maintained by TCC are investments with original maturities of less than three months. Investments in money market accounts and in Commonwealth sponsored investment pools are reported at amortized cost. All other investments are reported at fair market value, in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement 72, *Fair Value Measurement and Application*. GASB Statement 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques.

## H. Capital Assets

Plant assets consisting of land, buildings, infrastructure, equipment, library books, intangible assets, and construction in progress are stated at appraised historical cost or actual cost where determinable. Intangible assets include computer software and right-to-use lease assets. Improvements to buildings, infrastructure and land that significantly increase the usefulness, efficiency or life of the asset are capitalized. Routine maintenance and repairs are charged to operations when incurred. Donated assets are recorded at acquisition value at the date of donation. The capital asset values presented in these financial statements are extracted from the financial data maintained by VCCS' Administrative Information System (AIS). Expenses for equipment are capitalized when the unit acquisition cost is \$5,000 or greater and the estimated useful life is one year or more. Bulk purchases of capital assets under the normal \$5,000 capitalization threshold are capitalized if the assets were purchased as a group with a cost of \$5,000 or greater. Occupancy permits are used to determine when to reclassify buildings from construction-in-progress.

Right-to-use lease and subscription assets represent TCC's right to use an underlying asset for a lease term or subscription, and are initially measured as the sum of the following:

- Amount of the initial measurement of the related lease or subscription liability
- Payments made prior to the commencement of the lease term, less any lease incentives
- Initial direct costs that are ancillary charges necessary to place the lease asset into service

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings, 20 to 25 years for infrastructure and land improvements, 3 to 25 years for equipment, 10 years for library books, 20 years for patents, trademarks, and copyrights, and 5 to 10 years for intangible assets - computer software. Right-to use lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset, generally 7 years for buildings, 5 years for equipment, and 2 to 6 years for subscriptions. Amortization is allocated to the functional expense categories. Amortization expense is combined with depreciation expense in the Statement of Revenues, Expenses, and Changes in Net Position.

## I. Unearned Revenues

Unearned revenue represents revenues collected but not earned as of June 30. This consists primarily of revenue for student tuition and certain auxiliary

activities accrued in advance of the semester, and advance payments on grants and contracts.

J. Accrued Compensated Absences

The amount of leave earned but not taken by all classified employees, administrative/professional faculty, teaching faculty, and presidents is recorded as a liability on the balance sheet. The amount reflects, as of June 30, unused annual leave, compensatory leave, VSDP sick and personal leave, and the amount payable upon termination under the Commonwealth of Virginia's sick leave pay out policy that is more likely than not to be used, for time off or otherwise paid in cash or settled through noncash means. Also included in the liability is TCC's share of the FICA taxes on leave balances for which employees will be compensated.

K. Lease Liability

TCC determines if an arrangement contains a long-term lease at the inception of a contract. The lease classification is determined at the commencement date, the date TCC has the right to control the property. The lease term includes renewal options that are reasonably certain of being exercised. Short-term leases with an initial term of 12 months or less, including all renewal options, are not recorded on the Statement of Net Position and are recognized as outflows of resources in the period to which the payments relate. Lease liabilities are measured at the present value of payments expected to be made during the lease term. Measurement of the lease liability includes the following if required by a lease:

- Fixed payments
- Variable payments that are fixed in substance
- Amounts that are reasonably certain of being required to be paid under residual value guarantees
- The exercise price of a purchase option if it is reasonably certain that TCC will exercise that option
- Payments for penalties for terminating the lease
- Any lease incentives
- Any other payments that are reasonably certain of being required based on an assessment of all relevant factors

Variable payments are not included in the measurement of the lease liability and are recognized as outflows of resources in the period to which those payments relate. Any component of the variable payments that are fixed in substance is included in the measurement of the lease liability.

For real estate leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, TCC will obtain the lessor's internal borrowing rate and if

unavailable, then TCC will use its incremental rate. For equipment leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, TCC will use its incremental rate at the beginning of the lease term.

L. Deposits

Deposits represent funds held by TCC on behalf of others as a result of custodial relationships with various groups and organizations. Custodial funds are expected to be expended within 3 months.

M. Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan and the VaLORS Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by VRS are reported at fair value.

N. Post-Employment Benefits

**Plans administered by the VRS**

***State Employee Health Insurance Credit Program***

The Virginia Retirement System (VRS) State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees.

***Group Life Insurance Program***

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as

amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

***Line of Duty Act Program***

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members.

***Virginia Sickness and Disability Program***

The Virginia Retirement System (VRS) Disability Insurance Program (Virginia Sickness and Disability Program) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to §51.1-1100 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees.

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB plans, and OPEB expense, information about the fiduciary net position of the Virginia Retirement System's (VRS) administered OPEB Plans and the additions to/deductions from the OPEB Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments held by VRS are reported at fair value.

***Plan administered by the Department of Human Resource Management***

***Pre-Medicare Retiree Healthcare Plan***

Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resource Management. After retirement, TCC no longer

subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

O. Classification of Revenues and Expenses

TCC has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues include activities that have the characteristics of exchange transactions, such as tuition and fees, sales and services of auxiliary enterprises, most federal, state and local grants and contracts, and interest on student loans.

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, state appropriations and investment income.

Nonoperating expenses include interest on debt related to the purchase of capital assets and losses on disposal of capital equipment. All other expenses are classified as operating expenses.

P. Public-Private Partnership and Public-Public Partnerships (PPP)

A public-private partnership (PPP) is an arrangement in which TCC contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as a building or other capital asset, for a period of time. TCC regularly enters into agreements with private and public entities to operate bookstore services. TCC provides space and operational support in return for commissions of \$408,663 based on graduated sales level.

Q. Scholarship Discounts and Allowances

Student tuition and fees revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by TCC, and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants and other federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the financial statements. To the extent that such revenues are used to satisfy tuition and fees and other student charges, TCC has recorded a scholarship discount and allowance.

R. Deferred Inflows and Outflows of Resources

Deferred outflows of resources are defined as the consumption of net assets applicable to a future reporting period. The deferred outflows of resources have a positive effect on net position similar to assets.

Deferred inflows of resources are defined as the acquisition of net assets applicable to a future reporting period. The deferred inflows of resources have a negative effect on net position similar to liabilities.

S. Net Position

Net position balances are classified as follows:

Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and amortization reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted-nonexpendable: Restricted nonexpendable balances consist of endowment funds in which donors have stipulated, as a condition of the gifts that the principal is to remain inviolate in perpetuity.

Restricted-expendable: Restricted expendable balances include resources in which TCC is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted: Unrestricted balances represent resources that may be used at the discretion of the governing board for any lawful purpose.

When an expense is incurred that can be paid from either restricted or unrestricted resources, it is the policy of TCC to first apply the expense towards restricted resources and then towards unrestricted resources.

T. New Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, Compensated Absences, implemented by TCC effective July 1, 2024. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

U. Restatements

Statement of Revenue, Expenses, and Changes in Net Position:

Net Position as of June 30, 2024 – previously reported	\$ 244,625,441
Change in accounting principle (GASB 101)	<u>(1,325,206)</u>
Net Position as of July 1, 2024 – as restated	<u>\$ 243,300,235</u>

**2. CASH AND INVESTMENTS**

Cash and Cash Equivalents

Cash equivalents maintained by TCC are investments with original maturities of less than three months.

Pursuant to Section 2.2-1800, et seq., *Code of Virginia*, all state funds of TCC are maintained by the Treasurer of Virginia who is responsible for the collection, disbursement, custody, and investment of state funds.

Deposits

Local cash deposits with banks and savings institutions not with the Treasurer of Virginia are covered by federal depository insurance or collateralized in accordance with the Virginia Security of Public Deposits Act, Section 2.2-4400 et seq., *Code of Virginia*. Deposits covered by the Virginia Security of Public Deposits Act totaled \$2,972,988 at June 30, 2025.

Investments

Certain deposits and investments are held by TCC. Such investments are reported separately from cash and cash equivalents. Investments represent securities with original maturities of more than three months and for which management intends to hold the securities to maturity. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity greater than one year.

Investments in money market accounts and non-negotiable certificates of deposit are reported at amortized cost. All other investments are reported at fair market value, in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement 72, *Fair Value Measurement and Application*. GASB Statement 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques.

At June 30, 2025, TCC had investments of \$1,234,957 in the Local Government Investment Pool (LGIP). The LGIP is an externally managed investment pool that is not registered with the Securities and Exchange Commission. Pursuant to the Code of Virginia, the Treasury Board of the Commonwealth sponsors the LGIP. The LGIP values

portfolio securities by the amortized cost method and the maturity is less than one year. TCC classified LGIP as cash and cash equivalents.

Investments of the member colleges of the VCCS are limited to those allowed under Chapter 45, Investments of Public Funds Act, Sections 2.2-4500, 2.2-4501, 2.2-4509 and 2.2-4510 of the *Code of Virginia*. Commonwealth of Virginia law limits investments in stocks, bonds, notes, and other evidences of indebtedness of the Commonwealth and those unconditionally guaranteed as to the payment of principal and interest by the Commonwealth. Investments in United States agencies all carry the explicit guarantee of the United States government. Additionally, Virginia's community colleges may participate in the Local Government Investment Pool as authorized by Chapter 46 of the *Code of Virginia* and managed by the Commonwealth of Virginia Treasury Board. Authorized investments in the Local Government Investment Pool are limited to those set forth for local officials in Chapter 45, Sections 2.2-4500 of the *Code of Virginia*.

#### Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. TCC has no investments or deposits exposed to custodial credit risk for 2025.

#### Interest Rate Risk

Disclosure of the maturities of investments is required when the fair market value is adversely affected by changes in interest rates. Investments subject to interest rate risk are outlined in the accompanying chart. Credit Risk Disclosure of the credit quality rating is required for investments exposed to the risk that an issuer or other counterparty will not fulfill its obligations. Investments subject to credit rate risk are outlined in the accompanying chart.

#### Concentration of Credit Risk

Disclosure of any one issuer is required when it represents 5 percent or more of total investments. TCC does not have such concentration of credit risk for 2025.

#### Foreign Currency Risk

Disclosure is required for investments exposed to changes in exchange rates that will adversely affect the fair value of an investment or a deposit. TCC has no investments or deposits subject to Foreign Currency Risk for 2025.

Summary of TCC Cash and Cash Equivalents

Cash and Cash Equivalents:	
Local Cash and Cash Equivalents	\$13,912,692
Treasurer of Virginia	20,788,460
Treasurer of Virginia (Securities Lending)	20,080
Subtotal	<u>\$34,721,232</u>
Restricted Cash and Cash Equivalents:	
Local Cash and Cash Equivalents	<u>\$59,192</u>
Subtotal	\$59,192
Total Cash and Cash Equivalents	<u>\$34,780,424</u>

<u>Cash Equivalents</u>	<u>Value</u>	<u>Credit Rating</u>
Local Government Investment Pool	\$1,234,957	AAA
Repurchase Agreements	2,725,879	Not Rated
Mutual and Money Market Funds	<u>6,294,312</u>	Not Rated
Total	<u>\$10,255,148</u>	

<u>Investment Type</u>	<u>S&amp;P Credit Rating</u>	<u>6/30/2025</u>		
		<u>Less than 1 year</u>	<u>1 - 5 Years</u>	
Negotiable CDs	Not Rated	\$ 2,565,332	\$ 11,803,070	\$ 14,368,403
U.S. Treasury and Agency Securities	N/A	\$ 13,385,940	\$ 10,497,684	\$ 23,883,624
Total		<u>\$ 15,951,273</u>	<u>\$ 22,300,754</u>	<u>\$ 38,252,027</u>

Fair Value Measurement

The following disclosures are made in accordance with GASB Statement 72 Fair Value Measurement and Application. This standard sets forth the framework for measuring fair value and provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy under GASB 72 are described as follows:

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

Fair Value Measurement Using:	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Other Unobservable Inputs Level 3
Negotiable Certificates of Deposit	\$ -	\$14,368,403	\$ -
Mutual and Money Market Funds	6,294,312	-	-
U.S. Treasury and Agency Securities	23,883,624	-	-
Repurchase Agreements	-	2,725,879	-
Total Investments measured at Fair Value	<u>\$30,177,936</u>	<u>\$17,094,282</u>	<u>\$ -</u>

Tidewater Community College Educational and Real Estate Foundations:

The Foundations had the following cash, cash equivalents and investments as of June 30, 2025:

Cash and cash equivalents	\$ 3,325,336
Investments:	
Mutual & Money Market Funds	\$ 8,623,392
Asset Backed Securities	7,277,738
US Government Securities	1,326,143
Total investments	<u>\$17,227,273</u>

Fair Value Measurement

Fair Value Measurement Using:	Quoted Prices In Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2
Equity Securities and Funds	\$ 11,215,623	\$ -
Fixed Income Securities and Funds	-	6,011,650
Total Investments measured at Fair Value	<u>\$ 11,215,623</u>	<u>\$ 6,011,650</u>

The TCC foundations had balances in bank and savings institutions that exceeded federally insured limits. However, the foundations do not believe this poses any significant credit risk.

### 3. RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

The following receivables included an allowance for doubtful accounts at June 30, 2025:

Gross accounts receivable:	
Tuition and fees	\$4,034,379
Federal, state, local and nongovernmental grants, gifts, contracts	298,372
Other activities	20,290
Total gross accounts receivable	<u>\$4,353,041</u>
Less: Allowance for doubtful accounts	<u>(57,258)</u>
Net accounts receivable	<u><u>\$4,295,783</u></u>

All accounts receivable are expected to be collected within one year.

#### Tidewater Community College Educational and Real Estate Foundations:

The foundations have the following receivables as of June 30, 2025:

Gross accounts receivable	\$15,000
Less: Allowance for doubtful accounts	-
Net accounts receivable	<u><u>\$15,000</u></u>
Pledges receivable:	
Due in one year	\$446,152
Due in 1-5 years	719,490
Less: Allowance for doubtful accounts	(58,205)
Present value discount	(104,795)
Net pledges receivable	<u><u>\$1,002,642</u></u>

All accounts receivable are expected to be collected within one year.

### 4. COMMONWEALTH EQUIPMENT AND CAPITAL PROJECT REIMBURSEMENT PROGRAMS

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional equipment and facilities. During fiscal year 2025, funding has been provided to TCC from two programs: general obligation bonds 9(b), and Equipment Trust Fund managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse TCC and other institutions of higher education for expenses incurred in the acquisition of equipment and facilities.

The line item, Due from Commonwealth on the Statement of Net Position, for the year ended June 30, 2025, represents pending reimbursements from the VCBA Equipment Trust Fund program.

## 5. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2025 are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Non-depreciable capital assets:				
Land/Land Improvements	\$ 15,100,000	\$ 164,773	\$ -	\$ 15,264,773
Construction in Progress	873,804	2,866,925	(1,873,408)	1,867,321
Total capital assets not being depreciated	\$ 15,973,804	\$ 3,031,698	\$ (1,873,408)	\$ 17,132,094
Depreciable capital assets:				
Buildings	\$ 353,092,142	\$ 1,873,408	\$ -	\$ 354,965,550
Infrastructure	17,380,240	1,432,729	-	18,812,969
Equipment	51,249,926	4,331,142	(1,505,729)	54,075,339
Land Improvements	14,533,636	-	-	14,533,636
Library Books	5,277,803	57,771	(637,415)	4,698,159
Intangible	1,914,690	-	-	1,914,690
Right to use intangible assets (Leases)				
Buildings	4,932,408	-	-	4,932,408
Right to use intangible assets (SBITAs)	475,208	26,562	(174,362)	327,408
Total other capital assets	\$ 448,856,053	\$ 7,721,612	\$ (2,317,506)	\$ 454,260,159
Less accumulated depreciation and amortization for				
Buildings	\$ (117,087,748)	\$ (6,935,022)	\$ -	\$ (124,022,770)
Infrastructure	(11,094,266)	(761,424)	-	(11,855,690)
Equipment	(41,645,479)	(3,619,884)	1,423,083	(43,842,280)
Land Improvements	(11,022,169)	(418,857)	-	(11,441,026)
Library Books	(4,926,269)	(105,483)	637,415	(4,394,337)
Intangible	(1,912,581)	-	-	(1,912,581)
Right to use intangible assets (Leases)				
Buildings	(1,099,602)	(575,305)	-	(1,674,907)
Right to use intangible assets (SBITAs)	(177,781)	(102,206)	98,473	(181,514)
Total accumulated depreciation and amortization	\$ (188,965,895)	\$ (12,518,181)	\$ 2,158,971	\$ (199,325,105)
Other capital assets, net	\$ 259,890,158	\$ (4,796,569)	\$ (158,535)	\$ 254,935,054
Total capital assets, net	\$ 275,863,962	\$ (1,764,871)	\$ (2,031,943)	\$ 272,067,148

Tidewater Community College Real Estate Foundation:

The foundation had the following capital assets as of June 30, 2025:

Non-depreciable capital assets:	
Land	\$1,106,545
Construction in Progress	<u>3,188,849</u>
Total non-depreciable capital assets	\$4,295,394
Depreciable capital assets:	
Buildings	\$13,197,376
Equipment	85,860
Site improvement/Infrastructure	<u>2,069,249</u>
Total depreciable capital assets	\$15,352,485
Less: Accumulated depreciation	<u>(2,815,625)</u>
Depreciable capital assets, net	<u>\$12,536,860</u>
Total capital assets, net	<u><u>\$16,832,254</u></u>

**6. ACCOUNTS AND RETAINAGE PAYABLE**

Accounts and retainage payable consisted of the following as of June 30, 2025:

	<u>TCC</u>	<u>Foundations</u>
Vendors payable	\$2,200,160	\$301,649
Students payable	146,847	-
Retainage payable	165,412	-
Taxes payable	13,892	-
Total	<u>\$2,526,311</u>	<u>\$301,649</u>

**7. COMMITMENTS**

At June 30, 2025, TCC was committed to contracts totaling \$7,221,791 of which \$4,593,470 was unexpended. TCC held \$165,412 as retainage payable on construction and architectural/engineering contracts for work performed. The retainage payable will be remitted to the various contractors upon satisfactory completion of the construction projects.

## 8. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

The composition of deferred outflows of resources on June 30, 2025, is summarized as follows:

Deferred Loss on Debt Defeasance	\$ 839,831
Pension	11,663,573
Post Employment Benefit	2,197,134
Total Deferred Outflows of Resources	<u>\$14,700, 538</u>

The composition of deferred inflows of resources on June 30, 2025, is summarized as follows:

Deferred Gain on Debt Refunding	\$ 209,300
Pension	9,196,646
Post Employment Benefit	4,139,782
Total Deferred Inflows of Resources	<u>\$13,545,728</u>

## 9. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2025 is as follows:

	Beginning			Ending	Amounts Due
	Balance	Additions	Reductions	Balance	Within One
					Year
Debt:					
Leases	\$ 3,881,822	\$ -	\$ (560,100)	\$ 3,321,722	\$ 588,596
SBITAs	276,734	26,562	(169,058)	134,238	56,764
Notes payable:					
Pooled bonds	47,648,837	-	(6,144,718)	41,504,119	5,625,000
Total debt:	<u>\$ 51,807,393</u>	<u>\$ 26,562</u>	<u>\$ (6,873,876)</u>	<u>\$ 44,960,079</u>	<u>\$ 6,270,360</u>
Other liabilities:					
Compensated absences	\$ 4,859,462	\$ 34,433	\$ -	\$ 4,893,895	\$ 2,534,907
Pension obligations	43,052,490	-	(5,244,223)	37,808,267	-
Postemployment benefits	9,763,229	-	(1,476,062)	8,287,167	231,371
Total other liabilities	<u>\$ 57,675,181</u>	<u>\$ 34,433</u>	<u>\$ (6,720,285)</u>	<u>\$ 50,989,329</u>	<u>\$ 2,766,278</u>
Total long-term liabilities	<u>\$ 109,482,574</u>	<u>\$ 60,995</u>	<u>\$ (13,594,161)</u>	<u>\$ 95,949,408</u>	<u>\$ 9,036,638</u>

In prior fiscal years, a portion of the VCBA Pooled Bonds, of which the VCCS has a share, has been defeased. Details relating to the current and prior years' defeasances are reported in the Commonwealth's Annual Comprehensive Financial Report.

Tidewater Community College Educational and Real Estate Foundations:

The foundations had the following long-term liabilities as of June 30, 2025:

Notes payable	\$9,555,126
Trust & Annuity Obligations	<u>2,657</u>
Total long-term liabilities	<u>9,557,783</u>
Less current portion	294,857
Total long-term liabilities	<u>\$9,262,926</u>

**10. NOTES PAYABLE**

Notes payable represent agreements with the Virginia College Building Authority (VCBA) to finance the following projects:

Student Center for Tidewater Community College Norfolk Campus – The remaining balance is to be repaid in annual installments ranging from \$860,000 to \$1,095,000 with coupon rates ranging from 1.33% to 5.00% payable semiannually. The final installment of \$870,000 is due September 1, 2030. The outstanding balance at June 30, 2025, is \$6,117,077.

Student Center for Tidewater Community College Virginia Beach Campus – The remaining balance is to be repaid in annual installments ranging from \$490,000 to \$585,000 with coupon rates ranging from 5.00% to 5.50% payable semiannually. The final installment of \$585,000 is due September 1, 2030. The outstanding balance at June 30, 2025, is \$3,333,570.

Student Center for Tidewater Community College Chesapeake Campus – The remaining balance is to be repaid in annual installments ranging from \$345,000 to \$415,000 with coupon rates ranging from 5.00% to 5.50% payable semiannually. The final installment of \$415,000 is due September 1, 2030. The outstanding balance at June 30, 2025, is \$2,358,632.

Student Center for Tidewater Community College Chesapeake Campus, Student Center for Virginia Beach Campus – The remaining balance is to be repaid in annual installments ranging from \$1,455,000 to \$1,715,000 with coupon rates ranging from 1.53% to 5.00% payable semiannually. The final installment for the Virginia Beach Student Center of \$805,000 is due on September 1, 2031. The final installment for the Chesapeake Student Center of \$560,000 is due September 1, 2031. The outstanding balance at June 30, 2025, is \$11,289,279.

Student Center for Tidewater Community College Portsmouth Campus – The remaining balance is to be repaid in annual installments ranging from \$890,000 to \$1,065,000 with

coupon rates ranging from 5.00% to 5.50% payable semiannually. The final installment of \$ 1,065,000 is due September 1, 2030. The outstanding balance at June 30, 2025, is \$6,035,561.

Parking garage for Tidewater Community College Chesapeake Campus – The remaining balance is to be repaid in annual installments ranging from \$1,490,000 to \$1,625,000 with coupon rates ranging from 0.61% to 1.81% payable semiannually. The final installment of \$1,625,000 is due September 1, 2032. The outstanding balance at June 30, 2025, is \$12,370,000.

The Virginia Community College System’s general revenues, not otherwise obligated, secure these notes.

Scheduled maturities of notes payable are as follows:

Year Ending June 30	Principal	Interest	Total Payments
2026	\$ 5,625,000	\$ 1,261,195	\$ 6,886,195
2027	5,785,000	1,065,400	6,850,400
2028	5,955,000	850,578	6,805,578
2029	6,175,000	608,611	6,783,611
2030	6,120,000	365,278	6,485,278
2031-2035	10,435,000	235,198	10,670,198
Sub Totals	\$ 40,095,000	\$ 4,386,260	\$44,481,260
Plus Bond Premium	1,409,117	-	1,409,117
Totals	\$ 41,504,117	\$ 4,386,260	\$45,890,377

**11. LEASE COMMITMENTS, SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS, AND INSTALLMENT PURCHASES**

TCC leases certain office space, academic space, laboratory space, and equipment. Initial terms are typically three to 15 years and may contain rent escalation clauses and renewal options ranging from 1 to 10-year intervals. Discount rates ranging from 1.7% to 5.5% were used.

The future minimum lease obligations for fiscal years subsequent to June 30, 2025, are as follows:

Leases				
Year	Liability Reduction		Interest	Total
2026	\$	588,596	\$ 227,536	\$ 816,132
2027		518,866	197,266	716,132
2028		547,790	168,342	716,132
2029		282,648	137,484	420,132
2030		305,967	114,165	420,132
2031-2035		1,077,855	182,541	1,260,396
Total	\$	3,321,722	\$ 1,027,334	\$ 4,349,056

Future obligations under Subscription-Based Information Technology Agreements for fiscal years subsequent to June 30, 2025, are as follows:

SBITAs				
Year	Liability Reduction		Interest	Total
2026	\$	56,764	\$ 10,077	\$ 66,841
2027		25,307	6,217	31,524
2028		20,801	4,304	25,105
2029		24,333	2,168	26,501
2030		7,033	580	7,613
Total	\$	134,238	\$ 23,346	\$ 157,584

TCC is committed under various lease and installment purchase agreements. Rent expenses under short-term lease agreements amounted to \$283,158 for the year. Short-Term Subscription-Based Information Technology Agreement expenses amounted to \$874,527 for the year.

**12. OPERATING EXPENSES BY NATURAL AND FUNCTIONAL CLASSIFICATIONS**

TCC operating expenses for the year ended June 30, 2025 were as follows:

**Natural Classification**

Functional Classification	Salaries & Benefits	Utilities	Scholarships	Depreciation & Amortization	Supplies Services & Other	Total
Instruction	\$ 41,790,880	\$ 30,646	\$ -	\$ 8,338,246	\$ 1,660,572	\$ 51,820,344
Public Service	2,446,976	-	-	1,377	2,728,170	5,176,523
Academic Support	6,752,543	164,657	-	982,187	1,350,526	9,249,913
Student Services	11,182,388	-	78,927	1,997,839	1,508,905	14,768,059
Institutional Support	16,317,436	342,469	-	1,073,436	7,699,964	25,433,305
Operation & Maintenance	4,599,526	2,963,158	-	115,976	8,470,087	16,148,747
Scholarships and Fellowships	-	-	24,935,221	-	374,413	25,309,634
Auxiliary Enterprises	2,236,776	547,325	-	9,120	1,702,936	4,496,157
<b>Total Expenses</b>	<b>\$ 85,326,525</b>	<b>\$ 4,048,255</b>	<b>\$ 25,014,148</b>	<b>\$ 12,518,181</b>	<b>\$ 25,495,573</b>	<b>\$ 152,402,682</b>

**13. STATE APPROPRIATIONS**

All Commonwealth unrestricted revenues must be appropriated by the Legislature and are provided on an annual basis. Unspent balances of these appropriations at the close of the fiscal year revert to the Commonwealth's General Fund. These reverted funds are eligible for re-appropriation in fiscal year 2024-25 provided that TCC meets financial and administrative standards outlined in the *Code of Virginia*.

During the year ended June 30, 2025, TCC received the following general fund appropriations in accordance with the 2024 – 2026 Biennium amended budget Chapter 2, approved May 13, 2024.

<i>Appropriated – Chapter 2 approved May 13<sup>th</sup>, 2024</i>	\$54,326,531
Net Central Account Distributions	1,344,000
Carryover (reappropriation of FY24 year end balances)	2,822,520
FY 2025 VIVA ILL allocation	2,640
FY 2025 VIVA Open Course grants	1,783
VMSDP – Tuition waivers	450,051
Tech Talent Investment Program funding	146,410
VMSDP – Tuition waiver Offset	1,012,588
Tuition Moderation Bonus – NGF	326,699
Bonus 1.5% - GF	448,823
Interest Earnings	603,185
SPCC Credit Card Rebate	12,826
VMSDP Waivers	84,261
<b>Adjusted Unrestricted Appropriations</b>	<b><u>\$61,582,317</u></b>

Other restricted appropriations were \$17,088,004 for a total of \$78,670,321.

**14. EQUIPMENT TRUST FUND**

TCC participates in the Higher Education Equipment Trust Fund (HEETF) of the Virginia College Building Authority (VCBA). The HEETF provides funds to public colleges and universities for equipment acquisitions using proceeds from revenue bonds issued for this purpose.

**15. CONTINGENCIES ON GRANTS**

TCC receives assistance from non-state grantor agencies in the form of grants. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements. Substantially all grants are subject to financial and compliance audits by the grantors. All disallowances as a result of these audits become a liability of TCC. As of June 30, 2025, TCC estimates that no material liabilities will result from such audits.

**16. RETIREMENT PLANS**

Virginia Retirement System – General Information about the Pension Plans

***Plan Description***

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System administers three different benefit structures for covered employees in the VRS State Employee Retirement Plan – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

**RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p><b>About Plan 2</b> Same as Plan 1</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>

**RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b> Members are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><b>Hybrid Opt-In Election</b> VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Eligible Members</b> Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><b>Hybrid Opt-In Election</b> Same as Plan 1.</p>	<p><b>Eligible Members</b> Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Full-time permanent, salaried state employees.*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p><i>*Non-Eligible Members</i> Some members are not eligible to participate in the Hybrid Retirement Plan. They include: Members of the Virginia Law Officers' Retirement System (VaLORS)</p> <p>Those members eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

**RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Retirement Contributions</b>                      State members, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.</p> <p><b>Service Credit</b>                      Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Retirement Contributions</b>                      Same as Plan 1.</p> <p><b>Service Credit</b>                      Same as Plan 1.</p>	<p><b>Retirement Contributions</b>                      A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p> <p><b>Service Credit</b>  <b>Defined Benefit Component:</b>                      Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><b>Defined Contributions Component:</b>                      Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

**RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Vesting</b>  Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b>  Same as Plan 1.</p>	<p><b>Vesting</b>  <i>Defined Benefit Component:</i>  Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contributions Component:</i>  Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law.</p>

**RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit</b>                      The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p><b>Calculating the Benefit</b>                      See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b>  <i>Defined Benefit Component:</i>                      See definition under Plan 1</p> <p><i>Defined Contribution Component:</i>                      The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b>                      A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>                      A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b>                      Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b>                      The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p>	<p><b>Service Retirement Multiplier</b>                      Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p>	<p><b>Service Retirement Multiplier</b>  <i>Defined Benefit Component:</i>                      The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p>

**RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Normal Retirement Age</b> Age 65.</p>	<p><b>Normal Retirement Age</b> Normal Social Security retirement age.</p>	<p><b>Normal Retirement Age</b> <i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> Age 60 with at least five years (60 months) of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

**RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE**

<b>Cost-of-Living Adjustment (COLA) in Retirement</b>	<b>Cost-of-Living Adjustment (COLA) in Retirement</b>	<b>Cost-of-Living Adjustment (COLA) in Retirement</b>
<p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><i>Eligibility:</i> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><i>Exceptions to COLA Effective Dates:</i> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> </ul> <p>The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</p>	<p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><i>Eligibility:</i> Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.</p>	<p><i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p> <p><i>Eligibility:</i> Same as Plan 1 and Plan 2.</p> <p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1 and Plan 2.</p>

**RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Disability Coverage</b>                      For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p><b>Disability Coverage</b>                      For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p><b>Disability Coverage</b>                      State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p><b>Purchase of Prior Service</b>                      Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b>                      Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b>  <i>Defined Benefit Component:</i>                      Same as Plan 1, with the following exception:                      Hybrid Retirement Plan members are ineligible for ported service.</p> <p><i>Defined Contribution Component:</i>                      Not applicable.</p>

## ***Contributions***

The contribution requirement for active employees is governed by § 51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2025, was 12.52% of covered employee compensation for employees in the VRS State Employee Retirement Plan. The rate was the final approved General Assembly rate which was based on actuarially determined rates from an actuarial valuation as of June 30, 2023. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from TCC to the VRS State Employee Retirement Plan were \$5,441,677 and \$5,613,180 for the years ended June 30, 2025, and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$140,502 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$199,659 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$14,774,029 for the year ended June 30, 2025.

## ***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

At June 30, 2025, TCC reported a liability of \$37,808,267 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. TCC's proportion of the Net Pension Liability was based on the TCC's actuarially determined employer contributions to the pension plans for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, TCC's proportion of the VRS State Employee Retirement Plan was 0.77% as compared to 0.85% at June 30, 2023.

For the year ended June 30, 2025, TCC recognized pension expense of \$1,523,329 for the VRS State Employee Retirement Plan. Since there was a change in proportionate share between June 30, 2023, and June 30, 2024, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the

June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, TCC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>VRS State Employer Retirement Plan</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,201,778	\$ 208,490
Net difference between projected and actual earnings on pension plan investments	-	4,969,717
Change in assumptions	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	4,018,439
Employer contributions subsequent to the measurement date	5,461,795	-
<b>Total</b>	<b>\$ 11,663,573</b>	<b>\$ 9,196,646</b>

\$5,461,795 reported as deferred outflows of resources related to pensions resulting from the TCC's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<b>Year ended June 30</b>		<b>VRS Retirement Plan</b>
FY 2026	\$	(3,353,544)
FY 2027		2,223,026
FY 2028		(810,478)
FY 2029		(1,053,871)
FY 2030		-

**Actuarial Assumptions**

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including Inflation	3.50% – 5.35%

Investment rate of return

6.75%, net of pension plan  
investment expenses, including  
inflation

**Mortality rates – VRS State Employees**

Pre-retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Net Pension Liability**

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan’s total pension liability determined in accordance with GASB Statement No. 67, less that plan’s fiduciary net position. As of June 30, 2024, NPL amounts for the VRS State Employee Retirement Plan are as follows (amounts expressed in thousands):

	<b>State Employee Retirement Plan</b>
Total Pension Liability	\$ 29,769,365
Plan Fiduciary Net Position	<u>24,843,784</u>
Employers’ Net Pension Liability (Asset)	<u>\$ 4,925,581</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.45%

The total pension liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System’s notes to the financial statements and required supplementary information.

### **Long-Term Expected Rate of Return**

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
<b>Total</b>	<b>100.00%</b>		<b>7.07%</b>
			<b>7.07%</b>

\* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

### **Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that TCC member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by TCC for the VRS State Employee Retirement Plan will be subject to the portion of the VRS Board-certified rates that are

funded by the Virginia General Assembly, which was 102% of the actuarially determined contribution rate. From July 1, 2024, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

***Sensitivity of the TCC’s’ Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

The following presents TCC’s proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 6.75%, as well as what TCC’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
TCC's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 64,446,419	\$ 37,808,267	\$ 15,593,515

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS State Employee Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

***Payables to the Pension Plan***

TCC recognized \$7,036,666 as Accrued Payroll Expenses as of June 30, 2025, which represents hours worked before June 30 but paid after July 1. The portion payable to the VRS for pension contributions is estimated at \$224,547.

## **Optional Retirement Plans**

All qualified salaried employees of TCC are required to participate in a retirement benefit plan administered by the Virginia Retirement System (VRS) or in an Optional Retirement Plan (ORP). Classified employees are eligible to participate in the VRS only, while faculty rank employees are eligible to participate in either the VRS or the ORP.

Faculty rank employees can participate in a defined contribution plan administered by two providers other than the VRS. These optional retirement plans are defined contribution plans offered through TIAA and DCP. This is a defined contribution plan where the retirement benefits received are based on the employer's (10.4%) contributions, plus interest and dividends for those employees who became a member prior to July 1, 2010. For those employees who became a member on or after July 1, 2010, the employer's contributions are 8.5% and the employee's contributions are 5.0%.

Individual contracts issued under the ORP plan provide for full and immediate vesting of the TCC contributions. Total pension costs under this plan were \$453,669 and \$434,876 for years ended June 30, 2025, and 2024, respectively. Contributions to the ORP plan were calculated using the base salary amount of \$7,150,936 and \$6,823,032 for fiscal years 2025 and 2024. TCC total payroll for fiscal years 2025 and 2024 was \$68,226,723 and \$67,885,398 respectively.

### ***Payables to the Optional Retirement Plan***

TCC recognized \$7,036,666 as Accrued Payroll Expenses as of June 30, 2025, which represents hours worked before June 30 but paid after July 1 or after. The portion payable for contributions to the optional retirement plans is estimated at \$25,477.

## **Deferred Compensation Plan**

Employees of TCC are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to \$20 per pay period. The dollar amount match can change depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. Employer contributions under the Deferred Compensation Plan were approximately \$158,843 for fiscal year 2025.

## 17. POST-EMPLOYMENT BENEFITS

### **Plans administered by VRS**

#### **General Information about the State Employee Health Insurance Credit Program**

##### ***Plan Description***

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

#### **General Information about the Group Life Insurance Program**

##### ***Plan Description***

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

#### **General Information about the VRS Disability Insurance Program**

##### ***Plan Description***

All full-time and part-time permanent salaried state employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) hired on or after January 1, 1999, are automatically covered by the Disability Insurance Program (VSDP) upon employment. The Disability Insurance Program also covers state employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for disability retirement. This plan is administered by the Virginia Retirement System (the System), along

with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

The specific information for the VRS administered OPEB programs, including eligibility, coverage and benefits is set out in the table below:

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	VSDP PLAN PROVISIONS
<p><b>Eligible Employees</b></p> <p>The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.</li> </ul>	<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> <li>• City of Richmond</li> <li>• City of Portsmouth</li> <li>• City of Roanoke</li> <li>• City of Norfolk</li> <li>• Roanoke City School Board</li> </ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>	<p><b>Eligible Employees</b></p> <p>The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> <li>• Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).</li> <li>• State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.</li> </ul> <p>Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution's disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.</p>

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	VSDP PLAN PROVISIONS
<p><b>Benefit Amounts</b></p> <p>The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <i>At Retirement</i> – For State employees, the monthly benefit is \$4.25 per year of service per month with no cap on the benefit amount.</li> <li>• <i>Disability Retirement</i> – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is \$120.00 or \$4.25 per year of service, whichever is higher.</li> </ul> <p>For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is \$120.00 or \$4.25 per year of service, whichever is higher.</p> <p>For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.</p>	<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> <li>• <i>Natural Death Benefit</i> – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.</li> <li>• <i>Accidental Death Benefit</i> – The accidental death benefit is double the natural death benefit.</li> <li>• <i>Other Benefit Provisions</i> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> <li>○ Accidental dismemberment benefit</li> <li>○ Seatbelt benefit</li> <li>○ Repatriation benefit</li> <li>○ Felonious assault benefit</li> <li>○ Accelerated death benefit option</li> </ul> </li> </ul>	<p><b>Benefit Amounts</b></p> <p>The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <li>• <i>Leave:</i> Sick, family and personal leave. Eligible leave benefits are paid by the employer.</li> <li>• <i>Short-Term Disability:</i> The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee’s pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.</li> <li>• <i>Long-Term Disability (LTD):</i> The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee’s pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.</li> <li>• <i>Income Replacement Adjustment:</i> The program provides for an income replacement adjustment to 80% for catastrophic conditions.</li> <li>• <i>VSDP Long-Term Care Plan:</i> The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.</li> </ul>

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	VSDP PLAN PROVISIONS
<p><b>Plan Notes:</b></p> <ul style="list-style-type: none"> <li>The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount.</li> <li>Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.</li> </ul>		<p><b>Plan Notes:</b></p> <ul style="list-style-type: none"> <li>Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.</li> <li>A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up five years of VSDP benefits.</li> <li>Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.</li> </ul>
	<p><b>Reduction in Benefit Amounts</b> The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches its original value.</p> <p><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b> For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.</p>	<p><b>Cost-of-Living Adjustment (COLA)</b></p> <ul style="list-style-type: none"> <li>During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board. <ul style="list-style-type: none"> <li>Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).</li> <li>Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).</li> </ul> </li> <li>For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement. <ul style="list-style-type: none"> <li>100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.</li> </ul> </li> <li>For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount</li> </ul>

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS	VSDP PLAN PROVISIONS
		<p>recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.</p> <ul style="list-style-type: none"> <li>○ 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.</li> </ul>

**Contributions**

The contribution requirement for active employees in the VRS State Employee Health Insurance Credit Program is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency’s contractually required employer contribution rate for the year ended June 30, 2025, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was the approved General Assembly which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from TCC to the VRS State Employee Health Insurance Credit Program were \$548,590 and \$518,877 for the years ended June 30, 2025 and June 30, 2024, respectively.

In June 2024, the Commonwealth made a special contribution of approximately \$52.8 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 1, 2024 Acts of Assembly, Special Session I, and is classified as a special employer contribution. Our proportionate share is reflected in “Other nonoperating revenue (expense)” of our financial statements.

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and § 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved

General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the TCC were \$232,125 and \$249,592 for the years ended June 30, 2025, and June 30, 2024, respectively.

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2025, was 0.50% of covered employee compensation. This rate was General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from TCC were \$210,322 and \$239,430 for the years ended June 30, 2025 and June 30, 2024, respectively.

***State Employee Health Insurance Credit Program OPEB Liabilities, State Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to State Employee Health Insurance Credit Program OPEB***

At June 30, 2025, TCC reported a liability of \$3,681,875 for its proportionate share of the VRS State Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS State Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2024 and the total VRS State Employee Health Insurance Credit Program OPEB Liability used to calculate the Net VRS State Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. TCC's proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on the TCC's actuarially determined employer contributions to the VRS State Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2024 TCC's proportion of the VRS State Employee Health Insurance Credit Program was 0.52% as compared to 0.57% at June 30, 2023.

For the year ended June 30, 2025, TCC recognized VRS State Employee Health Insurance Credit Program OPEB expense of (\$121,771). Since there was a change in proportionate share between measurement dates, a portion of the VRS State Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

***GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB***

At June 30, 2025, TCC reported a liability of \$2,061,889 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. TCC's proportion of the Net GLI OPEB Liability was based on the TCC's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, TCC's proportion was 0.18% as compared to 0.20% at June 30, 2023.

For the year ended June 30, 2025, TCC recognized GLI OPEB expense of (\$202,245). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

***Disability Insurance Program (VSDP) OPEB Liabilities (Assets), VSDP OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to VSDP OPEB***

At June 30, 2025, TCC reported a liability (asset) of (\$2,496,224) for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2024, and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Liability (Asset) was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. TCC's proportion of the Net VSDP OPEB Liability (Asset) was based on TCC's actuarially determined employer contributions to the VSDP OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, TCC's proportion was 0.71% as compared to 0.78% at June 30, 2023.

For the year ended June 30, 2025, TCC recognized VSDP OPEB expense of \$170,442. Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, TCC reported deferred outflows of resources and deferred inflows of resources related to the VRS OPEB plans from the following sources:

<b>VRS Health Insurance Credit Program</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	\$ 291,194
Net difference between projected and actual earnings on State HIC OPEB program investments	-	12,462
Change in assumptions	59,312	-
Changes in proportionate share and differences between actual and expected contributions	-	764,730
Employer contributions subsequent to the measurement date	548,590	-
<b>Total</b>	<b>\$ 607,902</b>	<b>\$ 1,068,386</b>

<b>VRS Group Life Insurance Program</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 325,207	\$ 50,365
Net difference between projected and actual earnings on GLI OPEB program investments	-	173,796
Change in assumptions	11,753	102,183
Changes in proportionate share	-	412,858
Employer contributions subsequent to the measurement date	232,125	-
<b>Total</b>	<b>\$ 569,085</b>	<b>\$ 739,202</b>

<b>VRS Virginia Sickness and Disability Plan</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 111,612	\$ 274,582
Net difference between projected and actual earnings on VSDP OPEB program investments	-	119,034
Change in assumptions	3,276	8,102
Changes in proportionate share	362,709	3,348
Employer contributions subsequent to the measurement date	210,322	-
<b>Total</b>	<b>\$ 687,919</b>	<b>\$ 405,066</b>

\$548,590 reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from TCC's contributions subsequent to the measurement date will be recognized as a reduction of the Net State Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2026.

\$232,125 reported as deferred outflows of resources related to the GLI OPEB resulting from TCC's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2026.

\$210,322 reported as deferred outflows of resources related to the VSDP OPEB resulting from TCC's contributions subsequent to the measurement date will be recognized as a reduction of the Net VSDP OPEB Liability in the Fiscal Year ending June 30, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources to the VRS administered OPEB programs will be recognized in OPEB expense in future reporting periods as follows:

**Year ended June 30**

	<b><u>HIC</u></b>	<b><u>GLI</u></b>	<b><u>VSDP</u></b>
FY 2026	\$ (351,066)	\$ (250,893)	\$ (62,617)
FY 2027	(248,040)	(61,772)	32,273
FY 2028	(222,596)	(64,875)	9,739
FY 2029	(137,458)	(30,024)	19,016
FY 2030	(49,914)	(5,322)	41,595
Thereafter	-	-	32,525

### ***HIC Actuarial Assumptions***

The total State Employee HIC OPEB Liability for the VRS State Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation -	
General state employees	3.50% – 5.35%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
JRS employees	4.00%
Investment rate of return	6.75% net of plan investment expenses, including inflation

### **Mortality rates – General State Employees**

#### Pre-retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

#### Post-retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

#### Post-disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

#### Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.

#### Mortality Improvement:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### **Mortality rates – SPORS Employees**

#### Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

#### Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

#### Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

#### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

#### Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### **Mortality rates – VaLORS Employees**

#### **Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

#### **Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

#### **Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

#### **Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

#### **Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### **Mortality rates – JRS Employees**

#### Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

#### Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

#### Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

#### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

#### Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

***GLI Actuarial Assumptions***

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including inflation -	
General state employees	3.50% – 5.35%
Teachers	3.50% – 5.95%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
JRS employees	4.00%
Locality – General employees	3.50% – 5.35%
Locality – Hazardous Duty employees	3.50% – 4.75%
Investment rate of return	6.75% net of investment expenses, including Inflation

**Mortality rates – General State Employees**

Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

## Mortality rates – Teachers

### Pre-Retirement:

Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males

### Post-Retirement:

Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females

### Post-Disablement:

Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

### Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

**Mortality rates – SPORS Employees**

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service; changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Mortality rates – VaLORS Employees**

Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

## **Mortality rates – JRS Employees**

### Pre-Retirement:

Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years

### Post-Retirement:

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years

### Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally

### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

### Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Review separately from State employees because exhibit fewer deaths. Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Decreased rates for ages 60-66 and 70-72
Withdrawal Rates	No change
Disability Rates	No change
Salary Scale	Reduce increases across all ages by 0.50%
Discount Rate	No change

## **Mortality rates – Largest 10 Locality Employers - General Employees**

### Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

### Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Mortality rates – Non-Largest 10 Locality Employers - General Employees**

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Mortality rates – Largest 10 Locality Employers – Hazardous Duty Employees**

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

**Mortality rates – Non-Largest 10 Locality Employers – Hazardous Duty Employees**

**Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

**Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

***VSDP Actuarial Assumptions***

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Inflation	2.50%
Salary increases, including Inflation –	
General state employees	3.50% – 5.35%
SPORS employees	3.50% – 4.75%
VaLORS employees	3.50% – 4.75%
Investment rate of return	6.75% net of investment expenses, including inflation

### **Mortality rates – General State Employees**

**Pre-Retirement:**

Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years

**Post-Retirement:**

Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females

**Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years

**Beneficiaries and Survivors:**

Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females

**Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### **Mortality rates – SPORS Employees**

#### Pre-Retirement:

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

#### Post-Retirement:

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

#### Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

#### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

#### Mortality Improvement Scale:

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates for ages 55 to 61, 63, and 64 with 26 or more years of service and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rate for 0 years of service and increased rates for 1 to 6 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

### **Mortality rates – VaLORS Employees**

#### **Pre-Retirement:**

Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

#### **Post-Retirement:**

Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

#### **Post-Disablement:**

Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

#### **Beneficiaries and Survivors:**

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

#### **Mortality Improvement Scale:**

Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

***Net OPEB Liability (Asset)***

The net OPEB liability (asset) represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, Net OPEB liability (asset) amounts for VRS administered programs are as follows:

	<b>HIC</b>	<b>GLI</b>	<b>LODA</b>	<b>VSDP</b>
Total OPEB Liability	\$ 1,094,073	\$ 4,196,055	\$ 398,395	\$ 339,007
Plan Fiduciary Net Position	384,820	3,080,133	4,841	692,870
Net OPEB Liability (Asset)	<u>\$ 709,253</u>	<u>\$ 1,115,922</u>	<u>\$ 393,554</u>	<u>\$ (353,863)</u>

Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	35.17%	73.41%	1.22%	204.38%
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The total OPEB liability is calculated by the System’s actuary, and each plan’s fiduciary net position is reported in the System’s financial statements. The net OPEB liability (asset) is disclosed in accordance with the requirements of GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

### **Long-Term Expected Rate of Return for the HIC, GLI, & VSDP OPEB programs**

The long-term expected rate of return on the VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	(3.00%)	3.50%	(0.11%)
<b>Total</b>	<b>100.00%</b>		<b>7.07%</b>
			<b>7.07%</b>

\*Expected arithmetic nominal return

*\*The above allocation provides a one-year return of 7.07%, includes a 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.*

*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.*

### **Discount Rate**

The discount rate used to measure the total State Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by TCC for the VRS State Employee

Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 108% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total State Employee HIC OPEB liability.

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113% of the actuarially determined contribution rate. From July 1, 2024 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB Liability.

The discount rate used to measure the total VSDP OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by participating employers to the VSDP OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 109% of the actuarially determined contribution rate. From July 1, 2024, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VSDP OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VSDP OPEB liability.

***Sensitivity of TCC's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate***

The following presents TCC's proportionate share of the VRS State Employee Health Insurance Credit Program net HIC OPEB liability using the discount rate of 6.75%, as well as what TCC's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
TCC's proportionate share of the VRS State Employee HIC OPEB Plan Net OPEB Liability	\$ 4,220,655	\$ 3,681,875	\$ 3,219,415

The following presents TCC's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what TCC's proportionate share of the net GLI OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
TCC's proportionate share of the Group Life Insurance Plan Net OPEB Liability	\$ 3,206,506	\$ 2,061,889	\$ 1,137,190

The following presents TCC's proportionate share of the net VSDP OPEB liability (asset) using the discount rate of 6.75%, as well as what TCC's proportionate share of the net VSDP OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
TCCs' proportionate share of the VSDP Net OPEB Liability (Asset)	\$ (2,324,742)	\$ (2,496,224)	\$ (2,648,092)

***VRS OPEB Programs Fiduciary Net Position***

Detailed information about the VRS OPEB Programs Fiduciary Net Position is available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <https://www.varetire.org> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

***Payables to the State Employee Health Insurance Credit Program OPEB Plan***

TCC recognized \$7,036,666 as Accrued Payroll Expenses as of June 30, 2025, which represents hours worked before June 30 but paid after July 1. The portion payable for contributions to the Health Insurance Credit Program is estimated at \$21,146.

***Payables to the VRS Group Life Insurance OPEB Plan***

TCC recognized \$7,036,666 as Accrued Payroll Expenses as of June 30, 2025, which represents hours worked before June 30 but paid after July 1. The portion payable for contributions to the Group Life Insurance Plan is estimated at \$22,278.

***Payables to the Disability Insurance Program (VSDP) OPEB Plan***

TCC recognized \$7,036,666 as Accrued Payroll Expenses as of June 30, 2025, which represents hours worked before June 30 but paid after July 1. The portion payable for contributions to the Disability Insurance Plan is estimated at \$8,558.

**Plans administered by the DHRM**

**Pre-Medicare Retiree Healthcare**

The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare.

Following are eligibility requirements for Virginia Retirement System retirees:

- You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and
- You start receiving (do not defer) your retirement benefit immediately upon retirement\*, and
- Your last employer before retirement was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled in) coverage as an active employee in the State Health Benefits Program until your retirement date (not including Extended Coverage/COBRA), and
- You enroll no later than 31 days from your retirement date.

\*For VRS retirees, this means that your employing agency reported a retirement contribution or leave without pay status for retirement in the month immediately prior to your retirement date. Some faculty members may also be eligible if they are paid on an alternate pay cycle but maintain eligibility for active coverage until their retirement date.

Effective January 1, 2017\*\*, following are eligibility requirements for Optional Retirement Plan retirees:

- You are a terminating state employee who participates in one of the qualified Optional Retirement Plans, and
- Your last employer before termination was the Commonwealth of Virginia, and
- You were eligible for (even if you were not enrolled in) coverage in the State Employee Health Benefits Program for active employees at the time of your termination, and
- You meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible for on your date of hire had you not elected the ORP, and
- You enroll in the State Retiree Health Benefits Program no later than 31 days from the date you lose coverage (or lose eligibility for coverage) in the State Health Benefits Program for active employees due to your termination of employment.

\*\*This change applies to ORP terminations effective January 1, 2017, or later. Eligibility for those who terminated employment prior to January 1 should be determined based on the policy in place at the time of their termination.

The employer does not pay a portion of the retirees' healthcare premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, this generally results in a higher rate for active employees. Therefore, the employer effectively subsidizes the costs of the participating retirees' healthcare through payment of the employer's portion of the premiums for active employees.

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes and is administered by the Department of Human Resource Management. There were approximately 3,235 retirees and 96,895 active employees in the program as of June 30, 2024. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

**Pre-Medicare Retiree Healthcare OPEB Liabilities, OPEB Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources**

At June 30, 2025, TCC reported a liability of \$2,543,403 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$356.5 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024. TCC's proportion of the Pre-Medicare Retiree Healthcare OPEB liability was based on each employer's calculated healthcare premium contributions as a percentage of the total employer's calculated healthcare premium contributions for all participating employers. On June 30, 2024, TCC's proportion was 0.71% as compared to 0.76% at June 30, 2023. For the year ended June 30, 2025, TCC recognized Pre-Medicare Retiree Healthcare OPEB expense of \$(1,302,047).

At June 30, 2025, TCC reported deferred outflows or resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

<b>Pre-Medicare Retiree Healthcare</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ 50,986	\$ 306,196
Change in assumptions	49,872	895,027
Ches in proportionate share	-	725,905
Sub Total	100,858	1,927,128
Amounts associated with transactions subsequent to the measurement date	231,371	-
Total	<u>\$ 332,229</u>	<u>\$ 1,927,128</u>

Deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date were \$231,371. These amounts will be recognized as a reduction of the total OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pre-Medicare Retiree Healthcare OPEB will be recognized in the Pre-Medicare Retiree Healthcare OPEB expense as follows:

<b>Year ended June 30</b>		
FY 2026	\$	(885,005)
FY 2027	\$	(517,775)
FY 2028	\$	(290,321)
FY 2029	\$	(90,855)
FY 2030	\$	(42,316)
Thereafter		-

### **Actuarial Assumptions and Methods**

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2024 (one year prior to the end of the fiscal year). The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 7.50 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2024 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years
Discount Rate	3.93%
Projected Salary Increases	5.35% to 3.50% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 7.50% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2034
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years

Post-Retirement	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a modified MP-2021 Improvement Scale; 110% of rates for females RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; females setback 1 year with 1.5% increase compounded from ages 70 to 85
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2024.

*Changes of Assumptions:*

There were not any changes in assumptions since June 30, 2022, measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage – rate remained at 20 percent
- Retiree participation – rate remained at 35 percent

Retiree participation was based on a blend of recent experience and the prior year assumptions.

The trend rates were updated based on economic conditions as of June 30, 2024. Additionally, the discount rate was increased from 3.65 percent to 3.93 percent based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2024.

There were no plan changes in the valuation since the prior year.

***Sensitivity of TCC’s Proportionate Share of the OPEB Liability to Changes in the Discount Rate***

The following presents TCC’s proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using the discount rate of 3.93 percent, as well as what TCC’s proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated

using a discount rate that is one percentage point lower (2.93 percent) or one percentage point higher (4.93 percent) than the current rate:

	<b>1% Decrease (2.93%)</b>	<b>Current Rate (3.93%)</b>	<b>1% Increase (4.93%)</b>
OPEB Liability	\$ 2,698,201	\$ 2,543,403	\$ 2,396,662

***Sensitivity of TCC’s Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rates***

The following presents TCC’s proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using healthcare cost trend rate of 7.50 percent decreasing to 4.50 percent, as well as what TCC’s proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (6.50 percent decreasing to 3.50 percent) or one percentage point higher (8.50 percent decreasing to 5.50 percent) than the current rate:

	<b>1% Decrease (6.50% decreasing to 3.50%)</b>	<b>Trend Rate (7.50% decreasing to 4.50%)</b>	<b>1% Increase (8.50% decreasing to 5.50%)</b>
OPEB Liability	\$ 2,311,586	\$ 2,543,403	\$ 2,812,308

**18. RISK MANAGEMENT**

TCC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. TCC participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker’s compensation plan are administered by the Department of Human Resource Management, and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bonds, automobile, and air and watercraft plans. TCC pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth’s insurance plans is available at the statewide level in the Commonwealth of Virginia’s Comprehensive Annual Financial Report.

A Faithful Performance Duty Bond administered by the Commonwealth of Virginia’s Department of Treasury, Division of Risk Management, covers the employees of TCC. The Faithful Performance Duty Bond provides coverage with liability limits of \$500,000 for each occurrence.