



WILLIAM & MARY

CHARTERED 1693

**Audited Consolidated Financial Report
For The Year Ended June 30, 2025**



**WILLIAM & MARY,
VIRGINIA INSTITUTE OF MARINE SCIENCE
AND RICHARD BLAND COLLEGE**

ANNUAL FINANCIAL REPORT 2024-2025

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**William & Mary,
Virginia Institute of Marine Science,
and Richard Bland College
Consolidated Financial Statements**

MANAGEMENT’S DISCUSSION AND ANALYSIS

(Unaudited)

This Management’s Discussion and Analysis (MD&A) is required supplementary information to the consolidated financial statements designed to assist readers in understanding the accompanying financial statements. The following information includes a comparative analysis between the fiscal year ended June 30, 2025 (FY25) and the prior fiscal year ended June 30, 2024 (FY24). Significant changes between the two fiscal years and important management decisions are highlighted. The summarized information presented in the MD&A should be reviewed in conjunction with both the financial statements and associated footnotes in order for the reader to have a comprehensive understanding of the institution’s financial status and results of operations for FY25. William & Mary’s (W&M) management has prepared the MD&A, along with the financial statements and footnotes. W&M’s management is responsible for all the information presented for William & Mary, the Virginia Institute of Marine Science (VIMS), and their affiliated foundations. Richard Bland College’s (RBC) management is responsible for all the information presented for RBC and its affiliated foundation.

The financial statements have been prepared in accordance with the Governmental Accounting Standards Board (GASB) reporting framework. Accordingly, the three financial statements required are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The aforementioned statements are summarized and analyzed in the MD&A.

These financial statements are consolidated statements that include W&M, VIMS, and RBC. All three entities are agencies of the Commonwealth of Virginia reporting to the Board of Visitors of The College of William and Mary in Virginia. W&M and VIMS, which serves as the university’s Batten School of Coastal & Marine Sciences, are referred to collectively as the “university” and Richard Bland College is referred to as the “college” within the MD&A as well as in the consolidated financial statements.

The institutions’ affiliated foundations are component units and are included in the accompanying financial statements in separate columns. However, the following MD&A is limited to W&M, VIMS and RBC, exclusive of the component units.

Financial Summary

Statement of Net Position

The Statement of Net Position provides a combined snapshot of the university’s and college’s financial positions, specifically the assets, deferred outflows of resources, liabilities, deferred inflows of resources and resulting net position as of June 30, 2025. The information allows the reader to determine the combined assets available for future operations of all three entities, amounts owed by the university and college, and the categorization of net position as follows:

- (1) Net Investment in Capital Assets – reflects the university’s and college’s capital assets net of accumulated depreciation and amortization and any debt attributable to their acquisition, construction, or improvements.
- (2) Restricted – reflects the university’s and college’s endowment and similar funds whereby the donor has stipulated that the gift or the income from the principal, where the principal is to be preserved, is to be used to support specific programs. Donor restricted funds are grouped into generally descriptive categories of scholarships, research, departmental uses, etc.

- (3) Unrestricted – reflects a broad range of assets available to the university and college that may be used at the discretion of the university or college, respectively, for any lawful purpose in support of the university’s and college’s primary missions of education, research, and public service. These assets are derived from student tuition and fees, state appropriations, indirect cost recoveries from grants and contracts, auxiliary services sales, and gifts.

Summary Statement of Net Position

	FY 2025	FY 2024	Dollar Change	Percent Change
<u>Assets:</u>				
Current	\$ 236,257,864	\$ 225,462,337	\$ 10,795,527	4.79%
Capital, net of accumulated depreciation and amortization	1,314,545,131	1,245,925,501	68,619,630	5.51%
Other non-current	305,675,337	281,710,371	23,964,966	8.51%
Total assets	<u>1,856,478,332</u>	<u>1,753,098,209</u>	<u>103,380,123</u>	<u>5.90%</u>
Total deferred outflows of resources	<u>45,310,915</u>	<u>39,477,643</u>	<u>5,833,272</u>	<u>14.78%</u>
<u>Liabilities:</u>				
Current	133,411,675	129,761,572	3,650,103	2.81%
Non-current	489,823,080	484,272,342	5,550,738	1.15%
Total liabilities	<u>623,234,755</u>	<u>614,033,914</u>	<u>9,200,841</u>	<u>1.50%</u>
Total deferred inflows of resources	<u>45,989,772</u>	<u>48,250,306</u>	<u>(2,260,534)</u>	<u>(4.69%)</u>
<u>Net Position:</u>				
Net investment in capital assets	1,018,455,243	958,440,865	60,014,378	6.26%
Restricted	123,567,813	119,887,625	3,680,188	3.07%
Unrestricted	90,541,664	51,963,142	38,578,522	74.24%
Total net position	<u>\$ 1,232,564,720</u>	<u>\$ 1,130,291,632</u>	<u>\$ 102,273,088</u>	<u>9.05%</u>

The overall result of the combined FY25 operations was a growth in net position of approximately \$102.3 million or an increase of 9.1%, bringing the total net position to \$1.2 billion. The growth was a result of an increase in net investment in capital assets of \$60.0 million, restricted funds of \$3.7 million, and unrestricted funds of \$38.6 million.

Total assets increased by \$103.4 million. Capital assets, net of accumulated depreciation and amortization, increased by \$68.6 million due to ongoing acquisition of fixed assets through purchase and construction. These projects are discussed in more detail under *Capital Asset and Debt Administration* below. Other non-current assets increased by \$24.0 million due to market conditions on investment performance. The \$5.8 million increase in deferred outflows of resources is primarily due to pension related outflows.

Total liabilities overall increased by \$9.2 million. Current and non current liabilities increased, \$3.7 million and \$5.6 million, respectively, as a result of growth in outstanding debt payments. The decrease of \$2.3 million in deferred inflows of resources is primarily attributed to contractual agreements.

The Statement of Net Position amounts for the fiscal year ended June 30, 2024 are not restated for the beginning balance adjustment of \$2.2 million due to the implementation of GASB 101 Compensated Absences. Per GASB Statement 100, Accounting Changes and Error Corrections, changes in accounting principle do not require prior year restatement when comparative statements are not presented in the financial statements.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the results from operations for the fiscal year. Revenues for the daily operation of the university and college are presented in two categories: operating and non-operating. Operating revenues include the significant categories of tuition and fees, grants and contracts, and the sales of auxiliary enterprises representing exchange transactions. Non-operating revenues include the significant categories of state appropriations, gifts and investment income. Net other revenues include capital appropriations, grants and contributions.

Summary Statement of Revenues, Expenses and Changes in Net Position

	<u>FY 2025</u>	<u>FY 2024</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating revenues	\$ 424,372,077	\$ 410,901,059	\$ 13,471,018	3.28%
Operating expenses	<u>637,490,894</u>	<u>602,637,466</u>	<u>34,853,428</u>	<u>5.78%</u>
Operating gain/(loss)	(213,118,817)	(191,736,407)	(21,382,410)	(11.15%)
Net Non-operating revenues	<u>234,544,003</u>	<u>206,589,743</u>	<u>27,954,260</u>	<u>13.53%</u>
Income/(Loss) before other revenues	21,425,186	14,853,336	6,571,850	44.24%
Net other revenues	<u>83,095,095</u>	<u>113,014,896</u>	<u>(29,919,801)</u>	<u>(26.47%)</u>
Increase in net position	<u>\$ 104,520,281</u>	<u>\$ 127,868,232</u>	<u>\$ (23,347,951)</u>	<u>(18.26%)</u>

Overall, the result from operations was an increase in net position of \$104.5 million. Details of the net change are provided in the following sections entitled *Summary of Operating and Non-Operating Revenues net of Non-Operating Expenses and Summary of Operating Expenses*.

State appropriations for W&M, VIMS and RBC are treated as non-operating revenues, therefore the university and college will typically display an operating loss for the year. For FY25, state appropriations contributed \$151.8 million or 18.2 % of all revenue across the three entities.

Summary of Operating and Non-Operating Revenues net of Non-Operating Expenses

Operating revenue increased \$13.5 million or 3.3% as compared to the prior year. Student tuition and fees increased by \$8.6 million, however this was offset by increase in scholarship allowances of \$19.8 million. Scholarship allowances increased during the fiscal year due to a change in accounting estimate resulting from the implementation of updated guidance issued by the National Association of College and University Business Officers (NACUBO) on the calculation of student discounts and allowances. Federal, state, and non-governmental grants and contracts increased \$9.5 million due to new and increased federal funding at VIMS. Auxiliary revenue grew by \$7.2 million offset by a decrease in scholarship allowance of \$6.5 million due to a change in the calculation as described above. Non-operating revenues increased primarily as a result of investment income due to market conditions coupled with a growth in State Appropriations. The university experienced a decrease in total other revenues due to capital appropriations relating to the progress of ongoing capital projects.

	<u>FY 2025</u>	<u>FY 2024</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating revenues:				
Student tuition and fees, net of scholarship allowances	\$ 212,621,061	\$ 223,857,592	\$ (11,236,531)	(5.02%)
Federal, state, local and non-governmental grants and contracts	72,814,106	63,361,091	9,453,015	14.92%
Auxiliary enterprise, net of scholarship allowances	125,940,176	112,223,871	13,716,305	12.22%
Other	12,996,734	11,458,505	1,538,229	13.42%
Total operating revenues	<u>424,372,077</u>	<u>410,901,059</u>	<u>13,471,018</u>	<u>3.28%</u>
Non-operating:				
State appropriations	151,830,676	127,653,956	24,176,720	18.94%
Gifts, investment income and other income and expenses	82,713,327	78,935,787	3,777,540	4.79%
Total non-operating	<u>234,544,003</u>	<u>206,589,743</u>	<u>27,954,260</u>	<u>13.53%</u>
Other revenues, gains and (losses):				
Capital appropriations	57,102,568	89,211,230	(32,108,662)	(35.99%)
Capital grants and gifts	26,661,418	26,800,076	(138,658)	(0.52%)
Gain/(loss) on disposal of assets	(668,891)	(2,996,410)	2,327,519	77.68%
Total other revenues, gains and (losses)	<u>83,095,095</u>	<u>113,014,896</u>	<u>(29,919,801)</u>	<u>(26.47%)</u>
Total revenues	<u>\$ 742,011,175</u>	<u>\$ 730,505,698</u>	<u>\$ 11,505,477</u>	<u>1.58%</u>

Details of the operating expenses of the university and college are summarized below:

Summary of Operating Expenses

	<u>FY 2025</u>	<u>FY 2024</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating expenses:				
Instruction	\$ 170,180,218	\$ 161,773,122	\$ 8,407,096	5.20%
Research	87,989,564	81,575,867	6,413,697	7.86%
Public service	299,982	240,766	59,216	24.59%
Academic support	67,471,193	59,422,175	8,049,018	13.55%
Student services	22,570,022	19,669,096	2,900,926	14.75%
Institutional support	72,438,736	62,684,661	9,754,075	15.56%
Operation and maintenance of plant	39,561,699	39,969,933	(408,234)	(1.02%)
Student aid	12,924,053	22,380,046	(9,455,993)	(42.25%)
Auxiliary enterprise	105,530,492	100,505,314	5,025,178	5.00%
Depreciation and amortization	58,234,533	54,171,055	4,063,478	7.50%
Other operating expenses	290,402	245,431	44,971	18.32%
Total operating expenses	<u>\$ 637,490,894</u>	<u>\$ 602,637,466</u>	<u>\$ 34,853,428</u>	<u>5.78%</u>

For FY25, operating expenses increased by \$34.9 million or 5.8%. The increase was due to salaries, wages and benefit increases, as well as, increases in research expenditures as a result of increases in funding. The student aid decrease is a result of changes to the scholarship allowance calculation as discussed previously.

Statement of Cash Flows

The Statement of Cash Flows provides detailed information about the university's and college's sources and uses of cash during the fiscal year. Cash flow information is presented in four distinct categories: Operating, Non-Capital Financing, Capital Financing and Investing Activities. This statement aids in the assessment of the university's and college's ability to generate cash to meet current and future obligations.

Summary Statement of Cash Flows

	<u>FY 2025</u>	<u>FY 2024</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Cash flows from:				
Operating activities	\$ (152,665,533)	\$ (156,346,045)	\$ 3,680,512	2.35%
Non-capital financing	216,662,766	201,512,994	15,149,772	7.52%
Capital and related financing	(41,825,427)	(43,798,536)	1,973,109	4.50%
Investing activities	9,353,922	5,097,099	4,256,823	83.51%
Net increase/(decrease) in cash	<u>\$ 31,525,728</u>	<u>\$ 6,465,512</u>	<u>\$ 25,060,216</u>	<u>387.60%</u>

Cash flow from operations and non-capital financing reflects the sources and uses of cash to support the core mission of the university and college. The primary sources of cash supporting the core mission of the university and college in

FY 25 were: tuition and fees - \$207.3 million, state appropriations - \$151.2 million, auxiliary enterprise revenues - \$126.0 million, research grants and contracts - \$73.3 million and gifts – \$57.8 million

The primary uses of operating cash in FY25 were payments to employees - \$385.0 million representing salaries, wages, and fringe benefits and payments to suppliers of goods and services - \$154.3 million.

Cash flow from capital financing activities reflects the activities associated with the acquisition and construction of capital assets including related debt payments. The primary sources of cash in FY25 were: capital appropriations - \$64.0 million and capital grants and contributions - \$26.5 million. The primary uses of cash were for capital expenditures - \$126.1 million and debt payments - \$35.3 million.

The change in cash flows from investing activities is due to investment income and purchase and sale of investments.

Capital Asset and Debt Administration

William & Mary

The following list provides highlights of capital projects completed, in progress, or in design during FY25.

- ***Projects Completed in FY25*** –Two projects were completed and placed into service in FY25.
 - Martha Wren Briggs Center for Visual Arts and Muscarelle Museum Expansion,
 - Monroe Hall Renovations.
- ***Projects in Progress*** - Including the five projects highlighted in this document, there are over eighty-one projects currently in some phase of progress – concept development, design, construction, or close out.

Projects In Design - A brief description of each project in design at the end of the fiscal year is provided below:

- West Woods Phase 2 is part of a long-term comprehensive plan to modernize and revitalize residential and dining facilities. Design work began in October 2024, and the project received approval of the Preliminary Design in April 2025.

Projects in Construction - A brief description of major projects in construction at the end of the fiscal year is provided below:

- Integrated Science Center, Phase 4 (ISC4) will support the Mathematics, Computer Science, and Engineering Design programs which are currently housed in facilities that lack sufficient space and robust building systems. This new facility will accommodate state-of-the-art instruction and research by constructing approximately 124,000 square feet of new space and renovating 10,000 square feet of existing space in order to connect ISC 4 to the adjacent ISC 1. The facility is being constructed on the site of the former Millington Hall with completion scheduled for Fall 2025.
- Kaplan Arena Renovation & Addition provides a new, enlarged arena entry lobby and concourse, bowl improvements and the construction of an adjacent, connected Sports Performance Center. The project will renovate portions of the existing building to improve locker room and other student athlete spaces. Building systems will be improved as necessary. Bowl improvements will include seating upgrades, club seating and

other fan experience improvements. The Sports Performance Center will provide a practice basketball/volleyball court, strength training, and sports therapy spaces with an estimated completion date of February 2026.

- Renovate Historic Campus (Wren Preservation) includes preservation and restoration efforts of the building envelope, roof replacement, and cupola restoration, and addressing various water infiltration issues with completion scheduled for March 2026.
- The renovation of Old Dominion will update the 43,000 square foot residence hall, providing upgraded infrastructure, new windows, roof system upgrades, new interior and exterior doors, new HVAC systems, new plumbing and fixtures, new electrical and fire protection systems, and new interior finishes throughout the building. Additional common spaces will be created, and the building will include ADA compliant features, abatement of all hazardous materials, and inclusion of sustainability initiatives with an estimated completion Fall 2025.

Looking forward, W&M will continue significant design and construction efforts in the coming year with continued construction on the Integrative Science Center 4 and Kaplan Arena. Renovation of the Historic Campus and several residence halls will continue during FY 26. We will also explore academic, auxiliary and administrative space needs balanced against existing inventory and master plan data to determine best courses of action for renovations or new construction to support current and future programs.

Virginia Institute of Marine Science

The following list provides highlights of projects completed or in progress during FY25.

- **Project Completed in FY25** –Project completed and placed into service in FY25.
 - The New Research Facility project involves the planning of a new building to replace the existing Chesapeake Bay Hall building with a new 68,000 square foot building to provide research, education, and office space for the Departments of Aquatic Health Sciences, Biological Sciences, Fisheries Science, and Physical Sciences.
- **Project in Progress** - Project under construction in FY25.
 - Construction of the Marine Operations Administration Complex has two scopes of work. 1) Design and construct a berthing slip for the R/V Virginia at the Gloucester Point campus. 2) Planning funds to support the development of the programmatic needs and the preliminary design for a new 12,000 square-foot Marine Operations Administration building that will replace old and deteriorated buildings prone to flooding.

Richard Bland College

The following provides highlights of the capital project completed in FY25.

Project Completed in FY25 - The Academic Innovation Center (AIC) was completed in Fall 2024. The center provides dynamic spaces for active learning, student collaboration, and student engagement, along with access to advanced high-tech equipment for faculty and student use. The facility includes space for partnership classrooms, traditional classrooms, collaboration classrooms, and recording studios. By renovating the second floor of the existing library and connecting the new spaces to the library, the innovation center and the library will combine to foster a seamless and natural flow of learning, information, research, experimentation, and discovery across all disciplines. In addition, the enrollment management team and student accounts coordinator relocated to the AIC thereby creating a one-stop shop for RBC prospective and current students.

Debt Activity

The university's and college's long-term debt is comprised of bonds payable, notes payable, installment purchases, long-term lease liabilities, subscription-based information technology arrangements (SBITAs), and financed purchase obligation. The bonds payable are Section 9(c) bonds, which are general obligation bonds issued and backed by the Commonwealth of Virginia on behalf of the university and college. The university issued General Revenue Pledge Bonds which were used to finance capital projects that will produce revenue to repay the debt as well as general corporate purposes. The university's and college's notes payable consist of Section 9(d) bonds, which are issued by the Virginia College Building Authority's (VCBA) Pooled Bond Program. These bonds are backed by pledges against the university's and college's general revenues. As of June 30, 2025, the university and college had \$203.4 million in Bonds Payable and \$119.8 million in Notes Payable, respectively. The university financed \$.2 million in equipment through installment purchases as of June 30, 2025. The college has a Financed Purchase Obligation totaling \$16.2 million. The university and college had several building and equipment long term lease obligations totaling \$25.9 million as well as SBITAs totaling \$8.9 million as of June 30, 2025.

Economic Outlook

The university's strong economic health continued into FY25 evidenced by the overall growth in net position of \$104.5 million. The university's economic health continues to reflect its strong student demand for a W&M degree, its agility in reallocating resources to top priorities, and sustained support from the Commonwealth of Virginia. The university remains committed to diversifying revenue streams in alignment with its strategic goals while maintaining cost discipline through efficiency initiatives and careful analysis of expense drivers. The university has invested in enrollment marketing and career services to further bolster its reputation with students and communicate the opportunity a W&M education provides.

W&M continues to recruit, admit and retain top-caliber students even as the university competes against the most selective public and private institutions in the country. The freshman applicant pool continues to be strong, with 16,895 students seeking admission for Fall 2025. With an incoming class size of 1,639 undergraduate students, W&M has almost 10 applicants for every student enrolled. Given its robust applicant pool, the credentials of admitted students remain strong, reflecting the university's highly selective nature. These statistics, coupled with the university's academic reputation, suggest a strong continuing student demand for the future. Similarly, VIMS continues to see significant success in its academic, research and advisory programs, particularly in high profile areas such as coastal flooding, sea-level rise, and water quality. Student enrollment at RBC, a separate two-year college governed by the Board of Visitors, has continued to trend upward and reflects the strategic efforts of the enrollment management, academics, and student success departments to diversify programs and services in response to student demographics and demands. Given the ongoing uncertainty around student enrollment forecasts due to the impending enrollment cliff and student behaviors, the college continues to forecast revenues conservatively, monitor enrollments closely, and manage its budget tightly.

Heading into FY26, the university's Board of Visitors approved an operating budget based on stable enrollment assumptions. The Board authorized tuition increases of 2.5% for in-state undergraduates and 3.3% for out-of-state undergraduates, the university's two primary enrollment-driven revenue streams. In addition, general fees will rise by 2.3% in FY 26 to support auxiliary operations. Summer 2025 revenues showed a modest improvement over the prior year. The university continues to update revenue projections throughout the year based upon student billing to ensure resources remain aligned with expenditure budgets. Taking a long-term perspective, the university is committed to implementing sustained and strategic solutions.

State support for operations remains closely tied to economic conditions and the Commonwealth's prioritization of higher education among competing demands. The 2024-2026 Appropriation Act, Chapter 2, adopted by the General Assembly during a special session in 2024 and signed into law by the Governor, provided additional funding for Virginia's higher education institutions. W&M received \$2.08 million in base funding to support affordable access and degree production, along with more than \$4.6 million to support the state military tuition waiver program, which has

grown significantly in recent years. The university also receives state funding to support a 3% salary increase and mandated health insurance rate increases.

As of June 30, 2025, the market value of W&M's total endowment was \$1.6 billion, an increase from the prior year. The Board of Visitors' endowment and endowments managed by the 1693 Partners Fund remain the largest of the investment portfolios and both remain highly diversified across asset classes.

The year ended June 30, 2025 was the most successful fundraising year in W&M's 332-year history. Raising more than \$240 million in gifts from more than 33,000 alumni, families, friends, faculty, students and staff. Alumni remain strongly connected to their alma mater, with William & Mary among top public universities for alumni participation.

Investments in academic facilities and infrastructure remain strong, with support from the Commonwealth for construction of the Martha Wren Briggs Center for Visual Arts and Muscarelle Museum Expansion. The university is also working on the last phase of the Integrated Science Center, a compilation of four buildings with a common focus. Construction of the final phase is progressing and will strengthen the university's growing presence in the data sciences and its commitment to the Commonwealth of Virginia to increase the number of graduates in computer science given current and anticipated workforce needs. With support from the Commonwealth, VIMS is also continuing to invest in its facilities, with the completion of the New Research Facility.

Continuing to look for innovative ideas to improve the student's living and learning experience, William & Mary entered into a public-private partnership in July 2023 to develop approximately 1,200 residential beds over five (5) buildings as well as a new 50,000 square foot dining facility to replace existing facilities. The partnership structure allows William & Mary to deliver high quality buildings, in keeping with our campus standards, at an accelerated pace. The buildings will be placed into service in fall 2025.

In the year ahead, William & Mary moves into the final phase of the *Vision 2026* plan, which provides the university's strategic direction for the future and the financial plan to support that direction. Recent accomplishments under Vision 2026 include the opening of the new School of Computing, Data Science & Physics, as well as the launch of Virginia's first undergraduate degree in coastal & marine sciences at the newly named Batten School of Coastal & Marine Science, both in fall 2025. Bolstered by landmark giving and strong financial performance, the University is well positioned to take advantage of opportunities ahead while navigating the changing landscape.

Consolidated Financial Statements

William & Mary, Virginia Institute of Marine Science and Richard Bland College - Consolidated Report
Statement of Net Position
As of June 30, 2025

ASSETS	University	Component Units
Current assets:		
Cash and cash equivalents (Note 3)	\$ 155,778,366	\$ 33,636,309
Investments (Note 3)	41,807,892	111,262,865
Appropriation available	1,563,281	-
Receivables, net of allowance for doubtful accounts (Note 5)	29,620,432	5,329,419
Notes receivable (Note 5)	81,886	-
Due from Commonwealth	3,446,882	-
Inventories	529,896	13,041
Pledges receivable	-	49,246,438
Prepaid expenses	3,429,229	1,169,788
Other assets	-	112,180
Total current assets	<u>236,257,864</u>	<u>200,770,040</u>
Non-current assets:		
Restricted cash and cash equivalents (Note 3)	26,503,718	5,194,434
Restricted investments (Note 3)	105,953,846	676,813,880
Investments (Note 3)	123,422,205	641,494,799
Appropriation available related to capital projects	38,685,541	-
Receivables (Note 5)	5,735,782	15,202,697
Notes receivable, net of allowance for doubtful accounts (Note 5)	173,017	-
Pledges receivable	-	66,761,502
Capital assets, nondepreciable (Note 6)	267,438,768	24,376,712
Capital assets, net of accumulated depreciation and amortization (Note 6)	1,047,106,363	29,062,900
Other assets	-	1,801,431
Other restricted assets (Note 16)	5,201,228	236,402,566
Total non-current assets	<u>1,620,220,468</u>	<u>1,697,110,921</u>
Total assets	<u>1,856,478,332</u>	<u>1,897,880,961</u>
Deferred outflows of resources (Note 11)	<u>45,310,915</u>	
Total assets and deferred outflows of resources	<u>1,901,789,247</u>	
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses (Note 7)	71,620,245	4,983,782
Unearned revenue	19,935,756	251,629
Deposits held in custody for others	851,082	256,968
Obligations under securities lending program	12,891	-
Long-term liabilities-current portion (Note 9)	40,963,295	3,017,075
Short term debt	-	1,250,000
Other liabilities	28,406	-
Total current liabilities	<u>133,411,675</u>	<u>9,759,454</u>
Long-term liabilities-non-current portion (Note 9)	<u>489,823,080</u>	<u>165,868,788</u>
Total liabilities	<u>623,234,755</u>	<u>175,628,242</u>
Deferred inflows of resources (Note 11)	<u>45,989,772</u>	
Total liabilities and deferred inflows of resources	<u>669,224,527</u>	
NET POSITION		
Net investment in capital assets	1,018,455,243	24,273,317
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	11,676,014	284,990,289
Research	-	30,978,285
Loans	-	24,230
Departmental uses	53,926,617	268,925,165
Other	-	302,106,819
Expendable:		
Scholarships and fellowships	8,457,128	229,904,815
Research	4,061,173	23,119,195
Debt service	147,503	-
Capital projects	22,278,741	48,733,583
Loans	243,546	165,472
Departmental uses	22,777,091	336,036,094
Other	-	70,091,244
Unrestricted	90,541,664	102,904,211
Total net position	<u>\$ 1,232,564,720</u>	<u>\$ 1,722,252,719</u>

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

William & Mary, Virginia Institute of Marine Science and Richard Bland College - Consolidated Report
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

	University	Component Units
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$72,557,799	\$ 212,621,061	\$ -
Gifts and contributions	-	35,995,837
Federal grants and contracts	56,897,300	-
State grants and contracts	4,348,910	-
Local grants and contracts	236,075	-
Nongovernmental grants and contracts	11,331,821	-
Auxiliary enterprises, net of scholarship allowances of \$19,324,214	125,940,176	-
Other	12,996,734	7,122,225
Total operating revenues	<u>424,372,077</u>	<u>43,118,062</u>
Operating expenses: (Note 12)		
Instruction	170,180,218	9,441,296
Research	87,989,564	2,998,455
Public service	299,982	121,370
Academic support	67,471,193	6,790,279
Student services	22,570,022	1,349,072
Institutional support	72,438,736	27,330,953
Operation and maintenance of plant	39,561,699	12,305,624
Student aid	12,924,053	19,919,565
Auxiliary enterprises	105,530,492	8,609,337
Depreciation and amortization	58,234,533	1,170,472
Other	290,402	6,170,511
Total operating expenses	<u>637,490,894</u>	<u>96,206,934</u>
Operating loss	<u>(213,118,817)</u>	<u>(53,088,872)</u>
Non-operating revenues/(expenses):		
State appropriations (Note 13)	151,830,676	-
Gifts	57,849,074	-
Net investment income	24,287,433	116,977,371
Pell grant revenue	9,944,055	-
Interest expense	(10,637,925)	(1,064,654)
Other non-operating revenue	6,618,846	21,198,743
Other non-operating expense	(5,348,156)	(31,258)
Net non-operating revenues	<u>234,544,003</u>	<u>137,080,202</u>
Income/(loss) before other revenues, expenses, gains or losses	<u>21,425,186</u>	<u>83,991,330</u>
Capital appropriations	57,102,568	-
Capital grants and contributions	26,661,418	16,153,786
Loss on disposal of assets	(668,891)	-
Additions to permanent endowments	-	82,894,695
Net other revenues, expenses, gains or losses	<u>83,095,095</u>	<u>99,048,481</u>
Increase/(Decrease) in net position	104,520,281	183,039,811
Net position - beginning of year, as previously stated	1,130,291,633	1,538,970,594
Adjustments (Notes 2 and 14)	<u>(2,247,194)</u>	<u>242,314</u>
Net position - end of year	<u>\$ 1,232,564,720</u>	<u>\$ 1,722,252,719</u>

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

William & Mary, Virginia Institute of Marine Science and Richard Bland College - Consolidated Report
Statement of Cash Flows
For the Year Ended June 30, 2025

Cash flows from operating activities:	
Tuition and fees	\$ 207,307,269
Scholarships	(15,057,503)
Research grants and contracts	73,251,273
Auxiliary enterprise charges	126,004,140
Payments to suppliers	(154,318,451)
Payments to employees	(385,055,253)
Payments for operation and maintenance of facilities	(23,832,451)
Collection of loans to students and employees	143,009
Custodial receipts	1,149,328
Custodial disbursements	(1,141,370)
Direct Loan receipts	53,229,559
Direct Loan disbursements	(53,229,559)
Other receipts	19,153,769
Other payments	(269,293)
	<hr/>
Net cash used by operating activities	(152,665,533)
Cash flows from noncapital financing activities:	
State appropriations	151,171,097
Gifts	57,849,074
Interest paid on noncapital debt	(2,233,702)
Pell grant revenue	9,944,055
Other non-operating receipts	4,728,221
Other non-operating disbursements	(4,795,979)
	<hr/>
Net cash provided by noncapital financing activities	216,662,766
Cash flows from capital financing activities:	
Proceeds from issuance of capital debt	28,805,773
Capital appropriations	64,024,509
Capital grants and contributions	26,515,553
Insurance payments	209,965
Capital expenditures	(126,075,849)
Principal paid on capital-related debt	(25,479,706)
Interest paid on capital-related debt	(9,869,214)
Proceeds from sale of capital assets	43,542
	<hr/>
Net cash used by capital and related financing activities	(41,825,427)
Cash flows from investing activities:	
Investment income	11,463,261
Investment expense	(156,121)
Proceeds from sale of investments	124,457,637
Purchase of investments	(126,410,855)
	<hr/>
Net cash provided by investing activities	9,353,922
Net increase/(decrease) in cash	31,525,728
Cash and Cash Equivalents -beginning of year	<hr/> 150,743,465
Cash and Cash Equivalents -end of year	<hr/> <u>\$ 182,269,193</u>

William & Mary, Virginia Institute of Marine Science and Richard Bland College - Consolidated Report
Statement of Cash Flows
For the Year Ended June 30, 2025

Reconciliation of Cash-end of year-Cash Flow Statement, to Cash and Cash Equivalents-Statement of Net Position :

Statement of Net Position	
Cash and cash equivalents	\$ 155,778,366
Restricted cash and cash equivalents	26,503,718
Less: Securities lending -Treasurer of Virginia	<u>(12,891)</u>
Net cash and cash equivalents	<u>\$ 182,269,193</u>
Reconciliation of net operating expenses to net cash used by operating activities:	
Net operating loss	\$ (213,118,817)
Adjustments to reconcile net operating expenses to cash used by operating activities:	
Depreciation and amortization expense	58,234,533
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Receivables-net	1,949,390
Inventories	107,700
Prepaid expense	2,975,792
Accounts payable	1,530,430
Unearned revenue	3,753,621
Custodial funds	(40,874)
Federal loan contribution	(94,940)
Compensated absences	1,950,236
Pension liability	433,040
Deferred outflows of resources related to pension obligations	(6,140,871)
Deferred inflows of resources related to pension obligations	2,984,792
Other post-employment benefits liability	(1,924,560)
Other post-employment benefits asset	(799,655)
Deferred outflows of resources related to other post-employment benefits	(248,383)
Deferred inflows of resources related to other post-employment benefits	(3,625,550)
Deferred inflows of resources related to lease receivable and PPP SCA	(619,823)
Other liability	<u>28,406</u>
Net cash used in operating activities	<u>\$ (152,665,533)</u>

**NONCASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL
AND RELATED FINANCING TRANSACTIONS**

Amortization of gain/loss on bond refunding	\$ 343,567
Amortization of bond premium	\$ 2,058,478
Donated capital assets	\$ 174,865
Loss on disposal of assets	\$ 1,567,427
Capital assets acquired through accounts payable	\$ 18,921,754
Assets acquired through assumption of a liability	\$ 6,765,328
Investments acquired through accounts payable	\$ 999,535
Net change in fair value of investments	\$ 8,810,291
Change in pension and OPEB liability recognized as a component of non-operating revenue	\$ 1,360,149
Building receivable for PPP through accounts payable	\$ 2,114,873

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

**Notes to
Financial Statements
Year Ended June 30, 2025**

William & Mary, Virginia Institute of Marine Science, and Richard Bland College – Consolidated Report

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The consolidated financial statements of William & Mary include the financial statements of William & Mary (W&M) located in Williamsburg, Virginia, Virginia Institute of Marine Science (VIMS), which serves as the university's Batten School of Coastal & Marine Sciences, collectively referred to as the "university" and Richard Bland, referred to as the "college". All three entities are recognized as distinct state agencies within the Commonwealth of Virginia's statewide system of public higher education with a shared governing board appointed by the Governor of Virginia. In this capacity, the Board of Visitors is responsible for overseeing governance of all three entities. The university and college are a component unit of the Commonwealth of Virginia and are included in the general purpose financial statements of the Commonwealth.

The accompanying financial statements present all funds for which the university's and college's Board of Visitors are financially accountable. Related foundations and similar non-profit corporations for which the university and college are not financially accountable are also a part of the accompanying financial statements in accordance with the Governmental Accounting Standards Board (GASB) reporting model. These entities are legally separate and tax-exempt organizations formed to promote the achievements and further the aims and purposes of the university and college. These component units are described in Note 14.

The university and college have nine component units – the William & Mary Foundation, the William & Mary Law School Foundation, the William & Mary Alumni Association, the William & Mary Athletic Educational Foundation, the William & Mary School of Business Foundation, the Virginia Institute of Marine Science Foundation, the Richard Bland College Foundation, the William & Mary Real Estate Foundation, and the Intellectual Property Foundation. These organizations are separately incorporated tax-exempt entities and have been formed to promote the achievements and further the aims and purposes of the university and college. The Foundations are private, non-profit organizations, and as such the financial statement presentation follows the recommendation of accounting literature related to non-profits. As a result, reclassifications have been made to convert the Foundation's financial information to GASB format.

Although the university and college do not control the timing or amount of receipts from the Foundations, the majority of resources or income which the Foundations hold and invest are restricted to the activities of the university and college by the donors. Because these restricted resources held by the Foundations can only be used by or for the benefit of the university and college, the Foundations are considered component units of the university and college and are discretely presented in the financial statements with the exception of the Intellectual Property Foundation. The Intellectual Property Foundation is presented blended in the university column because the university has a voting majority of the governing board of the Foundation. Financial activity of the Intellectual Property Foundation is considered immaterial for note disclosure purposes.

The William & Mary Foundation is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia to "aid, strengthen, and expand in every proper and useful way" the work of William & Mary. For additional information on the William & Mary Foundation, contact the Foundation at Post Office Box 8795, Williamsburg, Virginia, 23187.

The William & Mary Law School Foundation is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Virginia, established for the purpose of soliciting and receiving gifts to support the William & Mary Law School. The Foundation supports the law school through the funding of scholarships and fellowships, instruction and research activities, and academic support. For additional information on the William & Mary Law School Foundation, contact the Foundation at Post Office Box 8795, Williamsburg, Virginia, 23187.

The William & Mary Alumni Association is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia which provides aid to W&M in its work and promotes and strengthens the bonds of interest between and among William & Mary and its alumni. For additional information on the Alumni Association, contact the Alumni Association at Post Office Box 2100, Williamsburg, Virginia, 23187-2100.

The William & Mary Athletic Educational Foundation is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Foundation is to promote, foster, encourage and further education, in all enterprises of all kinds at William & Mary, but it principally supports W&M's Athletic Department. For additional information on the Athletic Educational Foundation, contact the Foundation Office at 751 Ukrop Drive, Williamsburg, Virginia, 23187.

The William & Mary Business School Foundation is a non-stock, not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Business School Foundation is to solicit and receive gifts to endow the W&M School of Business Administration and to support the School through the operations of the Foundation. For additional information on the William & Mary Business School Foundation, contact the Foundation at Post Office Box 2220, Williamsburg, Virginia, 23187.

The Virginia Institute of Marine Science Foundation is a not-for-profit corporation organized under the laws of the Commonwealth of Virginia. The purpose of the Foundation is to support VIMS primarily through contributions from the public. For additional information on the Virginia Institute of Marine Science Foundation, contact the Foundation at Post Office Box 1346, Gloucester Point, Virginia, 23062.

The Richard Bland College Foundation is a private, not-for-profit corporation organized under the laws of the Commonwealth of Virginia which provides scholarships, financial aid, and books to RBC's students, along with support for faculty development and cultural activities. For additional information on the Richard Bland College Foundation, contact the Foundation at 11301 Johnson Road, South Prince George, Virginia, 23805.

The William & Mary Real Estate Foundation is a non-profit organization incorporated under the laws of the Commonwealth of Virginia. Its purpose is to acquire, hold, manage, sell, lease and participate in the development of real properties in support of the educational goals of William & Mary and VIMS. For additional information on the William & Mary Real Estate Foundation, contact the Foundation at Post Office Box 8795, Williamsburg, Virginia, 23187-8795.

The Intellectual Property Foundation is a nonprofit organization incorporated under the laws of the Commonwealth of Virginia. Its purpose is to handle all aspects of the intellectual property of William & Mary in support of the educational goals of the university. For additional information on the William & Mary Intellectual Property Foundation, contact the Foundation at Post Office Box 8795, Williamsburg, Virginia, 23187-8795.

Basis of Presentation

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the GASB, including all applicable GASB pronouncements. Pursuant to the provisions of GASB Statements No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, the university and college follow accounting and reporting standards for reporting

as a special-purpose government engaged in business-type activities and accordingly, are reported within a single column in the basic financial statements.

Basis of Accounting

The financial statements of the university and college have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Bond premiums and discounts are deferred and amortized over the life of the debt. All significant intra-agency transactions have been eliminated.

Newly Adopted Accounting Pronouncements

GASB Statement No. 101, *Compensated Absences* is effective for fiscal year 2025. This statement updates the recognition and measurement guidance for compensated absences. It requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The university restated beginning net position for a change in accounting principle – see Note 2.

GASB Statement No. 102, *Certain Risk Disclosures* is effective for fiscal year 2025. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to occur within 12 months of the date the financial statements are issued. The university determined that there were no concentrations and constraints that met the disclosure requirements of GASB 102.

Cash and Cash Equivalents

In accordance with the GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, definition, cash and cash equivalents consist of cash on hand, money market funds, and temporary highly liquid investments with an original maturity of three months or less.

Investments

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, requires that purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts be recorded at fair value, and reported in accordance with GASB Statement No. 72, *Fair Value Measurement and Application* (See Note 3). Realized and unrealized gains and losses are reported in investment income as non-operating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Receivables

Receivables consist of tuition and fee charges to students and auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to grants and contracts. The university's lease receivable is measured at net present value of the lease payments expected to be received during the lease term. Receivables are recorded net of estimated uncollectible amounts.

Inventories

Inventories at the university are reported using the consumption method and valued at average cost. RBC does not report any inventory.

Prepaid Expenses

As of June 30, 2025, the university's and college's prepaid expenses included items such as insurance premiums, membership dues, conference registrations and publication subscriptions for FY26 that were paid in advance.

Capital Assets

Capital assets are recorded at historical cost at the date of acquisition or acquisition value at the date of donation in the case of gifts. Construction expenses for capital assets and improvements are capitalized when expended. The university's and college's capitalization policy on equipment includes all items with an estimated useful life of two years or more. The university and college capitalize all equipment with a unit price greater than or equal to \$5,000. The university capitalizes equipment purchased as a group that does not meet the individual threshold of \$5,000 but is valued at or greater than \$25,000 under one purchase order with a per unit cost of \$500 or greater. Richard Bland College capitalizes equipment purchased as a group that does not meet the individual threshold of \$5,000 but is valued at or greater than \$5,000. The university capitalizes buildings, improvements other than buildings and infrastructure with a cost greater than or equal to \$100,000. Richard Bland College capitalizes buildings and improvements other than buildings with a cost greater than or equal to \$5,000. Library materials for the academic or research libraries are capitalized as a collection and are valued at cost. The university capitalizes intangible assets with a cost greater than or equal to \$50,000 except for internally generated computer software which is capitalized at a cost of \$100,000 or greater. Richard Bland College capitalizes intangible assets with a cost greater than or equal to \$20,000. The university and college capitalize an intangible right-to-use asset for leases with a cost greater than or equal to \$50,000. Right-to-use assets represent the university's and college's right to use an underlying asset for a lease term. The university capitalizes an intangible right-to-use asset for SBITAs with a cost greater than or equal to \$25,000. Richard Bland College capitalizes an intangible right-to-use asset for SBITAs with a cost greater than or equal to \$5,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets as follows:

Buildings	40-50 years
Infrastructure	10-50 years
Equipment	2-30 years
Library books	10 years
Intangible assets – computer software	3-20 years

Collections of works of art and historical treasures are capitalized at cost or acquisition value at the date of donation. These collections, which include rare books, are considered inexhaustible and therefore are not depreciated. Intangible right-to-use assets are amortized using the straight-line method over the period of the lease or agreement. Amortization expense is combined with depreciation expense in the Statement of Revenues, Expenses and Changes in Net Position.

Deferred 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.

Unearned Revenue

Unearned revenue represents revenue collected but not earned as of June 30, 2025. This is primarily comprised of revenue for student tuition and fees paid in advance of the semester, amounts received from grant and contract sponsors that have not yet been earned and advance ticket sales for athletic events.

Compensated Absences

Employees' compensated absences are accrued when earned. The liability and expense are recorded at year-end as accrued compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Position. Certain salary related payments that are directly and incrementally associated with payment for leave should be included in the measurement of the liability in accordance with GASB Statement 101.

Noncurrent Liabilities

Noncurrent liabilities include principal amounts of bonds payable, notes payable, long-term lease liability, financed purchase obligations, SBITA liability and installment purchase agreements with contractual maturities greater than one year as well as estimated amounts for accrued compensated absences that will not be paid within the next fiscal year. Also included is pension liability for defined benefit plans and other postemployment benefits administered through the Virginia Retirement System and other postemployment benefits administered through the Department of Human Resource Management.

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 Retirements 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 are reported at fair value.

Other Postemployment Benefits

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. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB'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 are reported at fair value.

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. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Health Insurance Credit Program and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's net fiduciary position have been determined on the same basis as they were reported by VRS. For this

purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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. For purposes of measuring the net Disability Insurance Program OPEB liability (asset), deferred outflows of resources, deferred inflows of resources and OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Disability Insurance Program OPEB Plan and the additions to/deductions from the VRS Disability Insurance Program 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 are reported at fair value.

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. For purposes of measuring the net Line of Duty Act Program OPEB liability, deferred outflows of resources, deferred inflows of resources and OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/deductions from the VRS Line of Duty Act Program 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 are reported at fair value.

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. 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.

Deferred Inflows of Resources

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.

Net Position

The university's and college's net position is classified as follows:

Net Investment in Capital Assets – consists of total investment in capital assets, net of accumulated depreciation and amortization and outstanding debt obligations.

Restricted Net Position – Nonexpendable – includes endowments and similar type assets whose use is limited by donors or other outside sources and as a condition of the gift, the principal is to be maintained in perpetuity.

Restricted Net Position – Expendable – represents funds that have been received for specific purposes and the university and college are legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted Net Position – represents resources derived from student tuition and fees, state appropriations, unrestricted gifts, interest income, and sales and services of educational departments and auxiliary enterprises. When an expense is incurred that can be paid using either restricted or unrestricted resources, the university's and college's policy is to first apply the expense toward restricted resources and then toward unrestricted.

Scholarship Allowances

Student tuition and fee revenues and certain other revenues from charges to students are reported net of scholarship allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship allowances are the difference between the actual charge for goods and services provided by the university and college, and the amount that is paid by students and/or third parties on the students' behalf. Financial aid to students is reported in the financial statements under the methodology as prescribed by the National Association of College and University Business Officers (NACUBO) as updated in 2023. In April 2023, NACUBO issued AR 2023-01 *Public Institutions: Reporting Financial Aid as a Discount* to supersede AR 2000-05. The updated reporting framework standardizes the treatment of institutional scholarships, grants, and other financial aid as a reduction of tuition and fee revenue (contra-revenue) rather than as an expense. The new guidance also refines the methodologies used to estimate tuition discounts, thereby improving alignment with financial aid disbursements and enhancing consistency and transparency across public institutions. This change supports more accurate reporting of net tuition revenue and financial aid activity in the university's financial statements. The university adopted NACUBO AR 2023-01 in fiscal year 2025 with an implementation date of July 1, 2024. As a result, student tuition and fees (net of scholarship allowances) decreased due to an increase in the related allowance. Meanwhile, revenue from auxiliary enterprises (net of scholarship allowances) increased because the related allowance decreased, and student aid expenses decreased as well. This change in estimate provides a more accurate representation of institutional aid for financial reporting and has no impact on operating results or the change in net position for prior years.

Federal Financial Assistance Programs

The university and college participate in federally funded Pell Grants, Supplemental Educational Opportunity Grants (SEOG), Federal Work Study, Perkins Loans, and Direct Loans, which includes Stafford Loans, Parent Loans for Undergraduate Students (PLUS) and Graduate PLUS Loans. Federal programs are audited in accordance with 2 CFR 200, subpart F.

Classification of Revenues and Expenses

The university and college present revenues and expenses as operating or non-operating based on the following criteria:

Operating revenues – includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most Federal, State and Local grants and contracts and (4) interest on student loans.

Non-operating revenues – includes activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, and GASB Statement No. 34, such as State appropriations and investment income.

Operating and Non-operating expenses – non-operating expenses include interest on debt related to the purchase of capital assets and losses on the disposal of capital assets. All other expenses are classified as operating expenses.

2. RESTATEMENT OF NET POSITION

Net position as previously reported at June 30, 2024	\$ 1,130,291,633
Change in accounting principle for GASB 101 Compensated Absences:	
William & Mary	(1,864,893)
Virginia Institute of Marine Science	(382,301)
	<hr/>
	(2,247,194)
Net position at July 1, 2024	<u>\$ 1,128,044,439</u>

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et. seq., Code of Virginia, all state funds of the university and college are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody and investment of State funds. Cash held by the university and college is maintained in accounts that are collateralized in accordance with the Virginia Securities for Public Deposits Act, Section 2.2-4400, et. seq. Code of Virginia with the exception of cash held by the university and college in foreign currency, when applicable. The Virginia Security for Public Deposits Act eliminates any custodial credit risk for the university and college. The university has cash equivalents with the Virginia State Non-Arbitrage Program (SNAP). SNAP offers a professionally managed money market mutual fund, which provides a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository and arbitrage rebate calculations. SNAP complies with all standards of GASB Statement 79. SNAP investments are reported using the net asset value per share, which is calculated on an amortized cost basis that provides a Net Asset Value (NAV) per share that approximates fair value.

Investments

The investment policy of the university and college is established by the Board of Visitors and monitored by the Board's Financial Affairs Committee. In accordance with the Board of Visitors' approved policy, investments can be made in the following instruments: cash, U.S. Treasury and Federal agency obligations, commercial bank certificates of deposit, commercial paper, bankers' acceptances, corporate notes and debentures, money market funds, mutual funds, convertible securities and equities, and alternative investments. Money market funds with less than 3 months maturity are cash equivalents and are presented at amortized cost.

In March of 2022, the university entered into a Member Deposit Agreement (the "Agreement") with the 1693 Partners Fund (the "Fund") and during fiscal year 2023, transferred the university's endowment assets to the Fund. The Fund is a non-profit, nonstock corporation organized under the Code of Virginia for exclusively charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 and more specifically to serve as a pooled investment vehicle to invest and hold the designated investment assets of eligible organizations that support William & Mary. The Fund is managed by executives of the 1693 Management Company (a wholly-owned subsidiary of the William & Mary Foundation). The Fund's primary objective is to maximize long-term growth and portfolio construction that provides prudent diversification among asset classes, complementary investment strategies, and a sustained approach to generating a consistent level of payout and liquidity.

The Agreement details the terms and conditions for deposits to, withdrawals from and operations of the Fund. Members can generally redeem quarterly for program and special withdrawals, but permanent withdrawals can only occur annually and will be honored over a series of multiple successive fiscal years unless the board agrees to accelerate the payments. Permanent withdrawals are subject to deferral and other restrictions at the discretion of the board. The

university's share of the Fund's investments is reported at NAV on the university's investment footnote. Each member is entitled to its pro rata share of the value of the undivided net assets of the Fund, considering the aggregate investment returns (positive and negative) on the assets held in the Fund net of expenses and any taxes payable by the Fund, and adjusting for deposits and withdrawals of the Members. Net assets of the Fund totaled \$1,215,271,901, and the amount attributable to the university totaled \$96,356,244 at June 30, 2025. The Fund's assets are detailed below.

1693 Partners Fund Assets measured at NAV:

Investments:

Money market funds	67,761,517
Common stock	226,079,040
Exchange traded funds	22,417,828
Investment funds	897,763,510
Other assets, net	<u>1,196,006</u>
Total 1693 Partners Fund	<u>1,215,217,901</u>

The following table summarizes the liquidity provisions related to the Fund's investments in private investment funds by investment strategy as of June 30, 2025:

Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Estimated Remaining Holding Period
Diversifying Strategies ^(A)					
Redeemable ≤ 1 year ⁽¹⁾	\$ 56,358,821	\$ -	Quarterly, Semi-annually, Annually, Every 3 years	45–90 days	3–12 months
Redeemable > 1 year ⁽¹⁾	8,228,929	-	Semi-annually	90 days	12–24 months
Illiquid ⁽²⁾	62,155,439	17,967,133	Illiquid	NA	Termination of fund
Domestic Equity ^(B)					
Redeemable ≤ 1 year ⁽¹⁾	194,968,359	-	Daily, Quarterly	1-60 days	1 day–3 months
Fixed Income ^(C)					
Redeemable ≤ 1 year ⁽¹⁾	35,739,511	-	Daily	1 day	1 day
Foreign Equity (Developed) ^(D)					
Redeemable ≤ 1 year ⁽¹⁾	182,925,963	-	Daily, Monthly, Quarterly, Every 3 years	1–90 days	1 day–8 months
Redeemable > 1 year ⁽¹⁾	49,261,867	-	Every 3 years	90 days	13–33 months
Private Equity ^(F)					
Illiquid ⁽²⁾	225,142,458	54,351,457	Illiquid	NA	Termination of fund
Real Assets ^(G)					
Illiquid ⁽²⁾	82,637,103	32,475,412	Illiquid	NA	Termination of fund
Transitional Trading ^(H)					
Illiquid ⁽²⁾	<u>345,060</u>	<u>-</u>	Illiquid	NA	Termination of fund
	<u>\$ 897,763,510</u>	<u>\$ 104,794,002</u>			

(1) Redeemable investments may be redeemed at the discretion of the Fund in accordance with the terms of the governing agreement, which may include restrictions that do not allow redemption for a specified period of time following an investment. Investments held at June 30, 2025 that are available for redemption during the next fiscal year totaled \$469,992,654. Investments held at June 30, 2025 that are available for redemption in more than one year totaled \$57,490,796. Estimated remaining holding period reflects the period until the next available redemption date subsequent to June 30, 2025 including expiration of lockup periods.

(2) Illiquid investments are not subject to redemption rights unless the fund manager offers its investors the opportunity to redeem early from the contractual agreement. This category includes investments from which distributions will be received as the underlying investments are liquidated and may include investments on which redemption restrictions of unknown duration have been imposed. If allowed under the terms of the fund agreement, illiquid investments can be sold to other eligible investors through private placements arranged through the general partner. Illiquid investments at June 30, 2025 totaled \$370,280,060.

(A) Diversifying Strategies represents equity and equity-like structures as well as fixed income securities held by managers that operate under broadly defined investment guidelines. This category is populated by multi strategy, quantitative, event arbitrage, long/short equity, distressed debt, specialized credit opportunities, and non-correlated investment strategies including life settlements, music royalties, aviation assets, and reinsurance. Securities can be of all types including public and private, foreign and domestic, of all capitalization sizes, and industry concentrations.

(B) Domestic Equity represents equity securities held by managers who primarily invest in securities listed on United States exchanges. This category comprises all capitalization sizes and industry sectors.

(C) Fixed Income represents investments in funds consisting of various bond and bond like securities that have an income stream as a component part of the security's total rate of return. These securities are designed to be liquid and traded through established bond markets, both foreign and domestic. In cases where there is no bid or established market, pricing can be determined through modeling and other means of comparative analysis.

(D) Foreign Equity (Developed) represents equity securities held by managers who primarily invest in securities listed on non-U.S. exchanges in those countries captured within the MSCI EAFE index. This category comprises all capitalization sizes, industry sectors, and includes both long and long-short strategies.

(E) Foreign Equity (Emerging Markets) represents equity securities held by managers who primarily invest in securities listed on non-U.S. exchanges in those countries captured within the MSCI Emerging Markets index. This category comprises all capitalization sizes and industry sectors.

(F) Private Equity represents equity interests held primarily through various limited partnerships in asset categories of venture capital, buyout and growth equity, both foreign and domestic.

(G) Real Assets include manager investments in miscellaneous foreign and domestic partnership interests and separately managed accounts in various asset classes of real estate, natural resources, and energy infrastructure.

(H) Transitional Trading includes a variety of assets that have been distributed or redeemed from a manager's holdings in the portfolio. These assets include specific securities traded on major exchanges, mutual fund shares, and specific illiquid investments that are in the process of being liquidated during the wind down of a fund investment.

The Fund may directly invest in exchange traded funds and certain specific securities in any of the above strategies in situations of investment manager transitions, portfolio rebalancing, or portfolio completion consistent with the Fund's Investment Policy Statement.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, requires the disclosure of the credit quality rating on any investments subject to credit risk. The university invests in accordance with its investment policy following the requirements of the *Virginia Investment of Public Funds Act*.

Concentration of Credit Risk

Concentration of credit risk requires the disclosure by amount and issuer of any investments in any one issuer that represents five percent or more of total investments. Investments explicitly guaranteed by the U.S. government and investments in mutual funds or external investment pools and other pooled investments are excluded from this requirement. The university's and college's investment policy does not limit the amount invested in U.S. Government or Agency Securities. As of June 30, 2025, the university had 5.77% of its total investments in Federal National Mortgage Association.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the university and college will not be able to recover the value of its investment or collateral securities that are in the possession of the outside party. Investments subject to custodial credit risk are registered and held in the name of the university and college, and therefore, the university and college do not have this risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The university and college limit their exposure to interest rate risk by limiting their maximum maturity lengths of investments and structuring its portfolio to maintain adequate liquidity to ensure the university's and college's ability to meet their operating requirements.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The university had no investments in foreign currency or foreign deposits as of June 30, 2025. The university does not have a foreign currency risk policy.

Fair Value Measurement

Certain assets and liabilities of the university and college are reflected in the accompanying financial statements at fair value. The university and college follow the provisions in GASB Statement 72, *Fair Value Measurement and Application*. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). GASB 72 establishes a fair value hierarchy and specifies that the valuation techniques used to measure fair value shall maximize the use of observable inputs and minimize the use of unobservable inputs. Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy under GASB 72 are described below:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the university and college have the ability to access at the measurement date.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted prices that are observable (directly or indirectly) for the asset or liability.

Level 3 – Prices, inputs or sophisticated modeling techniques, which are both significant to the fair value measurement and unobservable (supported by little or no market activity).

As required by GASB 72, assets and liabilities are classified within the level of the lowest significant input considered in determining fair value.

GASB 72 permits a governmental unit to establish the fair value of investments in non-governmental entities that do not have a readily determinable fair value by using the NAV per share (or its equivalent), such as member units or an ownership interest in partners' capital. The university has investments in Pooled investments with 1693 Partners Fund, private equity and private credit funds that are not categorized under the fair value hierarchy and are shown at NAV.

The university and college categorize fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The following table presents investments as of June 30, 2025:

Investments Measured at Fair Value

	<u>6/30/2025</u>	<u>Level 1</u>	<u>Level 2</u>
Investments by Fair Value Level			
Debt Securities			
Corporate Bonds	\$ 30,001,515	\$ -	\$ 30,001,515
Agency Unsecured Bonds and Notes	6,918,022	6,918,022	-
Agency Mortgage Backed Securities	18,660,991	-	18,660,991
Asset Backed Securities	20,714,598	-	20,714,598
Collateralized Mortgage Obligations	6,180,006	-	6,180,006
International and Emerging Markets	2,533,891	2,533,891	-
U.S. Treasury and Agency Securities	21,436,713	21,397,743	38,970
Mutual Funds	11,017,195	11,017,195	-
Fixed Income and Commingled Funds	<u>13,146,747</u>	<u>13,146,747</u>	<u>-</u>
Total Debt Securities	<u>130,609,678</u>	<u>55,013,598</u>	<u>75,596,080</u>
Equity Securities			
Equity Index Funds	30,428,740	30,428,740	-
Equity International and Emerging Markets	9,378,292	9,378,292	-
Real Estate	<u>6,600</u>	<u>6,600</u>	<u>-</u>
Total Equity Securities	<u>39,813,632</u>	<u>39,813,632</u>	<u>-</u>
Total Investments by Fair Value level	<u>170,423,310</u>	<u>94,827,230</u>	<u>75,596,080</u>
Other - Rare Coin	280		
Investments measured at the Net Asset Value (NAV)			
Pooled Investments - 1693 Partners Fund	96,356,244		
BCRED	1,836,626		
Private Equity	<u>2,567,483</u>		
Total Investments measured at the NAV	<u>100,760,353</u>		
Total Investments	<u>\$ 271,183,943</u>		

Securities traded on U.S. or foreign exchanges are valued at the last reported sales price or, if there are no sales, at the latest bid quotation. Mutual funds and exchange traded funds listed on U.S. or foreign exchanges are valued at the closing net asset value; mutual funds not traded on national exchanges are valued in good faith at the pro-rata interest in the net assets of these entities. Short-term government and agency bonds and notes are valued based on market-driven observations and securities characteristics including ratings, coupons and redemptions. The values of limited partnerships are determined in good faith at the pro-rata interest in the net assets of these entities. Investments held by these entities are valued at prices which approximate fair value. The estimated fair value of certain investments in the underlying entities, which may include private placements and other securities for which values are not readily available, are determined in good faith by the investment advisors or third-party administrators of the respective entities and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. These investments are valued using valuation techniques such as the market approach, income approach, and cost approach. The estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments, and these differences could be material.

The following table summarizes liquidity provisions related to the university's and college's investments measured at Net Asset Value:

Investments Measured at NAV

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Estimated Remaining Holding Period
Pooled Investments - 1693 Partners Fund*	96,356,244	-	Quarterly	45 days	Various
Blackstone Private Credit Fund (BCRED)	1,836,626	-	Quarterly	60 days **	5 months
Private Equity	2,567,483	1,134,293	Illiquid		Termination of Fund
Total Investments measured at NAV	<u>\$ 100,760,353</u>	<u>\$ 1,134,293</u>			

*As described previously in the Investment footnote.

**Subject to availability and limited to 5% of aggregate shares outstanding. Tender window generally opens 60 calendar days prior to tender trade date and will be open for 20 business days.

Interest Rate Risk: Maturities

Type of Investment	June 30, 2025	Less than 1 year	1-5 years	6-10 years	Greater than 10 years
Agency unsecured bonds and notes:					
Federal Farm Credit Bank	\$ 2,517,722	\$ 1,502,820	\$ 1,014,902	\$ -	\$ -
Federal Home Loan Bank	748,608	-	748,608	-	-
Federal Home Loan Mortgage Corp	494,285	494,285	-	-	-
Federal National Mortgage Assn	3,157,407	-	3,157,407	-	-
Agency mortgage backed securities:					
Federal Home Loan Mortgage Corp	5,280,629	2,192,415	2,172,698	915,516	-
Federal National Mortgage Assn	13,380,362	4,681,681	3,849,328	4,380,287	469,066
Asset Backed Securities	20,714,598	-	20,127,865	359,360	227,373
Collateralized Mortgage Obligations					
Federal Home Loan Mortgage Corp	5,904,531	4,834,628	1,069,903	-	-
Federal National Mortgage Assn	275,475	275,475	-	-	-
Corporate Bonds	30,001,515	17,910,679	12,090,836	-	-
Fixed Income and Commingled Funds	13,146,747	-	1,302,208	11,844,539	-
International and Emerging Markets Funds	2,533,891	-	-	2,533,891	-
Mutual and money market funds:					
Money market	3,790,134	3,790,134	-	-	-
Mutual funds - Debt Proceeds Quasi Endowment	9,993,247	1,045,132	-	2,062,256	6,885,859
Mutual funds - Green Funds	276,976	-	-	276,976	-
Mutual funds - Osher Lifelong Learning Institute	246,628	19,899	66,648	160,081	-
Mutual funds - Wells Fargo	500,344	-	500,344	-	-
State non-arbitrage program	16,500,875	16,500,875	-	-	-
U.S. Treasury and Agency Securities					
United States Treasury Bills and Notes	21,436,713	11,105,964	10,291,779	-	38,970
	<u>\$ 150,900,687</u>	<u>\$ 64,353,987</u>	<u>\$ 56,392,526</u>	<u>\$ 22,532,906</u>	<u>\$ 7,621,268</u>

Credit & Concentration of Credit Risks

	June 30, 2025	Moody's Credit Rating	S&P Credit Rating	Fitch Credit Rating	Unrated
<u>Cash Equivalents</u>					
Money market AAA-mf	\$ 3,790,134	\$ 3,790,134	\$ -	\$ -	\$ -
State non-arbitrage program - AAAm	16,500,875	-	16,500,875	-	-
Securities lending	12,891	-	-	-	12,891
Total cash equivalents	<u>20,303,900</u>	<u>3,790,134</u>	<u>16,500,875</u>	<u>-</u>	<u>12,891</u>
<u>Investments</u>					
Agency unsecured bonds and notes:					
Federal Farm Credit Bank AA+	2,517,722	-	2,517,722	-	-
Federal Home Loan Bank - AA+	748,608	-	748,608	-	-
Federal Home Loan Mortgage Corp - AA1	494,285	494,285	-	-	-
Federal National Mortgage Assn - AA+	3,157,407	-	3,157,407	-	-
Agency mortgage backed securities:					
Federal Home Loan Mortgage Corp	5,280,629	-	-	-	5,280,629
Federal National Mortgage Assn	13,380,362	-	-	-	13,380,362
Asset Backed Securities - AAA	20,714,598	2,362,844	18,120,696	231,058	-
Collateralized Mortgage Obligations:					
Federal Home Loan Mortgage Corp - Unrated	453,296	-	-	-	453,296
Federal Home Loan Mortgage Corp - AAA	5,451,235	-	683,450	4,767,785	-
Federal National Mortgage Association - Unrated	275,475	-	-	-	275,475
Corporate Bonds:					
Aaa	136,745	-	136,745	-	-
AA+	85,161	-	85,161	-	-
AA-	2,843,223	-	2,843,223	-	-
A1	1,270,623	1,270,623	-	-	-
A+	5,133,971	-	5,133,971	-	-
A	7,346,185	-	7,280,469	65,716	-
A2	745,298	745,298	-	-	-
A3	849,116	849,116	-	-	-
A-	9,667,675	-	9,667,675	-	-
BBB+	1,306,790	-	1,058,335	248,455	-
Baa1	366,720	366,720	-	-	-
Fixed Income and Commingled Funds	13,146,747	-	-	-	13,146,747
International and Emerging Markets Funds	2,533,891	-	-	-	2,533,891
Mutual funds:					
Bond Proceeds Quasi Endowment	9,993,247	-	-	-	9,993,247
Green Funds	276,976	-	-	-	276,976
Osher Lifelong Learning Institute	246,628	-	-	-	246,628
Wells Fargo	500,344	-	-	-	500,344
Total investments	<u>\$ 109,172,966</u>	<u>\$ 6,088,886</u>	<u>\$ 51,433,462</u>	<u>\$ 5,313,014</u>	<u>\$ 46,337,603</u>
<u>Other Investments</u>					
Equity and other investments not subject to credit risk	65,647,854				
Investments held in 1693 Partners Fund	96,356,244				
Rare coins	280				
Property held as investment for endowments	6,600				
Total other investments	<u>162,010,978</u>				
Total cash equivalents and investments	<u>\$ 291,487,843</u>				

4. DONOR RESTRICTED ENDOWMENTS

Investments of the university's endowment funds are pooled and consist primarily of gifts and bequests, the use of which is restricted by donor-imposed limitations. The Uniform Prudent Management of Institutional Funds Act, Code of Virginia Section 64.2-1100 et. seq., permits the spending policy adopted by the Board of Visitors to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. In determining the

amount of appreciation to appropriate, the Board is required by the Act to consider such factors as long- and short-term needs of the institution, present and anticipated financial requirements, expected total return on investments, price level trends, and general economic conditions. The amount available for spending is determined by applying the payout percentage to the average market value of the investment portfolio at calendar year end using the previous twelve quarters. The payout percentage is reviewed and adjusted annually as deemed prudent.

William & Mary, at FY25 year-end, had a net appreciation of \$17,376,824 which is available to be spent and is reported in the Statement of Net Position in the following categories: Restricted Expendable for Scholarships and Fellowships - \$9,255,380, Restricted Expendable for Departmental Uses - \$6,503,898, Restricted Expendable for Research - \$177,909, and Unrestricted - \$1,439,637.

5. ACCOUNTS AND NOTES RECEIVABLE

Receivables include transactions related to accounts and notes receivable are shown net of allowance for doubtful accounts for the year ending June 30, 2025 as follows:

Student tuition and fees	\$ 7,221,746
Auxiliary enterprises	1,547,499
Federal, state and non-governmental grants & contracts	18,069,443
Lease receivable, current portion	332,953
Other activities	3,499,833
Gross receivables	<u>30,671,474</u>
Less: allowance for doubtful accounts	<u>(1,051,042)</u>
Net receivables, current	<u>\$ 29,620,432</u>
Receivables, non-current	<u>\$ 5,735,782</u>

Notes receivable consisted of the following at June 30, 2025:

Current portion:	
Federal student loans and promissory notes	<u>\$ 81,886</u>
Non-current portion:	
Federal student loans and promissory notes	\$ 193,293
Less: allowance for doubtful accounts	<u>(20,276)</u>
Net non-current notes receivable	<u>\$ 173,017</u>

Lease Receivable

Lease receivable represents contractual receipts for the right to use the present service capacity of a leased asset. The university has one right to use lease for a building in which the university is a lessor for a sublease. The lease agreement has a term of 10 years. As of June 30, 2025, the university had a receivable of \$1,844,269. The university received \$387,961 in rent revenue in fiscal year 2025.

Other Receivable

On July 1, 2023, the university entered into an agreement with Aramark Educational Services, LLC (Aramark) to provide dining services. The university recognized \$2,368,853 as an installment payment receivable for compliance and technology related to the service concession arrangement.

6. CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2025 consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Non-depreciable capital assets:				
Land	\$ 26,652,604	\$ -	\$ -	\$ 26,652,604
Inexhaustible artwork and Historical treasures	81,324,491	180,382	-	81,504,873
Construction in progress	204,659,988	107,166,821	(152,545,518)	159,281,291
Total non-depreciable capital assets	<u>312,637,083</u>	<u>107,347,203</u>	<u>(152,545,518)</u>	<u>267,438,768</u>
Depreciable capital assets:				
Buildings	1,252,657,446	148,418,629	(11,269)	1,401,064,806
Equipment	126,814,396	14,486,779	(6,084,458)	135,216,717
Infrastructure	87,315,229	120,000	-	87,435,229
Other improvements	28,799,131	2,713,901	(42,037)	31,470,995
Library materials	68,651,037	1,077,516	(58,591,153)	11,137,400
Computer software	5,341,758	-	-	5,341,758
Right-to-use intangible assets				
Buildings	41,271,829	2,077,081	(178,087)	43,170,823
Equipment	1,098,179	458,728	(69,803)	1,487,104
Subscription Assets	12,507,555	4,229,519	(1,823,796)	14,913,278
Total depreciable and amortizable capital assets	<u>1,624,456,560</u>	<u>173,582,153</u>	<u>(66,800,603)</u>	<u>1,731,238,110</u>
Less accumulated depreciation for:				
Buildings	459,571,677	36,408,999	(7,941)	495,972,735
Equipment	78,445,159	8,914,386	(4,674,566)	82,684,979
Infrastructure	51,474,994	1,806,093	-	53,281,087
Other improvements	13,003,331	1,839,224	(42,037)	14,800,518
Library materials	64,643,489	746,529	(58,591,153)	6,798,865
Computer software	5,338,970	2,788	-	5,341,758
Less accumulated amortization for:				
Right-to-use intangible assets				
Buildings	13,848,125	5,277,653	(143,360)	18,982,418
Equipment	488,356	411,163	(69,803)	829,716
Subscription assets	4,354,041	2,746,404	(1,660,774)	5,439,671
Total accumulated depreciation and amortization	<u>691,168,142</u>	<u>58,153,239</u>	<u>(65,189,634)</u>	<u>684,131,747</u>
Capital assets, net	<u>933,288,418</u>	<u>115,428,914</u>	<u>(1,610,969)</u>	<u>1,047,106,363</u>
Total capital assets, net	<u>\$ 1,245,925,501</u>	<u>\$ 222,776,117</u>	<u>\$ (154,156,487)</u>	<u>\$ 1,314,545,131</u>

Capitalization of Library Books

The methods employed to value the general collections of W&M's Earl Gregg Swem Library, W&M's Wolf Law Library, VIMS' Hargis Library, and RBC's Library are based on average cost determined by each library. The average cost of the Swem Library purchases of books was \$86.62 for FY25. The average cost of the Law Library purchases of books was \$160.54 for FY25. Special collections maintained by each library are valued at historical cost or acquisition value. The average cost of library books purchased for VIMS was \$59.67 for FY25. RBC did not purchase any library books during FY25. The changes reflected in the valuation are due to the recognition of depreciation in accordance with GASB Statements No. 34 and 35, as well as purchases, donations and disposals. The annual asset record for Library Books is disposed once it has been fully depreciated. This was a new practice in FY25. The large disposal amount in FY25 is due to disposing of the first Library Book asset recorded for FY99.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2025:

Current Liabilities:

Employee salaries, wages, and fringe benefits payable	\$ 36,750,909
Vendors and supplies accounts payable	12,613,409
Capital projects accounts and retainage payable	18,921,754
Accrued interest payable	<u>3,334,173</u>
Total current liabilities-accounts payable and accrued liabilities	<u>\$ 71,620,245</u>

8. COMMITMENTS

At June 30, 2025, outstanding construction commitments totaled approximately \$108,055,504. Construction commitments include accounts and retainage payable related to capital projects.

At June 30, 2025, commitments for the Workday subscription-based information technology arrangement for a new Enterprise Resource Planning (ERP) system totaled approximately \$9,342,499.

9. LONG-TERM LIABILITIES

The university's and college's long-term liabilities consist of long-term debt (further described in Note 10), and other long-term liabilities. A summary of changes in long-term liabilities for the year ending June 30, 2025 is presented as follows:

	Beginning Balance	Beginning Balance Adjustments	Additions	Reductions	Ending Balance	Current Portion
Installment purchases	\$ 559,426	\$ -	\$ -	\$ (371,643)	\$ 187,783	\$ 187,783
Long-term Lease Liability	28,840,546	-	2,547,774	(5,518,438)	25,869,882	5,588,652
SBITA Liability	7,444,647	-	4,239,881	(2,764,675)	8,919,853	2,145,131
Financed purchase obligation	17,075,796	-	-	(900,248)	16,175,548	935,058
Notes payable	100,492,589	-	29,207,797	(9,928,445)	119,771,941	10,330,000
Bonds payable	211,507,591	-	2,549,284	(10,680,240)	203,376,635	7,663,000
Total long-term debt	365,920,595	-	38,544,736	(30,163,689)	374,301,642	26,849,624
Perkins loan fund balance	94,940	-	-	(94,940)	-	-
Accrued compensated absences	15,786,431	2,247,194	19,983,861	(18,033,625)	19,983,861	13,189,520
Net pension liability	96,993,447	-	433,040 *	-	97,426,487	-
OPEB liability	42,359,094	-	-	(3,284,709) *	39,074,385	924,151
Total long-term liabilities	\$ 521,154,507	\$ 2,247,194	\$ 58,961,637	\$ (51,576,963)	\$ 530,786,375	\$ 40,963,295

* net change is shown

10. LONG-TERM DEBT

Bonds Payable

William & Mary and Richard Bland College's bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(c) bonds are general obligation bonds issued by the Commonwealth of Virginia on behalf of the university and college, and are backed by the full faith, credit and taxing power of the Commonwealth and are issued to finance capital projects which, when completed, will generate revenue to repay the debt. William & Mary last issued general revenue pledge bonds in October 2020. William & Mary bonds are issued for the university's general corporate purposes, to finance capital projects, and refund a portion of the university's outstanding debt. Listed below are the bonds outstanding at year-end:

Description	Interest Rates (%)	Fiscal year Maturity	Balance as of June 30, 2025
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Section 9(c) Bonds:

Construct New Dormitory, Series 2010A2	3.850-4.400	2030	\$ 625,000
Construct New Dormitory, Series 2020B	0.700-1.410	2031	6,410,000
Construct New Dormitory, Series 2024B	5.000	2033	<u>3,805,000</u>
Construct New Dormitory			10,840,000

Description	Interest Rates (%)	Fiscal year Maturity	Balance as of June 30, 2025
Dormitory Phase IV, Series 2024B	5.000	2026	420,000
Dormitory Phase VIII, Series 2024B	5.000	2034	6,455,000
Dormitory Renovations Phase IX, Series 2015A	3.000	2034	670,000
Dormitory Renovations Phase IX, Series 2018A	3.000-5.000	2038	10,060,000
Dormitory Renovations Phase IX, Series 2019A	2.000-5.000	2039	2,050,000
Dormitory Renovations Phase IX, Series 2024A	4.000-5.000	2044	9,640,000
Dormitory Renovations Phase IX, Series 2025B	5.000	2032	1,860,000
Dormitory Phase X, Series 2019A	2.000-5.000	2039	1,750,000
Dormitory Phase X, Series 2024A	4.000-5.000	2044	9,800,000
Renovation of Dormitories			<u>42,705,000</u>
Graduate Housing, Series 2024B	5.000	2026	312,000
Graduate Housing 6&7, Series 2025B	5.000	2028	510,000
Graduate Housing			<u>822,000</u>
Renovate Commons Dining Hall, Series 2024B	5.000	2026	686,000
Renovate Residence Halls, Series 2010A2	3.850-4.400	2030	1,350,000
RBC Student Housing Conversion 2016A	3.000-5.000	2036	1,675,000
W&M General Revenue Pledge Bonds:			
Construct New Dormitory, Series 2020B	1.361-2.312	2032	376,846
Dormitory Phase IV, Series 2020B	1.361-2.312	2032	729,884
Dormitory Phase VIII, Series 2020B	1.361-2.312	2032	453,816
Dormitory Phase X, Series 2020B	1.361-2.312	2032	59,356
Dormitory Renovations Phase IX, Series 2020B	1.361-2.312	2032	422,193
Dormitory Renovations Phase IX, Series 2020B	1.361-2.592	2035	5,220,000
Renovation of Dormitories			<u>6,885,249</u>
Graduate Housing, Series 2020B	1.361-2.312	2032	189,090
Graduate Housing 6&7, Series 2020B	1.361-2.312	2032	98,326
Graduate Housing			<u>287,416</u>
Improve Athletics Facilities, Series 2020B	1.361-3.023	2036	795,000
Improve Athletics Facilities II, Series 2020B	1.561-2.542	2034	1,320,000
Improve Athletics Facilities			<u>2,115,000</u>

Description	Interest Rates (%)	Fiscal year Maturity	Balance as of June 30, 2025
Improve Aux Facilities, Series 2020B	1.361-2.417	2033	4,030,000
Improve Aux Facilities, Series 2020B	1.561-2.542	2034	830,000
Improve Aux Facilities			<u>4,860,000</u>
Law Library, Series 2020B	1.361-3.023	2036	195,000
Law School Renovations, Series 2020B	1.561-2.542	2034	5,590,000
Law School Renovations			<u>5,785,000</u>
Magnet Facility, Series 2020B	1.361-3.023	2036	405,000
One Tribe Place, Series 2020B	1.561-2.542	2034	18,955,000
Parking Deck, Series 2020B	1.361-3.023	2036	2,725,000
Recreation Sports Center, Series 2020B	1.361-3.023	2036	2,590,000
Renovate Commons Dining Hall, Series 2020B	1.361-2.312	2032	393,307
Renovate Residence Halls, Series 2020B	1.361-2.312	2032	167,182
Taxable New Money-Capital Projects, Series 2020B	3.023	2040	3,935,000
Taxable New Money-General Purposes, Series 2020B	1.942-3.123	2051	75,110,000
Tax-exempt Dormitory Renovations, Series 2020A	3.000-5.000	2038	13,665,000
Total bonds payable			196,333,000
Net unamortized premiums (discounts)			7,043,635
Net bonds payable			<u>\$ 203,376,635</u>

Notes Payable

Section 9(d) bonds, issued through the Virginia College Building Authority's Pooled Bond Program and backed by pledges against the general revenues of William & Mary and Richard Bland College, are issued to finance other capital projects. The principal and interest on bonds and notes are secured by the net income of specific auxiliary activities or from designated fee allocations. The following are notes outstanding at year-end:

Description	Interest Rates (%)	Fiscal year Maturity	Balance as of June 30, 2025
Section 9(d) Bonds:			
Ash Lawn-Highland Barn, Series 2010A1&A2	5.000-5.500	2031	\$ 290,000

Description	Interest Rates (%)	Fiscal year Maturity	Balance as of June 30, 2025
Busch Field Astroturf Replacement, Series 2016A	3.000-5.000	2030	475,000
Cooling Plant & Utilities, Series 2010A1&A2	5.000-5.500	2031	4,180,000
Cooling Plant & Utilities, Series 2016A	3.000-5.000	2030	4,045,000
Cooling Plant & Utilities			<u>8,225,000</u>
Improve Athletics Facilities, Series 2019A	5.000	2030	2,355,000
Improve Athletics Facilities, Series 2014B	4.000	2026	260,000
Improve Athletics Facilities, Series 2016A	3.000	2027	100,000
Improve Athletics Facilities II, Series 2017A	2.125-5.000	2038	1,585,000
Improve Athletics Facilities			<u>4,300,000</u>
Improve Aux Facilities, Series 2017A	2.125-5.000	2038	5,950,000
Improve Aux Facilities, Series 2025A	4.000-5.000	2055	17,455,000
Improve Aux Facilities			<u>23,405,000</u>
Integrated Science Center, Series 2014B	4.000	2026	815,000
Integrated Science Center, Series 2015B	3.000-5.000	2029	1,875,000
Integrated Science Center, Series 2016A	3.000-5.000	2028	1,800,000
Integrated Science Center			<u>4,490,000</u>
Integrative Wellness Center 2015A	3.000-5.000	2036	6,305,000
J. Laycock Football Facility, Series 2016A	3.000	2027	745,000
Kaplan Arena & SPC, Series 2023A	4.000-5.000	2043	7,680,000
Kaplan Arena & SPC, Series 2025A	4.000-5.000	2055	10,835,000
Kaplan Arena & SPC			<u>18,515,000</u>
Law School Library, Series 2014B	4.000	2026	240,000
Law School Library, Series 2016A	3.000-5.000	2028	525,000
Law School Library			<u>765,000</u>
Parking Deck, Series 2014B	4.000	2026	485,000
Power Plant Renovations, Series 2014B	4.000	2026	320,000
Power Plant Renovations, Series 2016A	3.000-5.000	2028	700,000
Power Plant Renovations			<u>1,020,000</u>
Recreation Sports Center, Series 2014B	4.000	2026	190,000
Residence Hall Fire Safety Systems, Series 2016A	3.000	2027	255,000

Description	Interest Rates (%)	Fiscal year Maturity	Balance as of June 30, 2025
Sadler Center West, Series 2018A&B	4.000-5.000	2039	19,540,000
Sadler Center West, Series 2022A	3.000-5.000	2042	6,140,000
			<u>25,680,000</u>
School of Business, Series 2014B	4.000	2026	1,555,000
School of Business, Series 2016A	3.000-5.000	2028	3,425,000
School of Business			<u>4,980,000</u>
West Utilities Plant 2017A	2.125-5.000	2038	10,250,000
Williamsburg Hospital/School of Education, 2016A	3.000	2027	315,000
RBC Student Housing Conversion 2017A	2.125-5.000	2038	1,180,000
Total 9(d) bonds			111,870,000
Net unamortized premiums (discounts)			7,901,941
Net notes payable			<u>\$ 119,771,941</u>

Installment Purchases

At June 30, 2025, installment purchases consist of the current and long-term portions of obligations resulting from a contract used to finance energy efficiency equipment. The length of the purchase agreement is fifteen years, and the interest rate is 3.99 percent. Under the terms of this agreement, the university may not dispose of any item of the equipment without prior written consent of lessor, notwithstanding the fact that proceeds constitute a part of the equipment. The university has agreed to provide insurance in the amount of full replacement cost of the equipment against the risk of any direct physical loss or damage to the equipment as well as comprehensive general liability insurance. Prepayments cannot be made unless the university shall have given lessor not less than thirty days' prior notice. In the event of default, the lessor may retake possession of the equipment or items thereof.

VIMS has one outstanding installment purchase for energy efficient equipment. This is a sub-contract of the Commonwealth's MELP (Master Equipment Leasing Program). For this agreement, The Commonwealth of Virginia is the lessee. The amount outstanding at June 30, 2025 is \$187,783.

Long-Term Lease Liability

The university and college have several right-to-use leases for buildings and equipment. The building leases range from two to ten-year terms, including varying renewal options, and the equipment leases are three years. There are several leases with variable payments due to escalation clauses in the renewal terms. 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, the university will use the university's incremental borrowing rate. Building lease assets total \$43,170,823 with a corresponding accumulated amortization of \$18,982,418. The equipment lease assets total \$1,487,104 with a corresponding accumulated amortization of \$829,716.

Subscription-Based Information Technology Arrangements

The university and college have several subscription-based information technology arrangements (SBITAs). The SBITAs range from two to ten-year terms, including varying renewal options. There are several agreements with variable payments due to escalation clauses in the renewal terms. The present value of payments expected to be made during the agreement term is calculated using the discount rate implicit in the SBITA and, if unavailable, the university will use the university's incremental borrowing rate. The SBITA assets total \$14,913,278 with a corresponding accumulated amortization of \$5,439,671.

As of June 30, 2025, the principal and interest obligations under installment purchases, leases and SBITAs mature as follows:

Fiscal Year	Direct Borrowings		Long-term Lease Liability		SBITAs	
	Installment Purchases		Principal	Interest	Principal	Interest
2026	\$ 187,783	\$ 7,396	\$ 5,588,652	\$ 877,532	\$ 2,145,131	\$ 370,899
2027	-	-	5,619,389	678,175	\$ 1,839,286	\$ 273,924
2028	-	-	4,224,842	494,395	\$ 1,303,201	\$ 192,224
2029	-	-	2,084,482	376,454	\$ 1,346,741	\$ 140,951
2030	-	-	2,175,282	298,342	\$ 834,406	\$ 110,272
2031-2035	-	-	5,812,930	652,818	\$ 1,451,088	\$ 106,588
2036-2040	-	-	364,305	31,395	\$ -	\$ -
Total	<u>\$ 187,783</u>	<u>\$ 7,396</u>	<u>\$ 25,869,882</u>	<u>\$ 3,409,111</u>	<u>\$ 8,919,853</u>	<u>\$ 1,194,858</u>

Financed Purchase Obligation

Richard Bland College (RBC) has entered into a thirty-year financed purchase obligation with Richard Bland College Foundation (RBCF) for the provision of a student housing complex with two dormitories on the RBC campus. The RBC student housing complex is included in depreciable capital assets in the amount of \$24,148,380. Accumulated amortization on the assets acquired under the financed purchase is included with depreciation and amortization expense in the Statement of Revenues, Expenses and Changes in Net Position. The outstanding balance of the financed purchase obligation as of June 30, 2025 is \$16,175,548.

As of June 30, 2025, the principal and interest obligations under the financed purchase obligation mature as follows:

Fiscal Year	Financed purchase obligation to component unit		
	Principal	Interest	Total
2026	\$ 935,058	\$ 610,655	\$ 1,545,713
2027	971,214	574,500	1,545,714
2028	1,008,767	536,946	1,545,713
2029	1,047,773	497,940	1,545,713
2030	1,088,287	457,426	1,545,713
2031-2035	6,106,144	1,622,423	7,728,567
2036-2040	5,018,305	391,692	5,409,997
Total	<u>\$ 16,175,548</u>	<u>\$ 4,691,582</u>	<u>\$ 20,867,130</u>

Lines of Credit and Other Debt Related Items

At this time, the university has no outstanding or unused lines of credit. The university has no assets that are pledged as collateral for debt.

The interest subsidies for the Build America Bonds (BAB) being paid to the university by the federal government are subject to change in future years. In the event of a reduction or elimination of the subsidies, the university would be responsible for paying the full interest due on the BAB bonds.

Bonds and notes payable mature as follows:

Fiscal Year	Bonds and Notes			
	Principal	Interest	BAB Interest Subsidy	Net Bond and Note Interest
2026	\$ 17,993,000	\$ 10,735,217	\$ 108,630	\$ 10,626,587
2027	19,680,000	10,028,878	91,043	9,937,835
2028	19,650,000	9,321,104	71,225	9,249,879
2029	19,535,000	8,648,593	50,849	8,597,744
2030	19,690,000	7,974,875	29,712	7,945,163
2031-2035	81,460,000	30,402,770	7,844	30,394,926
2036-2040	50,645,000	18,242,955	-	18,242,955
2041-2045	35,020,000	10,885,891	-	10,885,891
2046-2050	31,430,000	5,458,551	-	5,458,551
2051-2055	13,100,000	975,136	-	975,136
Unamortized premiums	14,945,576			
Total	<u>\$ 323,148,576</u>	<u>\$ 112,673,970</u>	<u>\$ 359,303</u>	<u>\$ 112,314,667</u>

Refunding of Debt

In June 2025, the Commonwealth of Virginia, on behalf of the university issued the following:

\$1,860,000 in General Obligation 9(c) bonds, Series 2025B in order to refund \$2,005,000 of Series 2015A. The refunding had a premium of \$156,906 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$93,742 over the life of the debt and will result in net present value savings of \$80,287 and a net accounting gain of \$200,963.

\$510,000 in General Obligation 9(c) bonds, Series 2025B in order to refund \$528,826 of Series 2015B. The refunding had a premium of \$22,380 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$22,346 over the life of the debt and will result in net present value savings of \$20,866 and a net accounting gain of \$37,141.

Defeasance of Debt

The total debt defeased and outstanding as of June 30, 2025 is \$8,743,826.

11. DEFERRED OUTFLOWS AND DEFERRED INFLOWS 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.

Deferred outflows and inflows as of June 30, 2025 consist of the following:

Deferred outflows for VRS pension	\$ 34,082,619
Deferred outflows for other postemployment benefits	9,193,736
Deferred outflows for loss on refunding of debt	2,034,560
	<u>\$ 45,310,915</u>
Deferred inflows for VRS pension	\$ 13,427,164
Deferred inflows for other postemployment benefits	11,053,844
Deferred inflows for gain on refunding of debt	1,273,087
Deferred inflows for lease receivable	1,844,269
Deferred inflows for public-private partnership	18,391,408
	<u>\$ 45,989,772</u>

Deferred inflows for public-private partnership

On July 1, 2023, the university entered into an agreement with Aramark to provide dining services to the university. In return for the use of university facilities, Aramark made an upfront payment of \$10,000,000 to the university which is to be amortized over the life of the agreement. The university is required to provide preventative maintenance and equipment maintenance and repair in the dining facilities. The university also receives a profit split on all retail sales. In accordance with GASB requirements, as of June 30, 2025, the university recognized a deferred inflow of \$8,205,128 for the upfront payment and \$2,368,853 for an installment payment receivable for compliance and technology related to the service concession arrangement. The receivable was discounted to net present value using an interest rate of 4.25% which is the university's incremental borrowing rate. As of June 30, 2025, the university received variable payments totaling \$1,453,646 associated with this agreement. These variable payments are comprised of commissions in the amount of \$1,160,046, a technology fee of \$93,600 and a compliance fee of \$200,000.

On July 1, 2023, the university entered into a PPP agreement with Provident Group-Williamsburg Properties LLC to construct university housing and a dining facility. The project is in construction and is estimated to be completed in Fall 2025. The university has recognized a deferred inflow of \$7,817,427 to defease debt in relation to this agreement.

In addition, the university had a commitment to make a \$7,885,127 capital contribution in conjunction with the PPP as outlined in the contract to fund a portion of the dining project.

12. EXPENSES BY NATURAL CLASSIFICATIONS

The following table shows a classification of expenses both by function as listed in the Statement of Revenues, Expenses, and Change in Net Position and by natural classification which is the basis for amounts shown in the Statement of Cash Flow.

	Salaries, Wages and Fringe Benefits	Services and Supplies	Scholarships and Fellowships	Plant and Equipment	Depreciation and Amortization	Total
Instruction	143,085,820	22,036,819	2,707,535	2,350,044	-	170,180,218
Research	55,121,688	26,207,074	390,951	6,269,851	-	87,989,564
Public service	63,669	178,183	41,816	16,314	-	299,982
Academic support	51,229,563	10,636,279	348,979	5,256,372	-	67,471,193
Student services	15,537,526	5,317,912	432,895	1,281,689	-	22,570,022
Institutional support	57,502,810	14,515,028	241,072	179,826	-	72,438,736
Operation and maintenance of plant	25,420,065	8,740,865	3,435	5,397,334	-	39,561,699
Scholarships and related expenses	1,839,524	226,702	10,852,815	5,012	-	12,924,053
Auxiliary enterprises	35,184,560	66,734,360	45,690	3,565,882	-	105,530,492
Depreciation and amortization	-	-	-	-	58,234,533	58,234,533
Other	284,155	6,014	-	233	-	290,402
Total	385,269,380	154,599,236	15,065,188	24,322,557	58,234,533	637,490,894

13. STATE APPROPRIATIONS

The following is a summary of state appropriations received by W&M, VIMS and RBC including all supplemental appropriations and reversions from the General Fund of the Commonwealth.

Chapter 2 - 2024 Acts of Assembly, as amended by Chapter 725	\$ 121,110,741
Student financial assistance	10,837,376
Supplemental appropriations:	
Virtual Libraries of Virginia - VIVA	15,193
State employee bonus payment distribution	287,645
Central appropriations distribution items	3,262,735
Acts of Assembly, Amendments	10,221,516
Commonwealth innovative internship fund program	150,000
Historic landmarks and facilities management	500,000
Central appropriations transfer	212,501
Transfer of interest earnings and credit card rebates	145,416
Biomedical research	75,000
VMSSDP waivers	4,659,300
Constructive dialogue institute- VA cohort transfer	3,333
Tech talent investment program	<u>795,914</u>
	20,328,553
Reductions:	
Central appropriation distribution benefit changes	(829)
Central non-general fund cash transfers	(12,857)
Reversion to general fund	(432,308)
Appropriations as adjusted	<u><u>\$ 151,830,676</u></u>

14. COMPONENT UNIT FINANCIAL INFORMATION

The university and college have eight discretely presented component units – the William & Mary Foundation, the William & Mary Law School Foundation, the William & Mary Alumni Association, the William & Mary Athletic Educational Foundation, the William & Mary School of Business Foundation, the Virginia Institute of Marine Science Foundation, the William & Mary Real Estate Foundation, and the Richard Bland College Foundation. These organizations are separately incorporated entities and other auditors examine the related financial statements. Summary financial statements and related disclosures follow for the component units.

Summary of Statement of Net Position - Component Units

	William & Mary Foundation	William & Mary Law School Foundation	William & Mary Business School Foundation	William & Mary Alumni Association
ASSETS				
Current assets				
Cash and cash equivalents	\$ 15,841,291	\$ 169,051	\$ 4,637,220	\$ 2,116,455
Investments	111,262,865	-	-	-
Pledges receivable, net - current portion	45,648,470	632,393	1,347,337	12,885
Receivables, net	1,824,186	-	187,267	63,966
Inventories	-	-	-	13,041
Prepays	1,061,983	1,649	19,872	-
Due from the university	143,945	22,800	29,313	400
Other assets	-	-	-	-
Total current assets	<u>175,782,740</u>	<u>825,893</u>	<u>6,221,009</u>	<u>2,206,747</u>
Non-current assets				
Restricted cash and cash equivalents	-	42,353	2,173,270	-
Restricted investments	464,808,478	60,034,914	124,202,462	-
Restricted other assets	234,529,430	529,907	1,343,229	-
Investments	614,541,971	12,146,490	1,251,632	12,443,916
Pledges receivable, net	63,377,538	1,078,407	545,505	92,011
Capital assets, nondepreciable	14,790,514	325,127	-	-
Capital assets, net of accumulated depreciation	6,137,447	-	-	77,612
Due from the university	-	-	-	-
Other assets	1,682,415	-	-	-
Total non-current assets	<u>1,399,867,793</u>	<u>74,157,198</u>	<u>129,516,098</u>	<u>12,613,539</u>
Total assets	<u>1,575,650,533</u>	<u>74,983,091</u>	<u>135,737,107</u>	<u>14,820,286</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued expenses	1,844,691	627,998	180,749	92,102
Unearned revenue	35,566	-	-	30,247
Deposits held in custody for others	246,729	-	10,239	-
Long-term liabilities - current portion	1,204,204	-	-	-
Due to the university/other foundations	1,086,647	-	50	-
Short-term debt	-	-	-	-
Total current liabilities	<u>4,417,837</u>	<u>627,998</u>	<u>191,038</u>	<u>122,349</u>
Non-current liabilities				
Long-term liabilities	130,608,005	-	-	-
Total liabilities	<u>135,025,842</u>	<u>627,998</u>	<u>191,038</u>	<u>122,349</u>
NET POSITION				
Net investment in capital assets	12,697,565	325,127	-	77,612
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	241,921,091	14,120,737	24,311,522	-
Research	15,094,755	-	1,037,500	-
Loans	-	-	24,230	-
Departmental uses	210,559,981	11,023,311	47,341,873	-
Other	301,978,170	-	128,649	-
Expendable:				
Scholarships and fellowships	202,786,406	14,836,008	7,746,975	-
Research	22,555,348	-	563,847	-
Capital projects	48,374,593	-	358,990	-
Loans	-	-	165,472	-
Departmental uses	254,222,828	20,170,976	47,723,636	637,356
Other	68,255,541	1,521,935	132,225	-
Unrestricted	62,178,413	12,356,999	6,011,150	13,982,969
Total net position	<u>\$ 1,440,624,691</u>	<u>\$ 74,355,093</u>	<u>\$ 135,546,069</u>	<u>\$ 14,697,937</u>

Summary of Statement of Net Position - Component Units

	William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total Component Units
ASSETS					
Current assets					
Cash and cash equivalents	\$ 3,716,764	\$ 985,177	\$ 369,723.00	\$ 5,800,628	\$ 33,636,309
Investments	-	-	-	-	111,262,865
Pledges receivable, net - current portion	1,390,146	215,207	-	-	49,246,438
Receivables, net	-	-	-	289,093	2,364,512
Inventories	-	-	-	-	13,041
Prepays	-	-	16,216.00	70,068	1,169,788
Due from the university	50,585	1,450	1,527,590	1,188,824	2,964,907
Other assets	-	-	-	112,180	112,180
Total current assets	<u>5,157,495</u>	<u>1,201,834</u>	<u>1,913,529</u>	<u>7,460,793</u>	<u>200,770,040</u>
Non-current assets					
Restricted cash and cash equivalents	-	2,591,569	387,242	-	5,194,434
Restricted investments	1,494,102	17,676,981	8,596,943	-	676,813,880
Restricted other assets	-	-	-	-	236,402,566
Investments	-	1,110,790	-	-	641,494,799
Pledges receivable, net	955,326	712,715	-	-	66,761,502
Capital assets, nondepreciable	-	-	14,915	9,246,156	24,376,712
Capital assets, net of accumulated depreciation	-	-	30,917	22,816,924	29,062,900
Due from the university	-	-	15,202,697	-	15,202,697
Other assets	-	-	-	119,016	1,801,431
Total non-current assets	<u>2,449,428</u>	<u>22,092,055</u>	<u>24,232,714</u>	<u>32,182,096</u>	<u>1,697,110,921</u>
Total assets	<u>7,606,923</u>	<u>23,293,889</u>	<u>26,146,243</u>	<u>39,642,889</u>	<u>1,897,880,961</u>
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	9,129	600	116,506	117,764	2,989,539
Unearned revenue	51,500	-	8,538	125,778	251,629
Deposits held in custody for others	-	-	-	-	256,968
Long-term liabilities - current portion	-	-	935,058	877,813	3,017,075
Due to the university/other foundations	-	-	347,993	559,553	1,994,243
Short-term debt	-	-	-	1,250,000	1,250,000
Total current liabilities	<u>60,629</u>	<u>600</u>	<u>1,408,095</u>	<u>2,930,908</u>	<u>9,759,454</u>
Non-current liabilities					
Long-term liabilities	-	-	15,202,697	20,058,086	165,868,788
Total liabilities	<u>60,629</u>	<u>600</u>	<u>16,610,792</u>	<u>22,988,994</u>	<u>175,628,242</u>
NET POSITION					
Net investment in capital assets	-	-	45,832	11,127,181	24,273,317
Restricted for:					
Nonexpendable:					
Scholarships and fellowships	-	-	4,636,939	-	284,990,289
Research	-	14,846,030	-	-	30,978,285
Loans	-	-	-	-	24,230
Departmental uses	-	-	-	-	268,925,165
Other	-	-	-	-	302,106,819
Expendable:					
Scholarships and fellowships	-	-	4,535,426	-	229,904,815
Research	-	-	-	-	23,119,195
Capital projects	-	-	-	-	48,733,583
Loans	-	-	-	-	165,472
Departmental uses	6,929,649	6,351,649	-	-	336,036,094
Other	-	-	181,543	-	70,091,244
Unrestricted	616,645	2,095,610	135,711	5,526,714	102,904,211
Total net position	<u>\$ 7,546,294</u>	<u>\$ 23,293,289</u>	<u>\$ 9,535,451</u>	<u>\$ 16,653,895</u>	<u>\$ 1,722,252,719</u>

Summary of Statement of Revenues, Expenses, and Changes in Net Position - Component Units

	William & Mary Foundation	William & Mary Law School Foundation	William & Mary Business School Foundation	William & Mary Alumni Association
Operating revenues:				
Gifts and contributions	\$ 22,550,835	\$ 2,560,899	\$ 2,669,838	\$ 712,218
Other	814,228	37,525	-	1,118,148
Total operating revenues	23,365,063	2,598,424	2,669,838	1,830,366
Operating expenses:				
Instruction	6,821,581	2,119,307	400,348	-
Research	2,674,392	-	155,250	-
Public service	80,048	-	-	-
Academic support	5,827,837	774,435	45,660	-
Student services	510,346	8,344	830,382	-
Institutional support	19,109,467	1,087,075	2,670,564	649,954
Operation and maintenance of plant	12,185,202	107,679	-	-
Scholarships & fellowships	15,496,553	1,894,280	1,620,568	53,250
Auxiliary enterprises	2,294,851	-	11,362	-
Depreciation	389,585	-	-	12,333
Independent operations	-	-	-	-
Other	2,065,688	57,714	-	1,463,138
Total operating expenses	67,455,550	6,048,834	5,734,134	2,178,675
Operating gain/(loss)	(44,090,487)	(3,450,410)	(3,064,296)	(348,309)
Non-operating revenues and expenses:				
Net investment revenue (expense)	103,169,821	7,425,184	2,116,509	1,551,030
Interest on capital asset related debt	(222,132)	-	-	-
Other non-operating revenue	21,154,115	-	44,628	-
Other non-operating expenses	(31,257)	-	(1)	-
Net non-operating revenues	124,070,547	7,425,184	2,161,136	1,551,030
Income/(loss) before other revenues	79,980,060	3,974,774	(903,160)	1,202,721
Other revenues:				
Capital grants and contributions	16,103,786	-	50,000	-
Additions to permanent endowments	65,075,438	839,678	16,253,653	-
Net other revenues	81,179,224	839,678	16,303,653	-
Change in net position, before transfers	161,159,284	4,814,452	15,400,493	1,202,721
Contribution between Foundations	(203,659)	-	-	-
Net position - beginning of year, as restated	1,279,669,066	69,540,641	120,145,576	13,495,216
Net position - end of year	\$ 1,440,624,691	\$ 74,355,093	\$ 135,546,069	\$ 14,697,937

Summary of Statement of Revenues, Expenses, and Changes in Net Position - Component Units

	William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total Component Units
Operating revenues:					
Gifts and contributions	\$ 5,531,893	\$ 1,115,108	\$ 855,046	\$ -	\$ 35,995,837
Other	85,786	-	1,293,031	3,773,507	7,122,225
Total operating revenues	5,617,679	1,115,108	2,148,077	3,773,507	43,118,062
Operating expenses:					
Instruction	-	100,060	-	-	9,441,296
Research	-	168,813	-	-	2,998,455
Public service	-	41,322	-	-	121,370
Academic support	-	142,347	-	-	6,790,279
Student services	-	-	-	-	1,349,072
Institutional support	1,688,320	831,247	656,947	637,379	27,330,953
Operation and maintenance of plant	-	12,743	-	-	12,305,624
Scholarships & fellowships	455,426	165,257	234,231	-	19,919,565
Auxiliary enterprises	6,243,610	-	-	59,514	8,609,337
Depreciation	-	-	9,222	759,332	1,170,472
Independent operations	-	-	-	1,543,750	1,543,750
Other	-	47,080	993,141	-	4,626,761
Total operating expenses	8,387,356	1,508,869	1,893,541	2,999,975	96,206,934
Operating gain/(loss)	(2,769,677)	(393,761)	254,536	773,532	(53,088,872)
Non-operating revenues and expenses:					
Net investment revenue (expense)	364,333	1,446,073	830,888	73,533	116,977,371
Interest on capital asset related debt	-	-	-	(842,522)	(1,064,654)
Other non-operating revenue	-	-	-	-	21,198,743
Other non-operating expenses	-	-	-	-	(31,258)
Net non-operating revenues	364,333	1,446,073	830,888	(768,989)	137,080,202
Income/(loss) before other revenues	(2,405,344)	1,052,312	1,085,424	4,543	83,991,330
Other revenues:					
Capital grants and contributions	-	-	-	-	16,153,786
Additions to permanent endowments	-	725,926	-	-	82,894,695
Net other revenues	-	725,926	-	-	99,048,481
Change in net position, before transfers	(2,405,344)	1,778,238	1,085,424	4,543	183,039,811
Contribution between Foundations	147,427	-	-	56,232	-
Net position - beginning of year, as restated	9,804,211	21,515,051	8,450,027	16,593,120	1,539,212,908
Net position - end of year	\$ 7,546,294	\$ 23,293,289	\$ 9,535,451	\$ 16,653,895	\$ 1,722,252,719

Investments

Each component unit holds various investments based on the investment policies established by the governing board of the individual foundation. The following table shows the various investment types held by each component unit.

	William & Mary Foundation	William & Mary Law School Foundation	William & Mary Business School Foundation	William & Mary Alumni Association	William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Richard Bland College Foundation	Total
Certificates of deposit	\$ -	\$ -	\$ 22,467	\$ -	\$ -	\$ -	\$ -	\$ 22,467
Mutual and money market funds	8,217,337	-	40,546,886	-	1,494,102	16,161,762	8,596,943	75,017,030
Corporate bonds	-	-	3,282,787	-	-	-	-	3,282,787
U.S. treasury and agency securities	117,889,899	-	2,818,610	-	-	-	-	120,708,509
Common and preferred stocks	-	-	10,329,091	-	-	-	-	10,329,091
Pooled investments	1,063,397,812	72,181,404	65,998,763	12,443,916	-	-	-	1,214,021,895
Real estate	987,982	-	-	-	-	-	-	987,982
Other	120,284	-	2,455,490	-	-	2,626,009	-	5,201,783
Total Investments	\$ 1,190,613,314	\$ 72,181,404	\$ 125,454,094	\$ 12,443,916	\$ 1,494,102	\$ 18,787,771	\$ 8,596,943	\$ 1,429,571,544

Pledges Receivable

Unconditional promises to give (pledges) are recorded as receivables and revenues and are assigned net asset categories in accordance with donor imposed restrictions. Pledges expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at net present value of their estimated future cash flows. The discounts on these amounts are computed using risk free interest rates applicable to the years in which the payments will be received. The foundations record an allowance against pledges receivable for estimated uncollectible amounts. The Richard Bland College Foundation and the William & Mary Real Estate Foundation did not have any pledges receivable at year end.

	William & Mary Foundation	William & Mary Law School Foundation	William & Mary Business School Foundation	William & Mary Alumni Association Foundation	William & Mary Athletic Educational Foundation	Virginia Institute of Marine Science Foundation	Total
Total pledges receivable	\$ 114,677,617	\$ 2,047,857	\$ 1,985,224	\$ 104,896	\$ 3,171,965	\$ 943,491	\$ 122,931,050
Less:							
Allowance for uncollectibles	(1,374,984)	(276,577)	(15,450)	-	(707,270)	-	(2,374,281)
Discounting to present value	(4,276,625)	(60,480)	(76,932)	-	(119,223)	(15,569)	(4,548,829)
Net pledges receivable	109,026,008	1,710,800	1,892,842	104,896	2,345,472	927,922	116,007,940
Less:							
Current pledges receivable	(45,648,470)	(632,393)	(1,347,337)	(12,885)	(1,390,146)	(215,207)	(49,246,438)
Total non-current pledges receivable	\$ 63,377,538	\$ 1,078,407	\$ 545,505	\$ 92,011	\$ 955,326	\$ 712,715	\$ 66,761,502

Capital Assets

	William & Mary Foundation	William & Mary Law School Foundation	William & Mary Alumni Association Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total
Nondepreciable:						
Land	\$ 3,365,927	\$ 262,916	\$ -	\$ -	\$ 7,250,588	\$ 10,879,431
Construction in progress	5,322,343	-	-	-	1,995,568	7,317,911
Historical treasures and inexhaustible works of art	6,102,244	62,211	-	14,915	-	6,179,370
Total nondepreciable capital assets	<u>\$ 14,790,514</u>	<u>\$ 325,127</u>	<u>\$ -</u>	<u>\$ 14,915</u>	<u>\$ 9,246,156</u>	<u>\$ 24,376,712</u>
Depreciable:						
Building	\$ 8,349,027	\$ -	\$ 378,914	\$ -	\$ 28,519,556	\$ 37,247,497
Equipment, vehicles and furniture	7,372,758	84,722	416,475	64,560	461,578	8,400,093
Improvements, other than building	338,138	-	-	-	-	338,138
	16,059,923	84,722	795,389	64,560	28,981,134	45,985,728
Less accumulated depreciation	(9,922,476)	(84,722)	(717,777)	(33,643)	(6,164,210)	(16,922,828)
Total depreciable capital assets	<u>\$ 6,137,447</u>	<u>\$ -</u>	<u>\$ 77,612</u>	<u>\$ 30,917</u>	<u>\$ 22,816,924</u>	<u>\$ 29,062,900</u>

Long-term Liabilities

	William & Mary Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total
Compensated absences	\$ 684,296	\$ -	\$ -	\$ 684,296
Notes payable	1,283,274	-	18,179,669	19,462,943
Bonds payable	6,090,000	16,137,755	2,756,230	24,983,985
Trust & Annuity Obligations	4,850,328	-	-	4,850,328
Other liabilities	118,904,311	-	-	118,904,311
Total long-term liabilities	131,812,209	16,137,755	20,935,899	168,885,863
Less current portion	1,204,204	935,058	877,813	3,017,075
Total long-term liabilities	<u>\$ 130,608,005</u>	<u>\$ 15,202,697</u>	<u>\$ 20,058,086</u>	<u>\$ 165,868,788</u>

Restatement of Beginning Net Position

Net position as previously reported June 30, 2024	\$ 1,538,970,594
Prior year audit adjustments:	
William & Mary Alumni Association	242,314
Net position at July 1, 2024	<u>\$ 1,539,212,908</u>

THE WILLIAM & MARY FOUNDATION

Long-term Liabilities

1693 Partners Funds (the “Fund”) is a nonstock corporation organized on October 25, 2019, under the laws of the Commonwealth of Virginia. The fund is classified as a 501(C)(3) public charity. The Fund’s purpose is to invest and hold the deposited assets of the university and the foundations and other non-profit organizations that primarily benefit or support the university and its constituent departments, programs and schools, on a commingled, long-term investment basis, for their mutual benefit. The Foundation appoints the majority of the board of the fund, and as a result of this control, the accounts of the Fund are included in the consolidated financial statements of the Foundation. The Fund commenced investment activities effective January 1, 2021. The Northern Trust company acts as custodian for the Fund. The Fund’s net assets, and related allocation of the proportionate share of nets assets, are audited as of June 30, 2025.

The Fund entered into Member Deposit Agreements with the Foundation, the William & Mary Law School Foundation, the William & Mary Business School Foundation, the 1693 Foundation, the William & Mary Alumni Association, and the university. The Agreements detail the terms and conditions for deposits to, withdrawals from, and operations of the Fund. Each Member is entitled in contract to its pro rata share of the value of the undivided net assets of the Fund, taking into account the aggregate investment returns on the assets held in the Fund, net of expenses of and any taxes payable by the fund, and adjusting for deposits and withdrawals of the Members. Net assets of the Fund attributable to MWSLF, WMBSF, WMAA, and the university totaled \$246,980,327 and \$218,792,917 at June 30, 2025 and 2024, respectively, and are included in investments and funds held for others in the Foundation’s consolidated statement of financial position.

On July 1, 2020, the Foundation executed a note payable to Truist Bank in the amount of \$2,100,000. The proceeds were used to fund a new client relationship management system implementation project. The note is unsecured and accrues interest at a rate of 4.56% per annum payable monthly. Beginning on July 1, 2021, the note was payable on a fixed payment schedule consisting of equal monthly installments of principal and interest. The final payment is due on July 1, 2030. The balance outstanding at June 30, 2025 and 2024 was \$1,292,105 and \$1,512,533, respectively. Interest paid on the loan during the years ended June 30, 2025 and 2024 was \$67,074 and \$77,208, respectively.

Bonds Payable

In December 2011, the Economic Development Authority of James City County, Virginia (“Authority”) issued a revenue refunding bond in the amount of \$8,090,000 (“Series 2011 Bond”) and loaned the proceeds to the Foundation and College of William & Mary Foundation Ventures (“Obligors”). The Series 2011 Bond was acquired by Truist Bank, as Series 2011 Bondholder. Proceeds from sale of the Series 2011 Bond were used to redeem bonds issued in December 2006 by the Authority to finance the cost of property acquisition, construction and equipping of a three-story building in New Town in James City County, Virginia, for use by the Foundation, CWMF Ventures or the university. As of January 1, 2018, the series 2011 Bond bears interest at a fixed rate of 3.59752% per annum, subject to the put rights of the Series 2011 Bondholder. On October 1, 2020, the bond agreement was amended to change the definition of the optional put date. Per the amendment, the Series 2011 Bondholder has the option to tender the Series 2011 Bond for payment on December 1, 2026, the first optional put date, unless extended under the terms of the loan agreement to not earlier than December 1, 2031. The final maturity date is December 1, 2036. In December 2021, CWMF Ventures paid down the bonds by \$2,000,000. Interest expense, including amortization of bond issuance costs, on the Series 2011 Bond during the years June 30, 2025 and 2024, was \$222,132 and \$222,740, respectively.

The terms of the notes and bonds payable require the Foundation to maintain at all times net assets without donor restrictions and net assets restricted by the donor due to the passage of time or for a specified purpose and subject to the Foundation’s spending policy and appropriation in excess of 200% of the Foundation’s total funded debt.

The Foundation is in compliance with all debt covenants.

THE WILLIAM & MARY LAW SCHOOL FOUNDATION

Law Library Bond Issuance

The construction and renovations of the Wolf Law Library and Hixon Center at the William & Mary Law School were funded by proceeds allocated to the William & Mary Law School from William & Mary's 2007A(9D) Bond Issue and the 2013 A&B(9d) Bond Issue (the "Bonds"). The Foundation makes principal and interest payments to the university on the Bonds using private contributions restricted for the Law Library and Hixon Center additions. However, the Bonds were issued to and in the name of the university, and the Foundation is not obligated to make these debt service payments.

Bond payments made to the university totaled \$107,679 in 2025.

RICHARD BLAND COLLEGE FOUNDATION, INC.

Bonds Payable

During December 2006, the Foundation entered into loan agreements with the Industrial Development Authorities ("Authorities") of Dinwiddie County, Virginia, Isle of Wight, Virginia, Prince George County, Virginia and Sussex County, Virginia to borrow the proceeds of the Authorities' \$27,000,000 Series 2006 Revenue Bonds (Richard Bland College Foundation Student Housing Facilities). The loan was refinanced in October 2012 to lower the interest rate charged to the Foundation. The loan agreement interest rate was 4.23% and refinanced to 2.40%. The interest rate will adjust at the 10-year anniversary of the refinancing and every 5 years thereafter at 70% of the 5-year U. S. Treasury Note plus 120 basis points. The bonds are due November 5, 2038. The primary purpose of this loan is to refund and redeem in full the outstanding principal amount of the Authorities' \$27,000,000 Series 2006 Revenue Bonds (Richard Bland College Foundation Student Housing Facilities), the proceeds of which were used to finance the costs of construction and equipping of a student housing facility located in Dinwiddie, Virginia.

Investment in Direct Financing Lease

The Foundation has an investment in a direct financing lease in connection with its long-term leasing arrangement with the college. The terms of the lease include the leasing of a student housing facility located in Dinwiddie, Virginia, originally constructed by the Foundation for the college. The lease is due in semi-annual installments and expires in November 2038. At June 30, 2025 the Foundation had a receivable of \$16,137,755 due from the college.

WILLIAM & MARY REAL ESTATE FOUNDATION

Tribe Square

The Foundation leases the Tribe Square student housing to the university pursuant to a lease agreement with an initial term ending June 30, 2016, with an automatic renewal for an additional 5-year term ending on June 30, 2021. At July 1, 2021, the Foundation executed a new lease with the university for a 5-year term ending June 30, 2026, with an automatic renewal for an additional five-year term ending on June 30, 2031. Annual base rent is \$535,012, payable in two equal installments on October 1 and March 1 of each lease year. The base rent may be increased annually by a percentage equal to the increase in the Consumer Price Index. In no event shall the base rent be less than the base rent payable for the preceding year. Rent charges are inclusive of costs for a capital project to renovate apartment unit kitchens. In the event that the lease should terminate prior to the ten-year lease term, the remaining improvement costs will become immediately due from the university. Lease income received under this lease was \$627,856 and \$599,064 for 2025 and 2024, respectively.

The Foundation leases the Tribe Square office space to the university pursuant to a lease agreement ending June 30, 2025, with the right to renew for five 1-year terms. Minimum lease payments to be received in each fiscal year through

2030 total \$42,000 per year under a lease renewal executed August 1, 2024. Lease income earned under this lease was \$77,416 for 2025 and 2024.

Discovery II

The Discovery II property is leased to the university for use as office space under an agreement through June 30, 2028, with the right to renew for one additional consecutive 5-year term. Annual base rent is \$500,084, payable in 12 equal installments. The base rent may be increased by two percent annually. Lease income received under this lease was \$510,085 and \$502,076 for 2025 and 2024, respectively.

Richmond Hall

The Richmond Hall property is leased to the university and has a lease agreement with an initial term that ended July 31, 2022, and includes five optional 1-year renewals. The agreement renews on an annual basis unless and until terminated by either party. Annual base rent is \$1,176,861, payable in two equal semiannual installments, due on September 1 and March 1 of each year. The base rent may be increased annually by a percentage equal to the increase in the Consumer Price Index. In no event shall the base rent be less than the base rent payable for the preceding year. Rental income received under this lease was \$1,506,626 and \$1,472,449 for 2025 and 2024, respectively.

North Henry Street

The Foundation entered into a lease agreement for property on North Henry Street in Williamsburg, Virginia, with an initial lease term ending June 30, 2025, with the right to renew for one 5-year term. During 2021, a sublease was executed with a third party with an initial term ending July 31, 2030, with the right to renew the lease for three additional 5-year terms. Monthly rental payments were received from the university through March 2021, at which time the third party began paying rent to the Foundation.

Wythe Lane

Property held by the foundation located at 605 Wythe Lane, Williamsburg, Virginia (commonly known as the Dungan House or the William & Mary Executive House) is being leased to the university under an agreement with an initial termination date of June 30, 2028. The agreement includes an option to renew for up to five additional consecutive 1-year terms. Lease income recognized under this agreement totaled \$131,189 and \$131,900 for 2025 and 2024, respectively.

Line of Credit

On December 23, 2022, the foundation entered into a line of credit agreement with a maximum credit limit of \$6,000,000. The line bears interest at the Secured Overnight Financing Rate (SOFR) plus 0.83% (5.28% at June 30, 2025). The line requires monthly payments of accrued interest and matures on February 20, 2026.

Bonds Payable

The Foundation obtained a tax-exempt student housing facilities revenue bond, dated September 16, 2011, twenty-five (25) year term. The bond bears interest at a fixed rate of 3.75%. Required monthly payments of principal and interest total \$25,855. The outstanding principal balance is \$2,835,982 at June 30, 2025.

The bond was issued through the Economic Development Authority of the City of Williamsburg for a principal amount of \$5 million. The proceeds of this bond were used to finance the costs to acquire, construct, and equip the student apartment portion of Tribe Square, and pay certain expenses of issuing the bond. The bond is secured by the rents and revenues of Tribe Square, and the property itself.

The bond, which is bank held, has an option for the bank to require the Foundation to repurchase the bond once the bond is 10 years past the issuance date. If this option is exercised, the Foundation would pay the aggregate unpaid

principal plus accrued interest through the date of such payment. The bank must give the Foundation 120 days' notice prior to the tender date if this option is exercised. No such notice has been received by the Foundation.

Promissory Note

The Foundation obtained a promissory note, dated June 3, 2013, 10-year term and modified November 2023. The note bears interest at a fixed rate of 5.75%. Required monthly payments of principal and interest total \$21,465. The outstanding principal balance is \$2,320,858 at June 30, 2025.

The promissory note was issued through a private lender for a principal amount of \$3,689,000. The proceeds of this note were used to finance the costs to acquire Discovery II and pay certain expenses of issuing the note. The note is secured by the rents and revenues of Discovery II, and substantially all of the assets of WMREF Ventures, a subsidiary of the Foundation. The note requires certain covenants to be met.

The Foundation obtained a promissory note August 4, 2017. The note bears interest at a fixed rate of 3.56%. Required monthly payments of principal and interest total \$27,373. The outstanding principal balance is \$4,594,879 at June 30, 2025.

The promissory note was issued through a private lender for a principal amount of \$6,000,000. The proceeds of this note were used to repay a line of credit and to finance the costs for the renovation and remodeling of Richmond Hall. The note requires certain covenants to be met. At June 30, 2025, the Foundation was in compliance with these covenants. A balloon installment payment for all unpaid principal and the interest was scheduled to be due at note maturity on August 4, 2022. Effective August 4, 2022, prior to the note maturing, the Foundation refinanced the note with the same lender to mature on August 4, 2027. Amounts outstanding are collateralized by the Foundation's deposits with the lender.

The Foundation obtained a promissory note dated June 30, 2021, with a 9-year term. The note bears interest at a fixed rate of 2.55% and requires 24 monthly payments of principal of \$15,000 plus accrued interest and subsequently, beginning, July 31, 2023, 84 monthly payments of principal and interest totaling \$19,920. The outstanding principal balance is \$4,807,495 at June 30, 2025.

The Foundation obtained 3 promissory notes dated April 2025 with interest at a fixed rate of 5.20% and maturing April 2030. The notes are secured by related real estate on Wythe Land and Richmond Road. Required monthly payments of principal and interest total \$27,373. The outstanding principal balance is \$6,466,194 at June 30, 2025.

The promissory notes dated June 2021 and April 2025 include covenants related to debt service coverage. The foundation was not in compliance with these covenants as of June 30, 2025 and management expects the lender to grant a waiver regarding these violations.

Significant activity between the university and component units

Direct Payments to the university from the William & Mary Foundation, the William & Mary Law School Foundation, the William & Mary Athletic Educational Foundation, and the William & Mary School of Business Foundation for the year ended June 30, 2025, totaled \$65,806,424; \$5,500,523; \$6,374,043; and \$4,740,022; respectively. This includes gift transfers, payments for facilities and payments for services. Direct payments from the university to the William & Mary Foundation and William & Mary Real Estate Foundation for the years ended June 30, 2025 and 2024, totaled \$4,035,623 and \$4,215,610, respectively, for rent of facilities.

Subsequent Events

As of July 1, 2025 the William & Mary Athletic Educational Foundation and the William & Mary Real Estate Foundation have become subsidiaries of the William & Mary Foundation.

15. RETIREMENT PLANS

Optional Retirement Plan

Full-time faculty and certain administrative staff may participate in a retirement annuity program through various optional retirement plans other than the Virginia Retirement System. As of January 1, 2018 TIAA-CREF is the university’s plan administrator. Employees who became a member prior to January 1, 2018 have the option to choose either TIAA-CREF or Fidelity Investments as their investment provider. This is a fixed-contribution program where the retirement benefits received are based upon the employer's contributions of 10.4 percent or 8.5 percent depending on whether the employee is in Plan 1 or Plan 2, plus interest and dividends. Plan 1 consists of employees who became a member prior to July 1, 2010. Plan 2 consists of employees who became a member on or after July 1, 2010 and are required to make a 5% contribution to their retirement account.

Individual contracts issued under the plan provide for full and immediate vesting of contributions of William & Mary, including the Virginia Institute of Marine Science, and Richard Bland College and their employees. Total pension costs under this plan were \$12,080,386 for the year ended June 30, 2025. Contributions to the optional retirement plans were calculated using the base salary amount of \$129,647,803 for fiscal year 2025. William & Mary, which includes the Virginia Institute of Marine Science, and Richard Bland College's total payroll for fiscal year 2025 was \$285,254,588.

Deferred Compensation

Employees of the university and college 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 of the 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 \$650,555 for fiscal year 2025.

General Information about the Pension Plan

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; and two different benefit structures for covered employees in the VaLORS Retirement Plan – Plan 1 and Plan 2. 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>About Plan 1 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>About Plan 2 Same as Plan 1.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula. • 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. • 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.
<p>Eligible Members 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>Hybrid Opt-In Election 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</p>	<p>Eligible Members 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>Hybrid Opt-In Election Same as Plan 1.</p>	<p>Eligible Members 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"> • Full-time permanent, salaried state employees* • 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 <p>*Non-Eligible Members Some members are not eligible to participate in the Hybrid Retirement Plan. They include:</p>

<p>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>		<ul style="list-style-type: none"> • Members of the Virginia Law Officers' Retirement System (VaLORS) <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>
<p>Retirement Contributions 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>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions 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>Service Credit 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</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <i>Defined Benefit Component:</i> 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</p>

<p>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>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><i>Defined Contributions Component:</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting 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>Vesting Same as Plan 1.</p>	<p>Vesting <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"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law.</p>
<p>Calculating the Benefit 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>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <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>Average Final Compensation A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted</p>	<p>Service Retirement Multiplier <i>Defined Benefit Component:</i></p>

<p>determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p>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>VaLORS: The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.</p>	<p>VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>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> <p>VaLORS: Not applicable.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>VaLORS: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>VaLORS: Same as Plan 1.</p>	<p>Normal Retirement Age <i>Defined Benefit Component:</i> VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility VRS: 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>VaLORS: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: 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>VaLORS: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Same as Plan 2</p> <p>VaLORS: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

<p>Earliest Reduced Retirement Eligibility VRS: 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>VaLORS: Age 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>VaLORS: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Same as Plan 2</p> <p>VaLORS: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Cost-of-Living Adjustment (COLA) in Retirement 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><u>Eligibility:</u> 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><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31)</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement 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><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement <i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1.</p>

<p>under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • 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. • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. 		
<p>Disability Coverage 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>Disability Coverage 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>Disability Coverage 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>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception:</p>

<p>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>		<ul style="list-style-type: none"> • Hybrid Retirement Plan members are ineligible for ported service. <p><i>Defined Contribution Component:</i> Not applicable.</p>
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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. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rates which were 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 the university and college to the VRS State Employee Retirement Plan were \$14,471,391 and \$14,156,691 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions from the university and college to the VaLORS Retirement Plan were \$519,924 and 479,761 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 \$622,380 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 to make a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$719,328 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$62,277,825 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, the university and college reported a liability of \$94,151,987 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$3,274,500 for its proportionate share of the VaLORS 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. The university’s and college’s proportion of the Net Pension Liability was based on the university’s and college’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, the university’s and college’s proportion of the VRS State Employee Retirement Plan was 1.48% for William & Mary, 0.31% for VIMS, and 0.12% for RBC as compared to 1.44% for William & Mary, 0.30% for VIMS, and 0.12% for RBC at June 30, 2023. At June 30, 2024, the university’s and college’s proportion of the VaLORS Retirement Plan was 0.43% for William & Mary, and 0.06% for RBC as compared to 0.42% for William & Mary, and 0.07% for RBC at June 30, 2023.

For the year ended June 30, 2025, the university and college recognized pension expense of \$11,629,146 for the VRS State Employee Retirement Plan and \$754,096 for the VaLORS 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, the university and college reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

VRS Retirement Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	15,443,969	519,192
Net difference between projected and actual earnings on pension plan investments	-	12,375,830
Change in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	3,426,245	257,424
Employer contributions subsequent to the measurement date	14,471,391	
Total	<u>\$ 33,341,605</u>	<u>\$ 13,152,446</u>

VaLORS Retirement Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	190,136	-
Net difference between projected and actual earnings on pension plan investments	-	255,733
Change in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,954	18,985
Employer contributions subsequent to the measurement date	519,924	
Total	<u>\$ 741,014</u>	<u>\$ 274,718</u>

The university and college had \$14,991,315 reported as deferred outflows of resources related to pensions resulting from the university's and college's contributions subsequent to the measurement date that 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:

Year ended June 30

(\$ thousands)

	<u>VRS Retirement Plan</u>	<u>VaLORS Retirement Plan</u>
FY 2026	\$ (1,162)	\$ (23)
FY 2027	\$ 10,358	\$ 75
FY 2028	\$ (854)	\$ (50)
FY 2029	\$ (2,624)	\$ (55)
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	3.5%-5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

The total pension liability for the VaLORS 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	3.5%-4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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:

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	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

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 and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	<u>State Employee Retirement Plan</u>	<u>VaLORS Retirement Plan</u>
Total Pension Liability	\$ 29,769,365	\$ 2,743,541
Plan Fiduciary Net Position	<u>24,843,784</u>	<u>2,076,732</u>
Employers' Net Pension Liability (Asset)	<u>\$ 4,925,581</u>	<u>\$ 666,809</u>

Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.45%	75.70%
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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:

* 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%.

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
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 Partnership	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%
Total	100.00%		7.07%
		Expected arithmetic nominal return*	7.07%

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 System 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 the state agency for the VRS State Employee Retirement Plan and the VaLORS 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 University's and College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the university's and college's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the university's and college'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:

(\$ thousands)	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
The university's and college's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 160,488	\$ 94,152	\$ 38,832

The following presents the university's and college's proportionate share of the VaLORS Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the university and college'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:

(\$ thousands)	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
The university's and college's proportionate share of the VaLORS Employee Retirement Plan Net Pension Liability	\$ 5,035	\$ 3,275	\$ 1,849

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan’s Fiduciary Net Position or the VaLORS 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 varetire.org/media/shared/pdf/publications/2024-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

The university and college reported \$626,858 in payables to VRS.

16. OTHER POSTEMPLOYMENT BENEFITS

The university and college participate in other postemployment benefit (OPEB) programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System. These programs include the Group Life Insurance Program, Virginia Sickness and Disability Program, Retiree Health Insurance Credit Program, and the Line of Duty Act Program. The university and college also participate in the Pre-Medicare Retiree Healthcare Plan, which is sponsored by the Commonwealth and administered by the Department of Human Resource Management.

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.

The specific information for Group Life Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS

Eligible Employees

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:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City School Board

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.

Benefit Amounts

The benefits payable under the Group Life Insurance Program have several components.

- *Natural Death Benefit:* The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- *Accidental Death Benefit:* The accidental death benefit is double the natural death benefit.
- *Other Benefit Provisions:* In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Seatbelt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

Reduction in Benefit Amounts

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 25% of its original value.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

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.

Contributions

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 university and college were \$1,158,435 and \$1,247,249 for the years ended June 30, 2025, and June 30, 2024 respectively.

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, the university and college reported a liability of \$10,187,587 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. The university's and college's proportion of the Net GLI OPEB Liability was based on the university's and college'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, the university's and college's proportion was 0.77% for William & Mary, 0.11% for VIMS, and 0.03% for RBC as compared to 0.77% for William & Mary, 0.10% for VIMS, and 0.03% for RBC at June 30, 2023.

For the year ended June 30, 2025, the university and college recognized GLI OPEB expense of \$103,202. 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.

At June 30, 2025, the university and college reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	1,606,816	248,849
Net difference between projected and actual earnings on GLI OPEB program investments	-	858,707
Changes in assumptions	58,070	504,875
Changes in proportionate share	141,357	356,652
Employer contributions subsequent to the measurement date	1,158,435	
Total	<u>\$ 2,964,678</u>	<u>\$ 1,969,083</u>

The university and college had \$1,158,435 reported as deferred outflows of resources related to the GLI OPEB resulting from the university's and college's contributions subsequent to the measurement date that will be recognized as a reduction of the Net GLI 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 GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30

(\$thousands)

FY 2026	\$	(556)
FY 2027	\$	106
FY 2028	\$	(3)
FY 2029	\$	111
FY 2030	\$	178
Thereafter	\$	-

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

Net GLI OPEB Liability

The net OPEB Liability (NOL) for the Group Life Insurance Program 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, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	<u>3,080,133</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

The total GLI 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 GLI OPEB Liability 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

The long-term expected rate of return on the System's 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 System's 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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
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 Partnership	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%
Total	100.00%		7.07%
		Expected arithmetic nominal return*	7.07%

* 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 GLI OPEB Liability 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 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.

Sensitivity of the University's and College's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the university's and college's proportionate share of the net GLI OPEB Liability using the discount rate of 6.75%, as well as what the university's and college'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:

(\$ thousands)	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
The university's and college's proportionate share of the Group			
Life Insurance Program	\$ 15,843	\$ 10,188	\$ 5,619
Net OPEB liability			

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

The university and college reported \$108,474 in payables to the VRS Group Life Insurance OPEB plan.

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.

The specific information about the State Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS

Eligible Employees

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.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.
-

Benefit Amounts

The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

- *At Retirement:* For State employees who retire, the monthly benefit is \$4.25 per year of service per month with no cap on the benefit amount.
- *Disability Retirement:* 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. 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. 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.

Health Insurance Credit Program Notes:

- The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount.
- 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.

Contributions

The contribution requirement for active employees 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 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 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 the university and college to the VRS State Employee Health Insurance Credit Program were \$2,721,659 and \$2,611,631 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. The university's proportionate share of these special contributions were reported as non-operating revenue on the Other non-operating revenue line.

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 the university and college reported a liability of \$18,270,643 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. The university's and college's proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on the university's and college'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, the university's and college's proportion of the VRS State Employee Health Insurance Credit Program was 2.18% for William & Mary, 0.30% for VIMS, and 0.09% for RBC as compared to 2.20% for William & Mary, 0.29% for VIMS, and 0.10% for RBC at June 30, 2023.

For the year ended June 30, 2025, the university and college recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$1,230,555. 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.

At June 30, 2025, the university and college reported deferred outflows of resources and deferred inflows of resources related to the VRS State Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	-	1,444,997
Net difference between projected and actual earnings on State HIC OPEB program investments	-	61,841
Change in assumptions	294,325	-
Changes in proportionate share and differences between actual and expected contributions	109,222	689,086
Employer contributions subsequent to the measurement date	2,721,659	
Total	\$ 3,125,206	\$ 2,195,924

The university and college had \$2,721,659 reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from the university's and college's contributions subsequent to the measurement date that will be recognized as a reduction of the Net State Employee HIC 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 State Employee HIC OPEB will be recognized in the State Employee HIC OPEB expense in future reporting periods as follows:

Year ended June 30

(\$ thousands)

FY 2026	\$	(641)
FY 2027	\$	(456)
FY 2028	\$	(423)
FY 2029	\$	(213)
FY 2030	\$	(60)
Thereafter	\$	-

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 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. 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

Net State Employee HIC OPEB Liability

The net OPEB liability (NOL) for the State Employee Health Insurance Credit Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the VRS State Employee Health Insurance Credit Program are as follows (amounts expressed in thousands):

	State Employee HIC OPEB Plan
Total State Employee HIC OPEB Liability	\$ 1,094,073
Plan Fiduciary Net Position	<u>384,820</u>
State Employee Net HIC OPEB Liability (Asset)	<u>\$ 709,253</u>

Plan Fiduciary Net Position as a Percentage of the Total State Employee HIC OPEB Liability	35.17%
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The total State Employee HIC OPEB liability is calculated by the System’s actuary, and the plan’s fiduciary net position is reported in the System’s financial statements. The net State Employee HIC OPEB liability 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

The long-term expected rate of return on 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:

* 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%.

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
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 Partnership	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%
Total	100.00%		7.07%
		Expected arithmetic nominal return*	7.07%

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 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 the university and college 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.

Sensitivity of the University's and College's Proportionate Share of the State Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the university's and college'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 the university's and college'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:

(\$ thousands)	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
The university's and college's proportionate share of the VRS State Employee HIC OPEB Plan	\$ 20,944	\$ 18,271	\$ 15,976
Net HIC OPEB Liability			

State Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS State Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, 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

The university and college reported \$114,452 in payables to the Health Insurance Credit Program OPEB Plan.

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 Disability Insurance Program OPEB, including eligibility, coverage and benefits is set out in the table below:

VSDP PLAN PROVISIONS

Eligible Employees

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.

Eligible employees are enrolled automatically upon employment. They include:

- 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).
- 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.
- 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.

Benefit Amounts

The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:

- *Leave:* Sick, family and personal leave. Eligible leave benefits are paid by the employer.
 - *Short-Term Disability:* 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.
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- *Long-Term Disability (LTD)*: 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.
 - *Income Replacement Adjustment*: The program provides for an income replacement adjustment to 80% for catastrophic conditions.
 - *VSDP Long-Term Care Plan*: The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.
-

Disability Insurance Program (VSDP) Plan Notes:

- 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.
 - 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 to five years of VSDP benefits.
 - 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.
-

Cost-of-Living Adjustment (COLA)

- 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.
 - 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%).
 - 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%).
 - 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.
 - 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%.
 - For participating full-time employees receiving supplemental (work-related) disability benefits, 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.
 - 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%.
-

Contributions

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 the 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 the university and college were \$453,953 and \$502,319 for the years ended June 30, 2025, and June 30, 2024, respectively.

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

At June 30, 2025, the university and college reported a liability (asset) of (\$5,201,228) for their 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. The university's and college's proportion of the Net VSDP OPEB Liability (Asset) was based on the agency'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, the university's and college's proportion was 1.15% for William & Mary, 0.23% for VIMS, and 0.09% for RBC as compared to 1.10% for William & Mary, 0.22% for VIMS, and 0.08% for RBC at June 30, 2023.

For the year ended June 30, 2025, the university and college recognized VSDP OPEB expense of \$63,930. 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, the university and college reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	232,558	572,130
Net difference between projected and actual earnings on VSDP OPEB program investments	-	248,025
Change in assumptions	6,826	16,882
Changes in proportionate share	51,518	460,833
Employer contributions subsequent to the measurement date	453,953	
Total	\$ 744,855	\$ 1,297,870

The university and college had \$453,953 reported as deferred outflows of resources related to the VSDP OPEB resulting from the university's and college's contributions subsequent to the measurement date that will be recognized as an adjustment of the Net VSDP OPEB Liability (Asset) in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB will be recognized in VSDP OPEB expense in future reporting periods as follows:

Year ended June 30

(\$ thousands)

FY 2026	\$	(381)
FY 2027	\$	(121)
FY 2028	\$	(153)
FY 2029	\$	(134)
FY 2030	\$	(84)
Thereafter	\$	(134)

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	3.5% – 5.35%
SPORS employees	3.5% – 4.75%
VaLORS employees	3.5% – 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
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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 service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net VSDP OPEB Liability (Asset)

The net OPEB asset (NOA) for the Disability Insurance Program (VSDP) 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, NOA amounts for the Disability Insurance Program (VSDP) are as follows (amounts expressed in thousands):

**Virginia Sickness
and Disability
Program**

Total VSDP OPEB Liability	339,007
Plan Fiduciary Net Position	692,870
VSDP Net OPEB Liability (Asset)	\$ (353,863)

Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability 204.38%

The total VSDP 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 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

The long-term expected rate of return on 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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
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 Partnership	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%
Total	100.00%		7.07%
	Expected arithmetic nominal return*		7.07%

* 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 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 the University's and College's Proportionate Share of the Net VSDP OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the university's and college's proportionate share of the net VSDP OPEB liability (asset) using the discount rate of 6.75%, as well as what the university's and college'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:

(\$ thousands)	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
The university's and college's proportionate share of the total VSDP Net OPEB Liability (Asset)	\$ (4,844)	\$ (5,201)	\$ (5,518)

VSDP OPEB Fiduciary Net Position

Detailed information about the Disability Insurance Program (VSDP) Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Disability Insurance Program (VSDP) OPEB Plan

The university and college reported \$13,393 in payables to the VSDP OPEB Plan.

General Information about the Line of Duty Act Program

Plan Description

All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty 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) are automatically covered by the Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

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

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS

Eligible Employees

The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.

Benefit Amounts

LODA provides death and health insurance benefits for eligible individuals:

Death: The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:

- \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
- \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. The benefit will be \$75,000 for approved presumptive deaths occurring on or after January 1, 2025.
- An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

Health Insurance: The LODA program provides health insurance benefits.

- The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.
-

Contributions

The contribution requirements for the LODA Program are governed by § 9.1-400.1 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 LODA Program for the year ended June 30, 2025, was \$1,015.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the university and college were \$36,531 and \$28,254 for the years ended June 30, 2025, and June 30, 2024, respectively.

Line of Duty Act Program (LODA) OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2025, the university and college reported a liability of \$736,774 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB Liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The university's and college's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the university's and college's proportion was 0.13% for William & Mary, and 0.06% for RBC as compared to 0.10% for William & Mary, and 0.06% for RBC at June 30, 2023.

For the year ended June 30, 2025 the university and college recognized LODA OPEB expense of \$113,591. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2025, the university and college reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	25,635	179,972
Net difference between projected and actual earnings on LODA OPEB program investments	-	2,436
Change in assumptions	135,817	148,390
Change in proportionate share	313,641	259,514
Employer contributions subsequent to the measurement date	36,531	
Total	<u>\$ 511,624</u>	<u>\$ 590,312</u>

The university and college had \$36,531 reported as deferred outflows of resources related to the LODA OPEB resulting from the university's and college's contributions subsequent to the measurement date that will be recognized as a reduction of the Net LODA 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 LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

Year ended June 30

(\$ thousands)

FY 2026	\$	8
FY 2027	\$	8
FY 2028	\$	3
FY 2029	\$	2
FY 2030	\$	(34)
Thereafter	\$	(103)

Actuarial Assumptions

The total LODA 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	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A

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 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

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 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 service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Mortality rates – Largest 10 Locality Employers With Public Safety 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 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

Mortality rates – Non-Largest 10 Locality Employers With Public Safety 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 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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program (LODA) 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, NOL amounts for the Line of Duty Act Program (LODA) are as follows (amounts expressed in thousands):

Total LODA OPEB Liability	\$ 398,395
Plan Fiduciary Net Position	<u>4,841</u>
LODA Net OPEB Liability (Asset)	<u><u>\$ 393,554</u></u>

Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%
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The total LODA 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 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

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.97% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2024.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.97%. 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 LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the University’s and College’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate

The following presents the university’s and college’s proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the university’s and college’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.97%) or one percentage point higher (4.97%) than the current rate:

(\$ thousands)	1.00% Decrease 2.97%	Current Discount Rate 3.97%	1.00% Increase 4.97%
The university's and college's proportionate share of the LODA Net OPEB Liability	\$ 817	\$ 737	\$ 668

Sensitivity of the University’s and College’s Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the Line of Duty Act Program (LODA) contains provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the university’s and college’s proportionate share of the net LODA OPEB liability using health care trend rate of 7.25% decreasing to 4.25%, as well as what the university’s and college’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

(\$ thousands)	1.00% Decrease (6.25% decreasing to 3.25%)	Current Trend Rate (7.25% decreasing to 4.25%)	1.00% Increase (8.25% decreasing to 5.25%)
The university's and college's proportionate share of the LODA Net OPEB Liability	\$ 628	\$ 737	\$ 871

LODA OPEB Plan Fiduciary Net Position

Detailed information about the Line of Duty Act Program (LODA) Fiduciary Net Position is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2024-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

General Information about the Pre-Medicare Retiree Healthcare Plan

Plan Description

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.

The following are eligibility requirements for Virginia Retirement System retirees:

- You are a retired 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 benefits 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.

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
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 the 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% to 3.93% 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.

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

On June 30, 2025 the university and college reported a liability of \$9,879,378 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. The covered employer’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, the university's and college's proportion was 2.7712% as compared to 2.7418% at June 30, 2023. For the year ended June 30, 2025, the university and college recognized Pre-Medicare Retiree Healthcare OPEB expense (gain) of (\$2,802,894).

On June 30, 2025, the university and college reported deferred outflows of resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

	Deferred Outflows	Deferred Inflows
(1) Difference between actual and expected experience	\$ 198,047	\$ 1,189,361
(2) Change in assumptions	193,719	3,476,566
(3) Changes in proportion	556,890	334,728
(4) Rounding adjustment	-	-
(5) Subtotal	<u>948,656</u>	<u>5,000,655</u>
(6) Amounts associated with transactions subsequent to the measurement date	<u>898,717</u>	<u>-</u>
(7) Total	<u><u>\$ 1,847,373</u></u>	<u><u>\$ 5,000,655</u></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 \$898,717. 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:

Year ended June 30

(\$ thousands)

FY 2026	\$ (2,161)
FY 2027	\$ (1,321)
FY 2028	\$ (614)
FY 2029	\$ 30
FY 2030	\$ 14
Thereafter	\$ -

Sensitivity of the University's and College's Proportionate Share of the OPEB Liability to Changes in the Discount Rate

The following presents the university's and college's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using the discount rate of 3.93%, as well as what the university's and college'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%) or one percentage point higher (4.93%) than the current rate:

(\$ thousands)	<u>1.00% Decrease (2.93%)</u>	<u>Current Rate (3.93%)</u>	<u>1.00% Increase (4.93%)</u>
OPEB Liability	\$ 10,481	\$ 9,879	\$ 9,309

Sensitivity of the University's and College's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the university's and college's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using healthcare cost trend rate of 7.50% decreasing to 4.50%, as well as what the university's and college'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% decreasing to 3.50%) or one percentage point higher (8.50% decreasing to 5.50%) than the current rate:

(\$ thousands)	1.00% Decrease (6.50% decreasing to 3.50%)	Trend Rate (7.50% decreasing to 4.50%)	1.00% Increase (8.50% decreasing to 5.50%)
OPEB Liability	\$ 8,979	\$ 9,879	\$ 10,924

17. CONTINGENCIES

Grants and Contracts

The university and college receive assistance from non-state grantor agencies in the form of grants and contracts. Entitlement to these resources is conditional upon compliance with the terms and conditions of the agreements, including the expenditure of resources for eligible purposes. Substantially all grants and contracts are subject to financial and compliance audits by the grantors. Any disallowances as a result of these audits become a liability. As of June 30, 2025, the university and college estimate that no material liabilities will result from such audits.

Litigation

Neither the university nor college are involved in any litigation at this time.

18. RISK MANAGEMENT

The university and college are 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. The university and college participate in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and worker's compensation plans 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 bond, automobile, and air and watercraft plans. The university and college pay premiums to each of these departments for their insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report.

19. SUBSEQUENT EVENTS

Effective July 1, 2025, Richard Bland College established its own governing board. With their own independent governance structure, RBC will no longer be in the university's consolidated financial statements.

**Required Supplementary Information (RSI)
For the Fiscal Year Ended June 30, 2025**

Required Supplementary Information (RSI)
Cost-Sharing Employer Plans – VRS State Employee Retirement Plan
And VaLORS Retirement Plan
For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Net Pension Liability
VRS State Employee Retirement Plan
For the Measurement Dates of June 30, 2015 through 2024

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	1.91%	\$ 94,151,987	\$ 97,933,808	96.14%	83.45%
2023	1.85%	\$ 93,846,827	\$ 86,677,372	108.27%	82.19%
2022	1.79%	\$ 81,147,404	\$ 76,274,260	106.39%	83.26%
2021	1.80%	\$ 65,307,546	\$ 73,551,165	88.79%	86.44%
2020	1.84%	\$ 133,222,066	\$ 76,741,332	173.60%	72.15%
2019	1.88%	\$ 119,007,516	\$ 75,292,682	158.06%	75.13%
2018	1.90%	\$ 103,164,000	\$ 75,543,886	136.56%	77.39%
2017	1.94%	\$ 112,835,000	\$ 69,557,841	162.22%	75.33%
2016	1.93%	\$ 127,302,000	\$ 73,645,076	172.86%	71.29%
2015	1.87%	\$ 114,809,000	\$ 70,307,029	163.30%	72.81%

Schedule of Employer's Share of Net Pension Liability
VaLORS Employee Retirement Plan
For the Measurement Dates of June 30, 2015 through 2024

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.49%	\$ 3,274,500	\$ 1,950,248	167.90%	75.70%
2023	0.49%	\$ 3,146,620	\$ 1,743,013	180.53%	74.91%
2022	0.43%	\$ 2,717,207	\$ 1,452,662	187.05%	74.41%
2021	0.39%	\$ 2,048,550	\$ 1,370,744	149.45%	78.18%
2020	0.37%	\$ 2,902,582	\$ 1,372,067	211.55%	65.74%
2019	0.37%	\$ 2,579,656	\$ 1,296,489	198.97%	68.31%
2018	0.33%	\$ 2,077,000	\$ 1,032,174	201.23%	69.56%
2017	0.34%	\$ 2,192,000	\$ 1,147,028	191.10%	67.22%
2016	0.28%	\$ 2,180,000	\$ 1,048,421	207.93%	61.01%
2015	0.28%	\$ 1,968,000	\$ 989,861	198.82%	62.64%

**Schedule of Employer Contributions
VRS State Employee Retirement Plan
For the Years Ended June 30, 2016 through 2025**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll*
2025	14,471,391	14,471,391	-	115,586,191	12.52%
2024	14,156,691	14,156,691	-	97,933,808	14.46%
2023	12,533,548	12,533,548	-	86,677,372	14.46%
2022	11,029,258	11,029,258	-	76,274,260	14.46%
2021	10,635,498	10,635,498	-	73,551,165	14.46%
2020	10,375,428	10,375,428	-	76,741,332	13.52%
2019	10,172,038	10,172,038	-	75,292,682	13.51%
2018	10,190,870	10,190,870	-	75,543,886	13.49%
2017	9,383,353	9,383,353	-	69,557,841	13.49%
2016	10,163,204	10,163,204	-	73,645,076	13.80%

**Schedule of Employer Contributions
VaLORS Employee Retirement Plan
For the Years Ended June 30, 2016 through 2025**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll*
2025	519,924	519,924	-	2,113,514	24.60%
2024	479,761	479,761	-	1,950,248	24.60%
2023	422,846	422,846	-	1,743,013	24.26%
2022	318,133	318,133	-	1,452,662	21.90%
2021	300,193	300,193	-	1,370,744	21.90%
2020	296,504	296,504	-	1,372,067	21.61%
2019	267,451	267,451	-	1,296,489	20.63%
2018	217,273	217,273	-	1,032,174	21.05%
2017	241,450	241,450	-	1,147,028	21.05%
2016	196,427	196,427	-	1,048,421	18.74%

* Rate includes contributions (mandatory and match on voluntary) to the defined contribution portion of the hybrid plan for fiscal years 2024-2016.

**Notes to Required Supplementary Information
For the Year Ended June 30, 2025**

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: 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 for the VRS - State Employee Retirement Plan 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

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

Required Supplementary Information (RSI)
Cost-Sharing Employer Plans – Group Life Insurance Program
For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program (GLI)
For the Measurement Dates of June 30, 2017 through 2024

	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability
2024	0.91%	\$ 10,187,587	\$ 230,972,037	4.41%	73.41%
2023	0.90%	\$ 10,816,128	\$ 210,648,889	5.13%	69.30%
2022	0.91%	\$ 11,000,505	\$ 193,597,407	5.68%	67.21%
2021	0.93%	\$ 10,776,496	\$ 186,345,000	5.78%	67.45%
2020	0.95%	\$ 15,801,876	\$ 195,662,692	8.08%	52.64%
2019	0.95%	\$ 15,428,924	\$ 187,141,287	8.24%	52.00%
2018	0.98%	\$ 14,867,000	\$ 184,013,488	8.08%	51.22%
2017	0.96%	\$ 14,527,000	\$ 175,510,982	8.28%	48.86%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

Schedule of Employer Contributions
For the Years Ended June 30, 2018 through 2025

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	1,158,435	1,158,435	-	246,475,532	0.47%
2024	1,247,249	1,247,249	-	230,972,037	0.54%
2023	1,137,504	1,137,504	-	210,648,889	0.54%
2022	1,045,426	1,045,426	-	193,597,407	0.54%
2021	1,006,263	1,006,263	-	186,345,000	0.54%
2020	1,008,969	1,008,969	-	195,662,692	0.52%
2019	967,560	967,560	-	187,141,287	0.52%
2018	965,839	965,839	-	184,013,488	0.52%

Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

**Notes to the Required Supplementary Information
For the Year Ended June 30, 2025**

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: 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:

General State Employees

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

Teachers

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

SPORS Employees

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

VaLORS Employees

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

JRS Employees

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

Largest 10 Locality Employers – General Employees

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

Non-Largest 10 Locality Employers – General Employees

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

Largest 10 Locality Employers – Hazardous Duty Employees

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

Non-Largest 10 Locality Employers – Hazardous Duty Employees

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

Required Supplementary Information (RSI)
Cost-Sharing Employer Plans –
VRS State Employee Health Insurance Credit Program
For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Net OPEB Liability
Health Insurance Credit Program (HIC)
For the Measurement Dates of June 30, 2017 through 2024

	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability
2024	2.58%	\$ 18,270,643	\$ 233,181,339	7.84%	35.17%
2023	2.58%	\$ 21,234,967	\$ 212,179,554	10.01%	25.46%
2022	2.62%	\$ 21,429,724	\$ 194,642,143	11.01%	21.52%
2021	2.65%	\$ 22,341,478	\$ 187,531,875	11.91%	19.75%
2020	2.70%	\$ 24,762,572	\$ 192,063,932	12.89%	12.02%
2019	2.72%	\$ 25,086,861	\$ 186,449,156	13.46%	10.56%
2018	2.77%	\$ 25,184,000	\$ 183,775,112	13.70%	9.51%
2017	2.75%	\$ 25,046,000	\$ 175,302,286	14.29%	8.03%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

Schedule of Employer Contributions
For the Years Ended June 30, 2018 through 2025

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	2,721,659	2,721,659	-	243,005,268	1.12%
2024	2,611,631	2,611,631	-	233,181,339	1.12%
2023	2,376,411	2,376,411	-	212,179,554	1.12%
2022	2,179,992	2,179,992	-	194,642,143	1.12%
2021	2,100,357	2,100,357	-	187,531,875	1.12%
2020	2,247,148	2,247,148	-	192,063,932	1.17%
2019	2,153,476	2,153,476	-	186,449,156	1.15%
2018	2,171,883	2,171,883	-	183,775,112	1.18%

Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

**Notes to Required Supplementary Information
For the Year Ended June 30, 2025**

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: 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:

General State Employees:

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

SPORS Employees:

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

VaLORS Employees:

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

JRS Employees:

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

Required Supplementary Information (RSI)
Cost-Sharing Employer Plans – Disability Insurance Program (VSDP)
For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Net OPEB Liability (Asset)

Disability Insurance Program (VSDP)

For the Measurement Dates of June 30, 2017 through 2024

	Employer's Proportion of the Net VSDP OPEB Liability (Asset)	Employer's Proportionate Share of the Net VSDP OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability
2024	(1.47%)	\$ (5,201,228)	\$ 82,347,377	(6.32%)	204.38%
2023	(1.39%)	\$ (4,401,573)	\$ 69,339,672	(6.35%)	199.05%
2022	(1.28%)	\$ (3,784,533)	\$ 57,240,492	(6.61%)	195.90%
2021	(1.26%)	\$ (4,326,449)	\$ 52,731,475	(8.20%)	229.01%
2020	(1.28%)	\$ (2,816,953)	\$ 54,069,516	(5.21%)	181.88%
2019	(1.31%)	\$ (2,563,781)	\$ 62,759,406	(4.09%)	167.18%
2018	(1.32%)	\$ (2,969,000)	\$ 48,325,541	(6.14%)	194.74%
2017	(1.40%)	\$ (2,878,000)	\$ 50,320,184	(5.72%)	186.63%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

Schedule of Employer Contributions

For the Years Ended June 30, 2018 through 2025

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	453,953	453,953	-	90,790,600	0.50%
2024	502,319	502,319	-	82,347,377	0.61%
2023	422,972	422,972	-	69,339,672	0.61%
2022	349,167	349,167	-	57,240,492	0.61%
2021	321,662	321,662	-	52,731,475	0.61%
2020	335,231	335,231	-	54,069,516	0.62%
2019	403,834	403,834	-	62,759,406	0.64%
2018	415,658	415,658	-	48,325,541	0.86%

Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

**Notes to the Required Supplementary Information
For the Year Ended June 30, 2025**

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: 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:

General State Employees:

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

SPORS Employees:

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

VaLORS Employees:

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 service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Required Supplementary Information (RSI)
Cost-Sharing Employer Plans – Line of Duty Act Program (LODA)
For the Fiscal Year Ended June 30, 2025

Schedule of Employer's Share of Net OPEB Liability
Line of Duty Act Program (LODA)
For the Measurement Dates of June 30, 2017 through 2024

	Employer's Proportion of the Net LODA OPEB Liability (Asset)	Employer's Share of the Net LODA OPEB Liability (Asset)	Covered- Employee Payroll *	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered - Employee Payroll *	Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability
2024	0.19%	\$ 736,774	\$ 2,074,448	35.52%	1.22%
2023	0.16%	\$ 659,158	\$ 1,879,239	35.08%	1.31%
2022	0.23%	\$ 853,757	\$ 1,688,028	50.58%	1.87%
2021	0.22%	\$ 987,953	\$ 1,656,440	59.64%	1.68%
2020	0.21%	\$ 870,005	\$ 1,599,753	54.38%	1.02%
2019	0.12%	\$ 415,044	\$ 1,195,615	34.71%	0.79%
2018	0.13%	\$ 418,000	\$ 1,336,159	31.28%	0.60%
2017	0.12%	\$ 318,000	\$ 1,246,761	25.51%	1.30%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

* The contributions for the Line of Duty Act Program are based on the number of participants in the program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

**Schedule of Employer Contributions
For the Years Ended June 30, 2018 through 2025**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll *	Contributions as a % of Covered- Employee Payroll *
2025	36,531	36,531	-	2,254,241	1.62%
2024	28,254	28,254	-	2,074,448	1.36%
2023	21,819	21,819	-	1,879,239	1.16%
2022	30,960	30,960	-	1,688,028	1.83%
2021	30,845	30,845	-	1,656,440	1.86%
2020	28,231	28,231	-	1,599,753	1.76%
2019	15,527	15,527	-	1,195,615	1.30%
2018	14,184	14,184	-	1,336,159	1.06%

Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.

* The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

**Notes to Required Supplementary Information
For the Year Ended June 30, 2025**

Changes of benefit terms: There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions: 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 are as follows:

General State Employees:

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

SPORS Employees:

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

VaLORS Employees:

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 service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change

Employees in the Largest 10 Locality Employers With Public Safety Employees:

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

Employees in the Non-Largest 10 Locality Employers With Public Safety Employees:

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

**Required Supplementary Information
Commonwealth of Virginia State Health Plans Program
For Pre-Medicare Retirees
For the Fiscal Year Ended June 30, 2025**

**Schedule of Employer's Share of Total OPEB Liability
Pre-Medicare Retiree Healthcare Plan
For the Measurement Dates of June 30, 2017 through 2024**

	Employer's proportion of the collective total OPEB liability	Employer's proportionate share of the collective total OPEB liability	Employer's covered- employee payroll	Employer's proportionate share of the collective total OPEB liability as a percentage of its
2024	2.77%	\$ 9,879,378	\$ 234,055,725	4.22%
2023	2.74%	\$ 9,648,841	\$ 212,239,049	4.55%
2022	2.71%	\$ 9,835,350	\$ 198,772,947	4.95%
2021	2.71%	\$ 12,177,779	\$ 191,751,172	6.35%
2020	2.75%	\$ 15,649,124	\$ 183,749,331	8.52%
2019	2.73%	\$ 18,500,393	\$ 184,310,602	10.04%
2018	2.72%	\$ 27,308,565	\$ 179,447,798	15.22%
2017	2.67%	\$ 34,705,511	\$ 167,819,342	20.68%

Schedule is intended to show information for 10 years. Since 2024 is the eighth year for this presentation, only eight years of data is available. However, additional years will be included as they become available.

**Notes to Required Supplementary Information
For the Fiscal Year Ended June 30, 2025**

There are no assets accumulated in a trust to pay related benefits.

Changes of benefit terms – There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions – There were not any changes in assumptions since the 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% to 3.93% based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date of June 30, 2024.

William & Mary, Virginia Institute of Marine Science and Richard Bland College - Optional Supplementary Information
Combining Statement of Net Position
As of June 30, 2025

ASSETS	W&M and VIMS	RBC	Combined
Current assets:			
Cash and cash equivalents	\$ 154,290,094	\$ 1,488,272	\$ 155,778,366
Investments	41,807,892	-	41,807,892
Appropriation available	1,563,281	-	1,563,281
Receivables, net of allowance for doubtful accounts	28,175,212	1,445,220	29,620,432
Notes receivable	81,886	-	81,886
Due from Commonwealth	3,446,882	-	3,446,882
Inventories	529,896	-	529,896
Prepaid expenses	3,216,630	212,599	3,429,229
Total current assets	233,111,773	3,146,091	236,257,864
Non-current assets:			
Restricted cash and cash equivalents	26,480,635	23,083	26,503,718
Restricted investments	105,453,502	500,344	105,953,846
Investments	123,422,205	-	123,422,205
Appropriation available related to capital projects	38,414,284	271,257	38,685,541
Receivables	5,735,782	-	5,735,782
Notes receivable, net of allowance for doubtful accounts	173,017	-	173,017
Capital assets, nondepreciable	266,832,699	606,069	267,438,768
Capital assets, net of accumulated depreciation and amortization	993,609,694	53,496,669	1,047,106,363
Other restricted assets	4,889,262	311,966	5,201,228
Total non-current assets	1,565,011,080	55,209,388	1,620,220,468
Total assets	1,798,122,853	58,355,479	1,856,478,332
Deferred outflows of resources	42,358,024	2,952,891	45,310,915
Total assets and deferred outflows of resources	1,840,480,877	61,308,370	1,901,789,247
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	69,840,548	1,779,697	71,620,245
Unearned revenue	19,813,125	122,631	19,935,756
Deposits held in custody for others	610,496	240,586	851,082
Obligations under securities lending program	-	12,891	12,891
Long-term liabilities-current portion	38,182,181	2,781,114	40,963,295
Other liabilities	28,406	-	28,406
Total current liabilities	128,474,756	4,936,919	133,411,675
Long-term liabilities-non-current portion	462,570,914	27,252,166	489,823,080
Total liabilities	591,045,670	32,189,085	623,234,755
Deferred inflows of resources	44,220,932	1,768,840	45,989,772
Total liabilities and deferred inflows of resources	635,266,602	33,957,925	669,224,527
NET POSITION			
Net investment in capital assets	987,224,717	31,230,526	1,018,455,243
Restricted for:			
Nonexpendable:			
Scholarships and fellowships	11,439,896	236,118	11,676,014
Departmental uses	53,926,617	-	53,926,617
Expendable:			
Scholarships and fellowships	7,925,704	531,424	8,457,128
Research	4,061,173	-	4,061,173
Debt service	147,503	-	147,503
Capital projects	22,007,484	271,257	22,278,741
Loans	243,546	-	243,546
Departmental uses	20,637,942	2,139,149	22,777,091
Unrestricted	97,599,693	(7,058,029)	90,541,664
Total net position	\$ 1,205,214,275	\$ 27,350,445	\$ 1,232,564,720

William & Mary, Virginia Institute of Marine Science and Richard Bland College - Optional Supplementary Information
Combining Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2025

	W&M and VIMS	RBC	Combined
Operating revenues:			
Student tuition and fees, net of scholarship allowances of \$70,597,734 and \$1,960,065	\$ 208,622,738	\$ 3,998,323	\$ 212,621,061
Federal grants and contracts	56,458,815	438,485	56,897,300
State grants and contracts	4,268,180	80,730	4,348,910
Local grants and contracts	183,575	52,500	236,075
Nongovernmental grants and contracts	11,331,821	-	11,331,821
Auxiliary enterprises, net of scholarship allowances of \$16,949,638 and \$2,374,576	121,096,296	4,843,880	125,940,176
Other	12,919,859	76,875	12,996,734
Total operating revenues	<u>414,881,284</u>	<u>9,490,793</u>	<u>424,372,077</u>
Operating expenses:			
Instruction	162,081,080	8,099,138	170,180,218
Research	85,605,144	2,384,420	87,989,564
Public service	299,982	-	299,982
Academic support	65,985,469	1,485,724	67,471,193
Student services	18,832,960	3,737,062	22,570,022
Institutional support	67,378,955	5,059,781	72,438,736
Operation and maintenance of plant	35,932,335	3,629,364	39,561,699
Student aid	12,371,944	552,109	12,924,053
Auxiliary enterprises	100,283,125	5,247,367	105,530,492
Depreciation and amortization	54,715,087	3,519,446	58,234,533
Other	290,402	-	290,402
Total operating expenses	<u>603,776,483</u>	<u>33,714,411</u>	<u>637,490,894</u>
Operating loss	<u>(188,895,199)</u>	<u>(24,223,618)</u>	<u>(213,118,817)</u>
Non-operating revenues/(expenses):			
State appropriations	133,824,647	18,006,029	151,830,676
Gifts	57,580,010	269,064	57,849,074
Net investment income	24,174,743	112,690	24,287,433
Pell grant revenue	6,613,040	3,331,015	9,944,055
Interest expense	(9,996,160)	(641,765)	(10,637,925)
Other non-operating revenue	6,389,912	228,934	6,618,846
Other non-operating expense	(4,346,202)	(1,001,954)	(5,348,156)
Net non-operating revenues	<u>214,239,990</u>	<u>20,304,013</u>	<u>234,544,003</u>
Income/(loss) before other revenues, expenses, gains or losses	<u>25,344,791</u>	<u>(3,919,605)</u>	<u>21,425,186</u>
Capital appropriations	56,196,129	906,439	57,102,568
Capital grants and contributions	26,661,418	-	26,661,418
Loss on disposal of assets	(633,908)	(34,983)	(668,891)
Net other revenues, expenses, gains or losses	<u>82,223,639</u>	<u>871,456</u>	<u>83,095,095</u>
Increase/(Decrease) in net position	<u>107,568,430</u>	<u>(3,048,149)</u>	<u>104,520,281</u>
Net position - beginning of year, as previously stated	1,099,893,039	30,398,594	1,130,291,633
Adjustments	<u>(2,247,194)</u>	<u>-</u>	<u>(2,247,194)</u>
Net position - end of year	<u>\$ 1,205,214,275</u>	<u>\$ 27,350,445</u>	<u>\$ 1,232,564,720</u>



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

February 23, 2026

The Honorable Abigail Spanberger
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
The College of William and Mary in Virginia

Katherine A. Rowe
President, The College of William and Mary in Virginia

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of **The College of William and Mary in Virginia** (the University), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the aggregate discretely presented component units of the University, which are discussed in Notes 1 and 14. Those statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as it relates to the amounts included for the component units of the University, are based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the component units of the University that were audited by other auditors upon whose reports we are relying were not audited in accordance with Government Auditing Standards.

Emphasis of Matter

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 1 through 9; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information on pages 108 through 111; the Schedule of Employer's Share of Net OPEB Liability (Asset), the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, Disability Insurance and Line of Duty programs on pages 112 through 126; the Schedule of Employer's Share of Total OPEB Liability and the Notes to the Required Supplementary Information for the Pre-Medicare Retiree Healthcare program on page 127. Such information is the responsibility of management and, 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Combining Statement of Net Position and Combining Statement of Revenues, Expenses, and Changes in Net Position are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Net Position and Combining Statement of Revenues, Expenses, and Changes in Net Position are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2026, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

DLR/vks

**William & Mary
June 30, 2025**

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