



# WILLIAM & MARY

CHARTERED 1693

**Audited Consolidated Financial Report  
For The Year Ended June 30, 2024**



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

**ANNUAL FINANCIAL REPORT 2023-2024**

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS**

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(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, 2024 (FY24) and the prior fiscal year ended June 30, 2023 (FY23). 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 FY24. 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, 2024. 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 2024	FY 2023 (Restated)	Dollar Change	Percent Change
<u>Assets:</u>				
Current	\$ 225,462,337	\$ 212,422,305	\$ 13,040,032	6.14%
Capital, net of accumulated depreciation and amortization	1,245,925,501	1,144,066,453	101,859,048	8.90%
Other non-current	281,710,371	261,826,103	19,884,268	7.59%
Total assets	<u>1,753,098,209</u>	<u>1,618,314,861</u>	<u>134,783,348</u>	<u>8.33%</u>
Total deferred outflows of resources	<u>39,477,643</u>	<u>29,346,705</u>	<u>10,130,938</u>	<u>34.52%</u>
<u>Liabilities:</u>				
Current	129,761,572	132,660,169	(2,898,597)	(2.18%)
Non-current	484,272,342	474,389,523	9,882,819	2.08%
Total liabilities	<u>614,033,914</u>	<u>607,049,692</u>	<u>6,984,222</u>	<u>1.15%</u>
Total deferred inflows of resources	<u>48,250,306</u>	<u>43,928,416</u>	<u>4,321,890</u>	<u>9.84%</u>
<u>Net Position:</u>				
Net investment in capital assets	958,440,865	861,855,271	96,585,594	11.21%
Restricted	119,887,625	116,930,338	2,957,287	2.53%
Unrestricted	51,963,142	17,897,849	34,065,293	190.33%
Total net position	<u>\$1,130,291,632</u>	<u>\$ 996,683,458</u>	<u>\$133,608,174</u>	<u>13.41%</u>

The overall result of the combined FY24 operations was a growth in net position of approximately \$133.6 million or an increase of 13.4%, bringing the total net position to \$1.1 billion. The growth was a result of an increase in net investment in capital assets of \$96.6 million, unrestricted funds of \$34.1 million and restricted funds of \$3.0 million.

Total assets increased by \$134.8 million. Capital assets, net of accumulated depreciation and amortization, increased by \$101.9 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 \$19.9 million due to the effect of market conditions on investment performance and an increase in appropriation available for capital projects. The \$10.1 million increase in deferred outflows of resources is primarily due to pension related outflows.

Total liabilities overall increased by \$7.0 million. Non-current liabilities being the primary factor that led to an increase of \$9.9 million offset by a decline in current liabilities of \$2.9 million. Current liabilities decline was a result of outstanding amounts payable for capital projects and vendor payments. The increase of \$4.3 million in deferred inflows of resources is primarily attributed to contractual agreements relating to new accounting standards offset by decreases in actuarial calculations related to pension and OPEB liabilities.

The Statement of Net Position amounts for the fiscal year ended June 30, 2023 are not restated for the beginning balance adjustment of \$5.7 million due to the implementation of Implementation Guide 2021-1, Question 5.1 for group

assets. Per GASB Statement No. 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 2024</u>	<u>FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating revenues	\$ 410,901,059	\$ 394,175,489	\$ 16,725,570	4.24%
Operating expenses	<u>602,637,466</u>	<u>561,262,032</u>	<u>41,375,434</u>	<u>7.37%</u>
Operating gain/(loss)	(191,736,407)	(167,086,543)	(24,649,864)	(14.75%)
Net Non-operating revenues	<u>206,589,743</u>	<u>192,367,499</u>	<u>14,222,244</u>	<u>7.39%</u>
Income/(Loss) before other revenues	14,853,336	25,280,956	(10,427,620)	(41.25%)
Net other revenues	<u>113,014,896</u>	<u>138,307,643</u>	<u>(25,292,747)</u>	<u>(18.29%)</u>
Increase in net position	<u>\$ 127,868,232</u>	<u>\$ 163,588,599</u>	<u>\$ (35,720,367)</u>	<u>(21.84%)</u>

Overall, the result from operations was an increase in net position of \$127.9 million net of \$5.7 million beginning balance adjustment as discussed above. 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 FY24, state appropriations contributed \$127.7 million or 16.4 % of all revenue across the three entities.

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

Operating revenue increased \$16.7 million or 4.2% as compared to the prior year. There was an increase in student tuition and fees of \$9.5 million or 4.4%, due primarily to enrollment growth and tuition increases. Federal, state, local and non-governmental grants and contracts increased \$8.4 million due to new and increased funding offset by decrease in other revenue. 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 offset by capital grants and gifts relating to the progress of ongoing capital projects.

	<u>FY 2024</u>	<u>FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating revenues:				
Student tuition and fees, net of scholarship allowances	\$ 223,857,592	\$ 214,372,950	\$ 9,484,642	4.42%
Federal, state, local and non-governmental grants and contracts	63,361,091	54,929,657	8,431,434	15.35%
Auxiliary enterprise, net of scholarship allowances	112,223,871	111,072,984	1,150,887	1.04%
Other	11,458,505	13,799,898	(2,341,393)	(16.97%)
Total operating revenues	<u>410,901,059</u>	<u>394,175,489</u>	<u>16,725,570</u>	<u>4.24%</u>
Non-operating:				
State appropriations	127,653,956	120,127,742	7,526,214	6.27%
Gifts, investment income and other income and expenses	78,935,787	72,239,757	6,696,030	9.27%
Total non-operating	<u>206,589,743</u>	<u>192,367,499</u>	<u>14,222,244</u>	<u>7.39%</u>
Other revenues, gains and (losses):				
Capital appropriations	89,211,230	128,424,991	(39,213,761)	(30.53%)
Capital grants and gifts	26,800,076	11,540,792	15,259,284	132.22%
Gain/(loss) on disposal of assets	(2,996,410)	(1,658,140)	(1,338,270)	(80.71%)
Total other revenues, gains and (losses)	<u>113,014,896</u>	<u>138,307,643</u>	<u>(25,292,747)</u>	<u>(18.29%)</u>
Total revenues	<u>\$ 730,505,698</u>	<u>\$ 724,850,631</u>	<u>\$ 5,655,067</u>	<u>0.78%</u>

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

<u>Summary of Operating Expenses</u>				
	<u>FY 2024</u>	<u>FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Operating expenses:				
Instruction	\$ 161,773,122	\$ 152,472,784	\$ 9,300,338	6.10%
Research	81,575,867	68,244,440	13,331,427	19.53%
Public service	240,766	201,073	39,693	19.74%
Academic support	59,422,175	53,479,860	5,942,315	11.11%
Student services	19,669,096	24,501,264	(4,832,168)	(19.72%)
Institutional support	62,684,661	60,339,605	2,345,056	3.89%
Operation and maintenance of plant	39,969,933	32,674,958	7,294,975	22.33%
Student aid	22,380,046	19,602,183	2,777,863	14.17%
Auxiliary enterprise	100,505,314	102,499,816	(1,994,502)	(1.95%)
Depreciation and amortization	54,171,055	47,008,369	7,162,686	15.24%
Other operating expenses	245,431	237,680	7,751	3.26%
Total operating expenses	<u>\$ 602,637,466</u>	<u>\$ 561,262,032</u>	<u>\$ 41,375,434</u>	<u>7.37%</u>

For FY24, operating expenses increased by \$41.4 million or 7.4%. The increase was due to salaries, wages and benefit increases, as well as, increases in research expenditures as a result of increases in funding. Operation and maintenance of plant increase due to additional funding for maintenance and reserve expenses.

#### 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.

<u>Summary Statement of Cash Flows</u>				
	<u>FY 2024</u>	<u>FY 2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Cash flows from:				
Operating activities	\$ (156,346,045)	\$ (136,794,154)	\$ (19,551,891)	(14.29%)
Non-capital financing	201,512,994	180,195,100	21,317,894	11.83%
Capital and related financing	(43,798,536)	(13,241,892)	(30,556,644)	(230.76%)
Investing activities	5,097,099	3,108,284	1,988,815	63.98%
Net increase/(decrease) in cash	<u>\$ 6,465,512</u>	<u>\$ 33,267,338</u>	<u>\$ (26,801,826)</u>	<u>(80.56%)</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 24 were: tuition and fees - \$218.9 million, state appropriations - \$127.7 million, auxiliary enterprise revenues - \$113.9 million, research grants and contracts - \$59.2 million and gifts - \$58.0 million

The primary uses of operating cash in FY24 were payments to employees - \$335.9 million representing salaries, wages, and fringe benefits and payments to suppliers of goods and services - \$169.2 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 FY24 were: capital appropriations - \$90.2 million and capital grants and contributions - \$26.6 million. The primary uses of cash were for capital expenditures - \$148.7 million and debt payments - \$34.2 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 FY24.

- ***Projects Completed in FY24*** –Four projects were completed and placed into service in FY24.
  - Fine and Performing Arts Phase I and II,
  - Performing Arts Music Building,
  - Dillard Practice Field,
  - Highland Log House.
- ***Projects in Progress*** - Including the 5 projects highlighted in this document, there are over 47 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:

- Lake Matoaka Dam Spillway Improvement project addresses Virginia dam safety regulations, which require that high risk dams have the capacity to pass off 90% of the flow created by probable maximum precipitation. The capacity will be created by hardening the downstream face of the dam using roller compacted concrete in order to allow passage of flow by overtopping without damage to the earthen embankment.
- 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.

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 will be constructed on the site of the former Millington Hall with completion scheduled for Fall 2025.
- Martha Wren Briggs Center for Visual Arts and Muscarelle Museum Expansion will renovate the existing 19,000 square foot museum and construct a 30,000 square foot addition. This will provide a more modern,

program-oriented facility which will include exhibit space and teaching space. Substantial completion is expected in late 2024.

- 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.

Looking ahead, W&M will continue significant design and construction efforts in the coming year with the Martha Wren Briggs Center for Visual Arts and Muscarelle Museum Expansion coming online in FY25. With continued construction on the Integrative Science Center 4 and Kaplan Arena. Design phases for, Lake Matoaka Dam Spillway and the renovation of the Historic Campus will continue during FY 24. 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 FY24.

- **Project Completed in FY24** –Project completed and placed into service in FY24.
  - The Eastern Shore Laboratory Complex is a new building complex totaling 22,218 square feet that includes a new administration building, education building, visiting scientist/student center, shellfish aquaculture hatchery, maintenance shop, and a storage shop.
- **Projects in Progress - Project under construction in FY24.**
  - 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. Construction is underway.

#### Richard Bland College

The following provides highlights of the capital project in progress in FY24.

- **Project in Progress in FY24** - The Academic Innovation Center project includes new space for active learning, student collaboration, and student engagement as well as access to specialized high-tech equipment for use by faculty and students. The new innovation center will include space for partnership classrooms, regular 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 for students in

every course offered by the college. Construction is underway with an estimated completion date of February 2025.

### 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, 2024, the university and college had \$211.5 million in Bonds Payable and \$100.5 million in Notes Payable, respectively. The university financed \$.6 million in equipment through installment purchases as of June 30, 2024. The college has a Financed Purchase Obligation totaling \$17.1 million. The university and college had several building and equipment long term lease obligations totaling \$28.8 million as well as SBITAs totaling \$7.4 million as of June 30, 2024.

### Economic Outlook

The university's strong economic health continued into FY24 evidenced by the overall growth in net position of \$127.9 million. The university's economic health continues to reflect its strong student demand for a W&M degree, its ability to respond to changes quickly to reallocate funds to the university's highest priorities, and continued funding from the Commonwealth of Virginia. The university remains focused on diversifying sources of revenue that align with its overall strategic direction as well as controlling costs through generating efficiencies and analyzing cost drivers over time. The university has invested in enrollment marketing and career services to further bolster its reputation with students and better reach 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 17,799 students seeking admission for Fall 2024. With an incoming class size of 1,614 undergraduate students, W&M has almost 11 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 FY25, the university's Board of Visitors approved an operating budget assuming a stable incoming class and overall enrollment. The Board took action to approve increases to tuition for FY25 and FY26 of 2.5% for in-state undergraduates and 3.3% for out-of-state undergraduates, the university's two main enrollment revenue drivers. In addition, the BOV approved 3.6% increase to general fees for FY25 and 2.3% for FY26 supporting auxiliary operations. This two-year approval of increases to the university's main revenue source provides greater opportunity for planning and assessment of resource allocations as we go through the FY26 budget process. Summer 2024 revenue is mostly on par with the prior year with some declines in graduate program revenue. The university updates revenue projections throughout the year based upon student billing to ensure that projected resources are available to support allocated expenditure budgets. In addition, the university continues to take a long-term view, allowing it to implement sustained and strategic solutions.

State support for operations is a function of general economic conditions and the priority assigned to higher education among competing demands for Commonwealth resources. 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, included additional funding for Virginia's public higher education institutions. W&M received \$2,750,000 in base funding to support affordable access and degree production, along with \$292,800 in base support for financial aid and over \$3 million to support a state military tuition waiver program that had grown in cost over the past five years. W&M also receives a state share for 3% salary increases and 6.3% health insurance rate increases mandated by the state budget.

As of June 30, 2024, the market value of W&M's total endowment was \$1.5 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.

William & Mary continues to benefit from the generosity of alumni and friends, foundations, and corporations. This year, the university raised more than \$107 million from more than 30,000 donors, the most in a year outside a comprehensive campaign. Alumni remain strongly connected to the 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 and renovation of academic facilities, W&M completed the Fine and Performing Arts Complex, two state-of-the-art educational and performance facilities for its music, theater, dance, and speech programs. 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 Eastern Shore Research Facilities and continuing construction 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.

In the year ahead, William & Mary continues implementing *Vision 2026*, which provides the university's strategic direction for the future and the financial plan to support that direction. The university's continued financial growth and ability to navigate the changing landscape have left it well positioned to take advantage of the opportunities ahead.

## **Consolidated Financial Statements**

**William & Mary, Virginia Institute of Marine Science and Richard Bland College - Consolidated Report**  
**Statement of Net Position**  
**As of June 30, 2024**

<b>ASSETS</b>	<b>University</b>	<b>Component Units</b>
Current assets:		
Cash and cash equivalents (Note 3)	\$ 123,117,473	\$ 31,170,680
Investments (Note 3)	52,041,211	71,943,413
Appropriation available	903,702	-
Receivables, net of allowance for doubtful accounts (Note 5)	33,139,529	11,606,924
Notes receivable (Note 5)	104,484	-
Due from Commonwealth	8,631,442	-
Inventories	637,596	18,981
Pledges receivable	-	26,374,218
Prepaid expenses	6,405,021	1,292,515
Other assets	481,879	17,370
Total current assets	225,462,337	142,424,101
Non-current assets:		
Restricted cash and cash equivalents (Note 3)	27,740,416	3,918,273
Restricted investments (Note 3)	97,678,638	618,308,912
Investments (Note 3)	106,948,376	573,922,734
Appropriation available related to capital projects	40,422,922	-
Receivables (Note 5)	4,239,942	16,138,339
Notes receivable, net of allowance for doubtful accounts (Note 5)	278,504	-
Pledges receivable	-	82,708,502
Capital assets, nondepreciable (Note 6)	312,637,083	16,720,958
Capital assets, net of accumulated depreciation and amortization (Note 6)	933,288,418	28,393,618
Other assets	-	1,881,660
Other restricted assets (Note 16)	4,401,573	221,852,568
Total non-current assets	1,527,635,872	1,563,845,564
Total assets	1,753,098,209	1,706,269,665
Deferred outflows of resources (Note 11)	39,477,643	
Total assets and deferred outflows of resources	1,792,575,852	
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable and accrued expenses (Note 7)	75,690,141	5,609,216
Unearned revenue	16,182,885	376,642
Deposits held in custody for others	891,957	277,160
Obligations under securities lending program	114,424	-
Long-term liabilities-current portion (Note 9)	36,882,165	2,643,262
Short term debt	-	4,501,555
Total current liabilities	129,761,572	13,407,835
Long-term liabilities-non-current portion (Note 9)	484,272,342	153,891,236
Total liabilities	614,033,914	167,299,071
Deferred inflows of resources (Note 11)	48,250,306	
Total liabilities and deferred inflows of resources	662,284,220	
<b>NET POSITION</b>		
Net investment in capital assets	958,440,865	21,529,105
Restricted for:		
Nonexpendable:		
Scholarships and fellowships	11,554,430	226,947,729
Research	-	30,715,306
Loans	-	24,230
Departmental uses	49,098,785	261,758,104
Other	-	280,597,322
Expendable:		
Scholarships and fellowships	10,136,670	200,553,775
Research	3,679,648	20,805,716
Debt service	148,607	-
Capital projects	25,160,838	27,205,596
Loans	331,631	148,183
Departmental uses	19,777,016	298,271,294
Other	-	84,054,733
Unrestricted	51,963,142	86,359,501
Total net position	\$ 1,130,291,632	\$ 1,538,970,594

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, 2024**

	University	Component Units
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$52,756,091	\$ 223,857,592	\$ -
Gifts and contributions	-	40,768,224
Federal grants and contracts	48,287,186	-
State grants and contracts	4,565,184	-
Local grants and contracts	105,025	-
Nongovernmental grants and contracts	10,403,696	-
Auxiliary enterprises, net of scholarship allowances of \$25,858,959	112,223,871	-
Other	11,458,505	6,611,650
Total operating revenues	<u>410,901,059</u>	<u>47,379,874</u>
Operating expenses: (Note 12)		
Instruction	161,773,122	8,214,465
Research	81,575,867	2,691,739
Public service	240,766	121,227
Academic support	59,422,175	6,864,065
Student services	19,669,096	1,150,342
Institutional support	62,684,661	22,359,011
Operation and maintenance of plant	39,969,933	24,665,856
Student aid	22,380,046	20,299,758
Auxiliary enterprises	100,505,314	9,081,099
Depreciation and amortization	54,171,055	1,068,776
Other	245,431	5,818,316
Total operating expenses	<u>602,637,466</u>	<u>102,334,654</u>
Operating loss	<u>(191,736,407)</u>	<u>(54,954,780)</u>
Non-operating revenues/(expenses):		
State appropriations (Note 13)	127,653,956	-
Gifts	57,975,926	-
Net investment income	19,948,868	90,812,947
Pell grant revenue	7,619,300	-
Coronavirus relief funds - CARES, CRRSAA and ARP acts	60,183	-
Interest expense	(9,280,951)	(1,057,825)
Other non-operating revenue	6,900,676	19,581,030
Other non-operating expense	(4,288,215)	-
Net non-operating revenues	<u>206,589,743</u>	<u>109,336,152</u>
Income/(loss) before other revenues, expenses, gains or losses	<u>14,853,336</u>	<u>54,381,372</u>
Capital appropriations	89,211,230	-
Capital grants and contributions	26,800,076	41,839,695
Loss on disposal of assets	(2,996,410)	-
Additions to permanent endowments	-	78,810,794
Net other revenues, expenses, gains or losses	<u>113,014,896</u>	<u>120,650,489</u>
Increase/(Decrease) in net position	127,868,232	175,031,861
Net position - beginning of year, as previously stated	997,097,998	1,363,351,044
Adjustments (Notes 2 and 14)	5,325,403	587,689
Net position - end of year	<u>\$ 1,130,291,633</u>	<u>\$ 1,538,970,594</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, 2024**

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Cash flows from operating activities:	
Tuition and fees	\$ 218,933,191
Scholarships	(24,265,055)
Research grants and contracts	59,175,355
Auxiliary enterprise charges	113,949,928
Payments to suppliers	(169,244,757)
Payments to employees	(335,911,257)
Payments for operation and maintenance of facilities	(25,220,253)
Collection of loans to students and employees	222,874
Custodial receipts	1,046,189
Custodial disbursements	(835,923)
Direct Loan receipts	54,522,538
Direct Loan disbursements	(54,522,538)
Other receipts	6,048,015
Other payments	(244,352)
	<hr/>
Net cash used by operating activities	(156,346,045)
Cash flows from noncapital financing activities:	
State appropriations	127,653,956
Gifts	57,975,926
Interest paid on noncapital debt	(2,163,391)
Pell grant revenue	7,619,300
Coronavirus relief funds - CARES, CRRSAA and ARP acts	60,183
Other non-operating receipts	14,451,558
Other non-operating disbursements	(4,084,538)
	<hr/>
Net cash provided by noncapital financing activities	201,512,994
Cash flows from capital financing activities:	
Proceeds from issuance of capital debt	22,119,106
Capital appropriations	90,183,296
Capital grants and contributions	26,633,972
Insurance payments	90,942
Capital expenditures	(148,731,872)
Principal paid on capital-related debt	(24,789,146)
Interest paid on capital-related debt	(9,413,401)
Proceeds from sale of capital assets	108,567
	<hr/>
Net cash used by capital and related financing activities	(43,798,536)
Cash flows from investing activities:	
Investment income	6,746,512
Investment expense	(639,138)
Proceeds from sale of investments	96,311,504
Purchase of investments	(97,321,779)
	<hr/>
Net cash provided by investing activities	5,097,099
Net increase/(decrease) in cash	6,465,512
Cash and Cash Equivalents -beginning of year	<hr/> 144,277,953
Cash and Cash Equivalents -end of year	<hr/> <u>\$ 150,743,465</u>

**William & Mary, Virginia Institute of Marine Science and Richard Bland College - Consolidated Report**  
**Statement of Cash Flows**  
**For the Year Ended June 30, 2024**

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	\$ 123,117,473
Restricted cash and cash equivalents	27,740,416
Less: Securities lending -Treasurer of Virginia	<u>(114,424)</u>
Net cash and cash equivalents	<u>\$ 150,743,465</u>
Reconciliation of net operating expenses to net cash used by operating activities:	
Net operating loss	\$ (191,736,408)
Adjustments to reconcile net operating expenses to cash used by operating activities:	
Depreciation and amortization expense	54,171,055
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:	
Receivables-net	(9,283,288)
Inventories	169,631
Prepaid expense	(1,569,077)
Accounts payable	1,479,328
Unearned revenue	253,560
Custodial funds	179,886
Federal loan contribution	(227,313)
Compensated absences	1,119,660
Pension liability	14,516,041
Deferred outflows of resources related to pension obligations	(11,122,399)
Deferred inflows of resources related to pension obligations	(9,459,277)
Other post-employment benefits liability	33,195
Other post-employment benefits asset	(617,040)
Deferred outflows of resources related to other post-employment benefits	349,449
Deferred inflows of resources related to other post-employment benefits	(5,987,659)
Deferred inflows of resources related to lease receivable and PPP SCA	1,386,746
Other liability	<u>(2,135)</u>
Net cash used in operating activities	<u>\$ (156,346,045)</u>

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

Amortization of gain/loss on bond refunding	\$ 435,903
Amortization of bond premium	\$ 1,704,919
Donated capital assets	\$ 166,104
Loss on disposal of assets	\$ 4,310,071
Capital assets acquired through accounts payable	\$ 24,120,592
Assets acquired through assumption of a liability	\$ 11,580,226
Investments acquired through accounts payable	\$ 1,619,280
Net change in value of investments	\$ 13,229,586
Change in pension and OPEB liability recognized as a component of non-operating revenue	\$ 2,180,642
Public Private Partnership debt defeasance recorded as deferred inflow of resources	\$ 7,817,427

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

**Notes to  
Financial Statements  
Year Ended June 30, 2024**

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

## NOTES TO FINANCIAL STATEMENTS

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### 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 Marshall-Wythe School of Law 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 Marshall-Wythe School of Law 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 Marshall-Wythe School of Law 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. 99, *Omnibus 2022 paragraphs 4 to 10* is effective for fiscal year 2024. The objective of this statement is to establish accounting for financial reporting requirements for exchange and exchange-like financial guarantees. In FY24, the university did not have any guarantees as defined by GASB 99.

GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* is effective for fiscal year 2024. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections. Implementation Guide 2021-1, Question 5.1, is also effective for fiscal year 2024 and requires the institution to capitalize assets whose individual acquisition costs are less than the institution's capitalization threshold for an individual asset if those assets in the aggregate are significant. The university and college restated beginning net position for a change in accounting principle – see Note 2.

### 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, 2024, the university's and college's prepaid expenses included items such as insurance premiums, membership dues, conference registrations and publication subscriptions for FY25 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 \$25,000. 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, 2024. 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. The applicable share of employer related taxes payable on the eventual termination payments is also included.

## 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 alternative method as prescribed by the National Association of College and University Business Officers (NACUBO). The alternative method is a simple calculation that computes scholarship discounts and allowances

on a university-wide basis by allocating the cash payments to students, excluding payments for services, on the ratio of total aid to the aid not considered to be third party aid. Student financial assistance grants and other Federal, State or nongovernmental programs are recorded as either operating or non-operating revenues in the accompanying Statement of Revenues, Expenses, and Changes in Net Position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the university and college have recorded a scholarship allowance.

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, 2023	\$ 997,097,998
Change in accounting principle for group assets:	
William & Mary	5,357,082
Virginia Institute of Marine Science	305,539
Richard Bland College	77,321
Long-term lease asset and liability adjustment - William & Mary	<u>(414,539)</u>
	5,325,403
Net position at July 1, 2023	<u>\$ 1,002,423,401</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 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 \$1,093,686,591, and the amount attributable to the university totaled \$90,840,462 at June 30, 2024. The Fund’s assets are detailed below.

1693 Partners Fund Assets measured at NAV:

Investments:	
Money market funds	45,292,185
Common stock	208,850,087
Exchange traded funds	109,251,816
Investment funds	729,053,397
Other assets, net	1,239,106
Total 1693 Partners Fund	<u>1,093,686,591</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, 2024:

Investment Strategy	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period	Estimated Remaining Holding Period
Diversifying Strategies (A)					
Redeemable ≤ 1 year (1)	\$ 47,744,658	\$ -	- Quarterly, Semi-annually, Annually Every 3 years	45-90 days	3-8 months
Redeemable > 1 year (1)	8,943,987		- Semi-annually	90 days	12-24 months
Illiquid (2)	65,478,949	21,447,669	Illiquid	NA	Termination of fund
Domestic Equity (B)					
Redeemable ≤ 1 year (1)	131,641,601		- Quarterly	60 days	3 months
Fixed Income (C)					
Redeemable ≤ 1 year (1)	33,567,434		- Daily	1 day	1 day
Foreign Equity (Developed) (D)					
Redeemable ≤ 1 year (1)	119,785,861		- Monthly, Quarterly, Every 3 years	5-90 days	1 day-9 months
Redeemable > 1 year (1)	28,647,563		- Every 3 years	90 days	13-33 months
Private Equity (F)					
Illiquid (2)	206,324,667	61,442,452	Illiquid	NA	Termination of fund
Real Assets (G)					
Illiquid (2)	86,537,999	43,422,806	Illiquid	NA	Termination of fund
Transitional Trading (H)					
Illiquid (2)	<u>380,678</u>	<u>0</u>	Illiquid	NA	Termination of fund
	<u>\$ 729,053,397</u>	<u>\$ 126,312,927</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, 2024 that are available for redemption during the next fiscal year totaled \$332,739,554. Investments held at June 30, 2024 that are available for redemption in more than one year totaled \$37,591,550. Estimated remaining holding period reflects the period until the next available redemption date subsequent to June 30, 2024 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, 2024 totaled \$358,722,293.

(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.

### 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, 2024, the university had 6.06% 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, 2024. 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, hedge funds, private equity and real estate 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, 2024:

## Investments Measured at Fair Value

	<u>6/30/2024</u>	<u>Level 1</u>	<u>Level 2</u>
Investments by Fair Value Level			
Debt Securities			
Corporate Bonds	\$ 46,357,499	\$ -	\$ 46,357,499
Agency Unsecured Bonds and Notes	20,438,553	20,438,553	-
Agency Mortgage Backed Securities	12,718,235	-	12,718,235
Asset Backed Securities	4,871,374	-	4,871,374
International and Emerging Markets	2,305,779	2,305,779	-
U.S. Treasury and Agency Securities	14,593,522	14,480,502	113,020
Mutual Funds	9,070,506	9,070,506	-
Fixed Income and Commingled Funds	<u>12,321,676</u>	<u>12,321,676</u>	<u>-</u>
Total Debt Securities	<u>122,677,144</u>	<u>58,617,016</u>	<u>64,060,128</u>
Equity Securities			
Equity Index Funds	27,059,695	27,059,695	-
Equity International and Emerging Markets	7,850,835	7,850,835	-
Real Estate	<u>6,600</u>	<u>6,600</u>	<u>-</u>
Total Equity Securities	<u>34,917,130</u>	<u>34,917,130</u>	<u>-</u>
Total Investments by Fair Value level	<u>157,594,274</u>	<u>93,534,146</u>	<u>64,060,128</u>
Other - Rare Coin	280		
Investments measured at the Net Asset Value (NAV)			
Pooled Investments - 1693 Partners Fund	90,840,462		
REIT	2,639,992		
Relative Value	13,980		
Private Equity	<u>2,349,818</u>		
Total Investments measured at the NAV	<u>95,844,252</u>		
Total Investments	<u>\$ 253,438,806</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* REIT	90,840,462	-	Quarterly	45 days	Various
Relative Value	2,639,992	-	Interval	35 days **	***
Private Equity	13,980	-	Liquidating		12-18 months
	2,349,818	1,365,928	Illiquid		Termination of Fund
Total Investments measured at NAV	<u>\$ 95,844,252</u>	<u>\$ 1,365,928</u>			

\*As described previously in the Investment footnote.

\*\*Subject to Fund's ability to repurchase some or all of the share redemption request. Unsatisfied repurchase requests must be resubmitted.

\*\*\*Redemptions monthly limited to 2% and quarterly limited to 5%.

Interest Rate Risk: Maturities

Type of Investment	June 30, 2024	Less than 1 year	1-5 years	6-10 years	Greater than 10 years
Agency unsecured bonds and notes:					
Federal Farm Credit Bank	\$ 5,374,525	\$ 999,040	\$ 4,375,485	\$ -	\$ -
Federal Home Loan Bank	6,362,244	4,871,555	1,490,689	-	-
Federal Home Loan Mortgage Corp	2,699,867	2,301,879	397,988	-	-
Federal National Mortgage Assn	6,001,917	2,523,217	3,478,700	-	-
Agency mortgage backed securities:					
Federal Home Loan Mortgage Corp	1,921,313	77,068	934,519	714,181	195,545
Federal National Mortgage Assn	10,796,922	13,530	3,520,157	3,223,449	4,039,786
Asset Backed Securities	4,871,374	-	3,981,007	480,366	410,001
Corporate Bonds	46,357,499	28,182,897	18,174,602	-	-
Fixed Income and Commingled Funds	12,321,676	-	1,203,162	11,118,514	-
International and Emerging Markets Funds	2,305,779	-	-	-	2,305,779
Mutual and money market funds:					
Money market	4,887,915	4,887,915	-	-	-
Mutual funds - Debt Proceeds Quasi Endowment	8,115,167	-	-	8,115,167	-
Mutual funds - Green Funds	231,141	-	-	231,141	-
Mutual funds - Osher Lifelong Learning Institute	223,854	42,979	30,684	150,191	-
Mutual funds - Wells Fargo	500,344	-	500,344	-	-
State non-arbitrage program	18,782,434	18,782,434	-	-	-
U.S. Treasury and Agency Securities					
United States Treasury Bills and Notes	14,480,502	11,335,850	3,144,652	-	-
Government National Mortgage Association	113,020	-	-	-	113,020
	<u>\$ 146,347,493</u>	<u>\$ 74,018,364</u>	<u>\$ 41,231,989</u>	<u>\$ 24,033,009</u>	<u>\$ 7,064,131</u>

## Credit & Concentration of Credit Risks

	June 30, 2024	Moody's Credit Rating	S&P Credit Rating	Fitch Credit Rating	Unrated
<u>Cash Equivalents</u>					
Money market AAA-mf	\$ 4,887,915	\$ 4,887,915	\$ -	\$ -	\$ -
State non-arbitrage program - AAAm	18,782,434	-	18,782,434	-	-
Securities lending	114,424	-	-	-	114,424
Total cash equivalents	<u>23,784,773</u>	<u>4,887,915</u>	<u>18,782,434</u>	<u>-</u>	<u>114,424</u>
<u>Investments</u>					
Agency unsecured bonds and notes:					
Federal Farm Credit Bank AA+	5,374,525	-	5,374,525	-	-
Federal Home Loan Bank - AA+	6,362,244	-	6,362,244	-	-
Federal Home Loan Mortgage Corp - AA+	2,699,867	-	2,699,867	-	-
Federal National Mortgage Assn - AA+	6,001,917	-	6,001,917	-	-
Agency mortgage backed securities:					
Federal Home Loan Mortgage Corp	1,921,313	-	-	-	1,921,313
Federal National Mortgage Assn	10,796,922	-	-	-	10,796,922
Asset Backed Securities - AAA	4,871,374	1,403,275	3,468,099	-	-
Corporate Bonds:					
Aaa	210,072	-	210,072	-	-
AA-	3,200,441	-	2,954,511	245,930	-
A1	1,268,960	1,268,960	-	-	-
A+	4,622,679	-	4,622,679	-	-
A	12,942,563	-	12,942,563	-	-
A2	1,489,005	1,489,005	-	-	-
A3	3,232,093	3,232,093	-	-	-
A-	16,637,828	-	16,258,525	379,303	-
BBB+	2,236,052	-	1,004,539	1,231,513	-
Baa1	517,806	517,806	-	-	-
Fixed Income and Commingled Funds	12,321,676	-	-	-	12,321,676
International and Emerging Markets Funds	2,305,779	-	-	-	2,305,779
Mutual funds:					
Bond Proceeds Quasi Endowment	8,115,167	-	-	-	8,115,167
Green Funds	231,141	-	-	-	231,141
Osher Lifelong Learning Institute	223,854	-	-	-	223,854
Wells Fargo	500,344	-	-	-	500,344
Total investments	<u>\$ 108,083,622</u>	<u>\$ 7,911,139</u>	<u>\$ 61,899,541</u>	<u>\$ 1,856,746</u>	<u>\$ 36,416,196</u>
<u>Other Investments</u>					
Equity and other investments not subject to credit risk	54,517,842				
Investments held in 1693 Partners Fund	90,840,462				
Rare coins	280				
Property held as investment for endowments	6,600				
Total other investments	<u>145,365,184</u>				
Total cash equivalents and investments	<u>\$ 277,233,579</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 FY24 year-end, had a net appreciation of \$15,068,500 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 - \$8,151,921, Restricted Expendable for Departmental Uses - \$5,542,620, Restricted Expendable for Research - 37,055, and Unrestricted - \$1,336,904.

## 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, 2024 as follows:

Accounts receivable consisted of the following at June 30, 2024:

Student tuition and fees	\$ 7,011,898
Auxiliary enterprises	1,758,192
Federal, state and non-governmental grants & contracts	15,017,442
Lease receivable, current portion	322,320
Other activities	9,880,094
Gross receivables	<u>33,989,946</u>
Less: allowance for doubtful accounts	<u>(850,417)</u>
Net receivables, current	<u>33,139,529</u>
Receivables, non-current portion	<u>\$ 4,239,942</u>

Notes receivable consisted of the following at June 30, 2024:

Current portion:	
Federal student loans and promissory notes	<u>\$ 104,484</u>
Non-current portion:	
Federal student loans and promissory notes	\$ 313,703
Less: allowance for doubtful accounts	<u>(35,199)</u>
Net non-current notes receivable	<u>\$ 278,504</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, 2024, the university had a receivable of \$2,166,589. The university received \$387,961 in rent revenue in fiscal year 2024.

### 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 \$2,666,356 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, 2024 consists of the following:

	Beginning Balance	Beginning Balance Adjustments	Additions	Reductions	Ending Balance
Non-depreciable capital assets:					
Land	\$ 26,652,604	\$ -	\$ -	\$ -	\$ 26,652,604
Inexhaustible artwork and Historical treasures	80,805,082	-	519,409	-	81,324,491
Construction in progress	226,435,644	-	127,274,253	(149,049,909)	204,659,988
<b>Total non-depreciable capital assets</b>	<b>333,893,330</b>	<b>-</b>	<b>127,793,662</b>	<b>(149,049,909)</b>	<b>312,637,083</b>
Depreciable capital assets:					
Buildings	1,111,655,904	-	146,966,528	(5,964,986)	1,252,657,446
Equipment	109,604,024	9,319,103	13,674,940	(5,783,671)	126,814,396
Infrastructure	87,206,581	-	108,648	-	87,315,229
Other improvements	26,846,101	-	1,997,895	(44,865)	28,799,131
Library materials	69,309,126	-	597,603	(1,255,692)	68,651,037
Computer software	5,341,758	-	-	-	5,341,758
Right-to-use intangible assets					
Buildings	27,984,573	4,722,495	8,679,259	(114,498)	41,271,829
Equipment	574,710	-	523,469	-	1,098,179
Subscription Assets	10,624,528	-	2,377,498	(494,471)	12,507,555
<b>Total depreciable and amortizable capital assets</b>	<b>1,449,147,305</b>	<b>14,041,598</b>	<b>174,925,840</b>	<b>(13,658,183)</b>	<b>1,624,456,560</b>
Less accumulated depreciation for:					
Buildings	429,448,685	-	33,682,487	(3,559,495)	459,571,677
Equipment	72,335,443	3,579,161	7,469,167	(4,938,612)	78,445,159
Infrastructure	49,636,098	-	1,838,896	-	51,474,994
Other improvements	11,386,357	-	1,661,839	(44,865)	13,003,331
Library materials	65,006,375	-	892,806	(1,255,692)	64,643,489
Computer software	5,327,816	-	11,154	-	5,338,970
Less accumulated amortization for:					
Right-to-use intangible assets					
Buildings	7,289,352	1,393,894	5,279,377	(114,498)	13,848,125
Equipment	179,498	-	308,858	-	488,356
Subscription assets	1,693,160	-	3,026,471	(365,590)	4,354,041
<b>Total accumulated depreciation and amortization</b>	<b>642,302,784</b>	<b>4,973,055</b>	<b>54,171,055</b>	<b>(10,278,752)</b>	<b>691,168,142</b>
<b>Capital assets, net</b>	<b>806,844,521</b>	<b>9,068,543</b>	<b>120,754,785</b>	<b>(3,379,431)</b>	<b>933,288,418</b>
<b>Total capital assets, net</b>	<b>\$ 1,140,737,851</b>	<b>\$ 9,068,543</b>	<b>\$ 248,548,447</b>	<b>\$ (152,429,340)</b>	<b>\$ 1,245,925,501</b>

Capitalization of Library Books

The methods employed to value the general collections of W&M’s Earl Gregg Swem Library, W&M’s Marshall-Wythe 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 \$41.91 for FY24. The average cost of the Law Library purchases of books was \$155.47 for FY24. Special collections maintained by each library are valued at historical cost or acquisition value. The average cost of library books purchased for VIMS was \$108.33 for FY24. RBC did not purchase any library books during FY24. 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.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following at June 30, 2024:

Current Liabilities:

Employee salaries, wages, and fringe benefits payable	\$ 35,016,506
Vendors and supplies accounts payable	13,437,127
Capital projects accounts and retainage payable	24,120,592
Accrued interest payable	<u>3,115,916</u>
Total current liabilities-accounts payable and accrued liabilities	<u>\$ 75,690,141</u>

8. COMMITMENTS

At June 30, 2024, outstanding construction commitments totaled approximately \$176,045,492. Construction commitments include accounts and retainage payable related to capital projects.

At June 30, 2024, 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, 2024 is presented as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Installment purchases	\$ 1,050,095	\$ -	\$ (490,669)	\$ 559,426	\$ 357,408
Long-term Lease Liability	24,789,826	9,362,275	(5,311,555)	28,840,546	5,268,056
SBITA Liability	8,114,605	2,320,798	(2,990,756)	7,444,647	2,473,606
Financed purchase obligation	17,906,214	-	(830,418)	17,075,796	900,248
Notes payable	111,562,766	-	(11,070,177)	100,492,589	8,765,000
Bonds payable	204,558,332	37,776,900	(30,827,641)	211,507,591	7,251,381
<b>Total long-term debt</b>	<b>367,981,838</b>	<b>49,459,973</b>	<b>(51,521,216)</b>	<b>365,920,595</b>	<b>25,015,699</b>
Perkins loan fund balance	322,253	-	(227,313)	94,940	-
Accrued compensated absences	14,666,771	15,786,431	(14,666,771)	15,786,431	11,083,856
Net pension liability	83,864,611	13,128,836 *	-	96,993,447	-
OPEB liability	43,119,336	-	(760,242) *	42,359,094	782,610
<b>Total long-term liabilities</b>	<b>\$ 509,954,809</b>	<b>\$ 78,375,240</b>	<b>\$ (67,175,542)</b>	<b>\$ 521,154,507</b>	<b>\$ 36,882,165</b>

\* 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, 2024
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#### Section 9(c) Bonds:

Construct New Dormitory, Series 2010A2	3.750-4.400	2030	\$ 735,000
Construct New Dormitory, Series 2020B	0.550-1.410	2031	7,450,000
Construct New Dormitory, Series 2024B	5.000	2033	<u>4,190,000</u>
Construct New Dormitory			12,375,000

Description	Interest Rates (%)	Fiscal year Maturity	Balance as of June 30, 2024
Dormitory Phase IV, Series 2024B	5.000	2026	822,000
Dormitory Phase VIII, Series 2024B	5.000	2034	7,035,000
Dormitory Renovations Phase IX, Series 2015A	3.000-5.000	2034	2,910,000
Dormitory Renovations Phase IX, Series 2018A	3.000-5.000	2038	10,625,000
Dormitory Renovations Phase IX, Series 2019A	2.000-5.000	2039	2,155,000
Dormitory Renovations Phase IX, Series 2024A	4.000-5.000	2044	9,840,000
Dormitory Phase X, Series 2019A	2.000-5.000	2039	1,840,000
Dormitory Phase X, Series 2024A	4.000-5.000	2044	10,005,000
Renovation of Dormitories			<u>45,232,000</u>
Graduate Housing, Series 2024B	5.000	2026	607,000
Graduate Housing 6&7, Series 2015B	5.000	2028	687,208
Graduate Housing			<u>1,294,208</u>
Renovate Commons Dining Hall, Series 2024B	5.000	2026	1,352,000
Renovate Residence Halls, Series 2010A2	3.750-4.400	2030	1,595,000
RBC Student Housing Conversion 2016A	3.000-5.000	2036	1,790,000
W&M General Revenue Pledge Bonds:			
Construct New Dormitory, Series 2020B	1.071-2.312	2032	427,701
Dormitory Phase IV, Series 2020B	1.071-2.312	2032	828,380
Dormitory Phase VIII, Series 2020B	1.071-2.312	2032	515,058
Dormitory Phase X, Series 2020B	1.071-2.312	2032	67,366
Dormitory Renovations Phase IX, Series 2020B	1.071-2.312	2032	479,167
Dormitory Renovations Phase IX, Series 2020B	1.071-2.592	2035	5,665,000
Renovation of Dormitories			<u>7,554,971</u>
Graduate Housing, Series 2020B	1.071-2.312	2032	214,607
Graduate Housing 6&7, Series 2020B	1.071-2.312	2032	111,595
Graduate Housing			<u>326,202</u>
Improve Athletics Facilities, Series 2020B	1.071-3.023	2036	860,000
Improve Athletics Facilities II, Series 2020B	1.561-2.542	2034	1,320,000
Improve Athletics Facilities			<u>2,180,000</u>
Improve Aux Facilities, Series 2020B	1.071-2.417	2033	4,500,000
Improve Aux Facilities, Series 2020B	1.561-2.542	2034	830,000
Improve Aux Facilities			<u>5,330,000</u>

Description	Interest Rates (%)	Fiscal year Maturity	Balance as of June 30, 2024
Law Library, Series 2020B	1.071-3.023	2036	210,000
Law School Renovations, Series 2020B	1.561-2.542	2034	5,590,000
Law School Renovations			<u>5,800,000</u>
Magnet Facility, Series 2020B	1.071-3.023	2036	440,000
One Tribe Place, Series 2020B	1.561-2.542	2034	18,955,000
Parking Deck, Series 2020B	1.071-3.023	2036	2,950,000
Recreation Sports Center, Series 2020B	1.071-3.023	2036	2,800,000
Renovate Commons Dining Hall, Series 2020B	1.071-2.312	2032	446,383
Renovate Residence Halls, Series 2020B	1.071-2.312	2032	189,743
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			203,748,208
Net unamortized premiums (discounts)			<u>7,759,383</u>
Net bonds payable			<u>\$ 211,507,591</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, 2024
Section 9(d) Bonds:			
Ash Lawn-Highland Barn, Series 2010A1&A2	4.750-5.500	2031	\$ 335,000
Busch Field Astro turf Replacement, Series 2016A	3.000-5.000	2030	560,000

Description	Interest Rates (%)	Fiscal year Maturity	Balance as of June 30, 2024
Cooling Plant & Utilities, Series 2010A1&A2	4.750-5.500	2031	4,795,000
Cooling Plant & Utilities, Series 2016A	3.000-5.000	2030	4,770,000
Cooling Plant & Utilities			<u>9,565,000</u>
Improve Athletics Facilities, Series 2019A	5.000	2030	2,760,000
Improve Athletics Facilities, Series 2014B	4.000	2026	260,000
Improve Athletics Facilities, Series 2016A	3.000	2027	150,000
Improve Athletics Facilities II, Series 2017A	2.125-5.000	2038	1,675,000
Improve Athletics Facilities			<u>4,845,000</u>
Improve Aux Facilities Project 2017A	2.125-5.000	2038	6,295,000
Integrated Science Center, Series 2014B	4.000-5.000	2026	1,595,000
Integrated Science Center, Series 2015B	3.000-5.000	2029	2,290,000
Integrated Science Center, Series 2016A	3.000-5.000	2028	1,800,000
Integrated Science Center			<u>5,685,000</u>
Integrative Wellness Center 2015A	3.000-5.000	2036	6,750,000
J. Laycock Football Facility, Series 2016A	3.000	2027	1,100,000
Kaplan Arena & SPC, Series 2023A	4.000-5.000	2043	7,940,000
Law School Library, Series 2014B	4.000-5.000	2026	470,000
Law School Library, Series 2016A	3.000-5.000	2028	525,000
Law School Library			<u>995,000</u>
Parking Deck, Series 2014B	4.000	2026	485,000
Power Plant Renovations, Series 2014B	4.000-5.000	2026	625,000
Power Plant Renovations, Series 2016A	3.000-5.000	2028	700,000
Power Plant Renovations			<u>1,325,000</u>
Recreation Sports Center, Series 2014B	4.000	2026	190,000
Residence Hall Fire Safety Systems, Series 2016A	3.000	2027	375,000
Sadler Center West, Series 2018A&B	4.000-5.000	2039	20,490,000
Sadler Center West, Series 2022A	3.000-5.000	2042	6,375,000
			<u>26,865,000</u>

Description	Interest Rates (%)	Fiscal year Maturity	Balance as of June 30, 2024
School of Business, Series 2014B	4.000-5.000	2026	3,045,000
School of Business, Series 2016A	3.000-5.000	2028	3,425,000
School of Business			<u>6,470,000</u>
West Utilities Plant 2017A	2.125-5.000	2038	10,845,000
Williamsburg Hospital/School of Education, 2016A	3.000	2027	470,000
RBC Student Housing Conversion 2017A	2.125-5.000	2038	1,250,000
Total 9(d) bonds			92,345,000
Net unamortized premiums (discounts)			8,147,589
Net notes payable			<u>\$ 100,492,589</u>

### Installment Purchases

At June 30, 2024, installment purchases consist of the current and long-term portions of obligations resulting from various contracts used to finance energy performance contracts and the acquisition of equipment. The lengths of purchase agreements range from five to fifteen years, and the interest rate charges are from 1.61 to 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 four outstanding installment purchases: one for energy efficient equipment, one for video conferencing equipment, one for research equipment and one for water quality equipment. Three of these are sub-contracts of the Commonwealth's MELP (Master Equipment Leasing Program). For these agreements, The Commonwealth of Virginia is the lessee. The amount outstanding at June 30, 2024 is \$559,426.

### 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 \$41,271,829 with a corresponding accumulated amortization of \$13,848,125. The equipment lease assets total \$1,098,179 with a corresponding accumulated amortization of \$488,356.

### 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 \$12,507,555 with a corresponding accumulated amortization of \$4,354,041.

As of June 30, 2024, 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
2025	\$ 357,408	\$ 18,091	\$ 5,268,056	\$ 964,508	\$ 2,473,606	\$ 290,815
2026	202,018	7,455	5,307,064	778,259	\$ 1,102,914	\$ 190,953
2027	-	-	5,392,091	592,764	\$ 738,958	\$ 139,409
2028	-	-	4,147,582	419,735	\$ 506,579	\$ 112,568
2029	-	-	2,004,203	304,814	\$ 671,898	\$ 117,336
2030-2034	-	-	6,237,146	567,004	\$ 1,950,692	\$ 169,643
2035-2039	-	-	484,405	43,196	\$ -	\$ -
Total	<u>\$ 559,426</u>	<u>\$ 25,546</u>	<u>\$ 28,840,546</u>	<u>\$ 3,670,280</u>	<u>\$ 7,444,647</u>	<u>\$ 1,020,724</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, 2024 is \$17,075,796.

As of June 30, 2024, the principal and interest obligations under the financed purchase obligation mature as follows:

Fiscal Year	Financed purchase obligation to component unit		
	Principal	Interest	Total
2025	\$ 900,248	\$ 645,465	\$ 1,545,713
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
2030-2034	5,878,829	1,849,738	7,728,567
2035-2039	6,333,907	621,803	6,955,710
Total	<u>\$ 17,075,796</u>	<u>\$ 5,337,047</u>	<u>\$ 22,412,843</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
2025	\$ 16,016,381	\$ 10,368,400	\$ 124,725	\$ 10,243,675
2026	17,754,027	9,492,808	108,630	9,384,178
2027	19,241,609	8,813,086	91,043	8,722,043
2028	19,191,191	8,127,857	71,225	8,056,632
2029	19,045,000	7,478,912	50,849	7,428,063
2030-2034	85,605,000	28,102,523	37,556	28,064,967
2035-2039	52,295,000	15,684,816	-	15,684,816
2040-2044	31,570,000	8,626,665	-	8,626,665
2045-2049	24,480,000	4,041,630	-	4,041,630
2050-2054	10,895,000	512,953	-	512,953
Unamortized premiums	15,906,972			
Total	<u>\$312,000,180</u>	<u>\$101,249,649</u>	<u>\$ 484,028</u>	<u>\$100,765,621</u>

### Refunding of Debt

In March 2024, the Commonwealth of Virginia, on behalf of the university issued the following:

\$4,190,000 in General Obligation 9(c) bonds, Series 2024B in order to refund \$4,710,000 of Series 2013A. The refunding had a premium of \$529,898 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$110,710 over the life of the debt and will result in net present value savings of \$93,800 and a net accounting gain of \$293,071.

\$2,225,000 in General Obligation 9(c) bonds, Series 2024B in order to refund \$2,500,000 of Series 2013A. The refunding had a premium of \$281,926 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$56,839 over the life of the debt and will result in net present value savings of \$48,2601 and a net accounting gain of \$154,653.

\$822,000 in General Obligation 9(c) bonds, Series 2024B in order to refund \$844,463 of Series 2013B. The refunding had a premium of \$50,204 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$18,491 over the life of the debt and will result in net present value savings of \$17,831 and a net accounting gain of \$33,076.

\$1,352,000 in General Obligation 9(c) bonds, Series 2024B in order to refund \$1,389,450 of Series 2013B. The refunding had a premium of \$30,592 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$31,044 over the life of the debt and will result in net present value savings of \$29,903 and a net accounting gain of \$19,718.

\$607,000 in General Obligation 9(c) bonds, Series 2024B in order to refund \$623,309 of Series 2013B. The refunding had a premium of \$22,633 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$13,327 over the life of the debt and will result in net present value savings of \$12,861 and a net accounting gain of \$24,819.

\$4,810,000 in General Obligation 9(c) bonds, Series 2024B in order to refund \$5,445,000 of Series 2014A. The refunding had a premium of \$666,928 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$363,093 over the life of the debt and will result in net present value savings of \$313,364 and a net accounting gain of \$302,048.

### Defeasance of Debt

In July 2023, the following debt was defeased pursuant to the PPP agreement with Provident Group-Williamsburg Properties LLC:

\$1,100,000 in Section 9(d) bonds for Barksdale Dormitory, Series 2014B with an accounting gain of \$103,701.

\$375,000 in Section 9(d) bonds for Barksdale Dormitory, Series 2016A with an accounting gain of \$35,301.

\$6,920,000 in W&M General Revenue Pledge bonds for Barksdale Dormitory, Series 2020B with an accounting gain of \$571,460.

In prior years, the university issued bonds and the proceeds of the refunding bonds were deposited into trusts with escrow agents to provide for all future debt service payments on the refunded bonds. In fiscal year 2024, the university defeased debt in connection with the PPP agreement with Provident Group-Williamsburg Properties LLC and the refunding issuances described. As a result, these additional bonds and notes are considered to be defeased. As of June 30, 2024, \$12,140,000 is considered to be defeased and outstanding.

## 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, 2024 consist of the following:

Deferred outflows for VRS pension	\$ 27,941,748
Deferred outflows for other postemployment benefits	8,945,353
Deferred outflows for loss on refunding of debt	2,590,542
	<u>\$ 39,477,643</u>
Deferred inflows for VRS pension	\$ 10,442,372
Deferred inflows for other postemployment benefits	14,679,394
Deferred inflows for gain on refunding of debt	1,247,398
Deferred inflows for lease receivable	2,166,589
Deferred inflows for public-private partnership	19,714,553
	<u>\$ 48,250,306</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. 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, 2024, the university recognized a deferred inflow of \$10,000,000 for the upfront payment and \$2,666,356 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, 2024, the university received variable payments totaling \$1,540,663 associated with this agreement. These variable payments are comprised of commissions in the amount of \$1,035,352, a technology fee of \$90,000 and an unamortized capital payment from a prior contract in the amount of \$415,311.

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 August 2025. The university has recognized a deferred inflow of \$7,817,427 to defease debt in relation to this agreement.

In addition, the university has a commitment to make a \$10,000,000 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	134,267,308	22,512,652	2,610,156	2,383,006	-	161,773,122
Research	50,274,377	24,985,881	736,910	5,578,699	-	81,575,867
Public service	30,947	177,101	26,983	5,735	-	240,766
Academic support	46,139,774	8,067,497	387,064	4,827,840	-	59,422,175
Student services	13,220,224	5,698,654	259,924	490,294	-	19,669,096
Institutional support	51,645,044	10,253,337	115,108	671,172	-	62,684,661
Operation and maintenance of plant	1,908,560	29,265,165	404	8,795,804	-	39,969,933
Scholarships and related expenses	2,086,046	171,996	20,110,554	11,450	-	22,380,046
Auxiliary enterprises	33,015,378	65,206,276	25,392	2,258,268	-	100,505,314
Depreciation and amortization	-	-	-	-	54,171,055	54,171,055
Other	242,115	2,970	-	346	-	245,431
Total	332,829,773	166,341,529	24,272,495	25,022,614	54,171,055	602,637,466

### 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 1 - 2023 Acts of Assembly		\$ 102,979,639
Student financial assistance		9,290,626
Supplemental appropriations:		
Virtual Libraries of Virginia - VIVA	13,860	
Central appropriation distribution benefit changes	10,987,608	
Tech talent transfer	1,384,198	
VTOP/CIIFP	200,000	
Central appropriations transfer	206,251	
Transfer of interest earnings and credit card rebates	109,732	
Transfer reappropriated cash reversion	157,709	
Biomedical research	75,000	
Constructive dialogue institute - VA cohort transfer	3,333	
Affordable access funding	<u>2,246,000</u>	
		15,383,691
Appropriations as adjusted		<u><u>\$ 127,653,956</u></u>

### 14. COMPONENT UNIT FINANCIAL INFORMATION

The university and college have eight discretely presented component units – the William & Mary Foundation, the Marshall-Wythe School of Law 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	Marshall-Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 17,147,729	\$ 71,911	\$ 3,517,064	\$ 283,071
Investments	71,943,413	-	-	-
Pledges receivable, net - current portion	21,596,394	743,493	1,441,759	34,400
Receivables, net	7,140,805	-	110,471	9,342
Inventories	-	-	-	18,981
Prepays	1,202,891	15,334	2,488	-
Due from the university	8,683	43,601	18,630	-
Other assets	-	-	-	-
Total current assets	119,039,915	874,339	5,090,412	345,794
Non-current assets				
Restricted cash and cash equivalents	134	54,148	1,816,558	-
Restricted investments	425,641,202	55,707,090	110,203,646	506,057
Restricted other assets	220,019,543	534,423	1,298,602	-
Investments	547,983,504	11,493,295	937,680	12,433,529
Pledges receivable, net	77,897,629	1,237,584	921,530	45,303
Capital assets, nondepreciable	9,510,671	325,127	-	-
Capital assets, net of accumulated depreciation	5,769,699	-	-	99,521
Due from the university	-	-	-	-
Other assets	1,740,443	-	-	-
Total non-current assets	1,288,562,825	69,351,667	115,178,016	13,084,410
Total assets	1,407,602,740	70,226,006	120,268,428	13,430,204
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable and accrued expenses	2,865,930	685,365	95,588	38,437
Unearned revenue	32,201	-	-	26,966
Deposits held in custody for others	249,896	-	27,264	-
Long-term liabilities - current portion	1,075,924	-	-	-
Due to the university/other foundations	415,401	-	-	111,899
Short-term debt	-	-	-	-
Total current liabilities	4,639,352	685,365	122,852	177,302
Non-current liabilities				
Long-term liabilities	123,294,322	-	-	-
Total liabilities	127,933,674	685,365	122,852	177,302
<b>NET POSITION</b>				
Net investment in capital assets	6,820,564	325,127	-	99,521
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	185,270,352	13,548,573	23,491,865	-
Research	15,339,291	-	1,037,500	-
Loans	-	-	24,230	-
Departmental uses	208,972,672	10,755,793	42,029,639	-
Other	280,468,673	-	128,649	-
Expendable:				
Scholarships and fellowships	177,086,191	13,627,064	6,370,383	-
Research	20,328,834	-	476,882	-
Capital projects	26,878,929	-	326,667	-
Loans	-	-	148,183	-
Departmental uses	222,626,571	18,287,535	41,849,299	506,057
Other	82,429,403	1,378,726	117,412	-
Unrestricted	53,447,586	11,617,823	4,144,867	12,647,324
Total net position	\$ 1,279,669,066	\$ 69,540,641	\$ 120,145,576	\$ 13,252,902

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
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ 3,903,210	\$ 894,742	\$ -	\$ 5,352,953	\$ 31,170,680
Investments	-	-	-	-	71,943,413
Pledges receivable, net - current portion	2,358,503	199,669	-	-	26,374,218
Receivables, net	-	-	1,050	2,452,106	9,713,774
Inventories	-	-	-	-	18,981
Prepays	-	-	-	71,802	1,292,515
Due from the university	234,184	4,787	1,224,393	358,872	1,893,150
Other assets	-	-	-	17,370	17,370
Total current assets	6,495,897	1,099,198	1,225,443	8,253,103	142,424,101
<b>Non-current assets</b>					
Restricted cash and cash equivalents	-	1,870,089	177,344	-	3,918,273
Restricted investments	1,634,232	16,591,164	8,025,521	-	618,308,912
Restricted other assets	-	-	-	-	221,852,568
Investments	-	1,074,726	-	-	573,922,734
Pledges receivable, net	1,724,082	882,374	-	-	82,708,502
Capital assets, nondepreciable	-	-	14,915	6,870,245	16,720,958
Capital assets, net of accumulated depreciation	-	-	40,138	22,484,260	28,393,618
Due from the university	-	-	16,138,339	-	16,138,339
Other assets	-	-	-	141,217	1,881,660
Total non-current assets	3,358,314	20,418,353	24,396,257	29,495,722	1,563,845,564
Total assets	9,854,211	21,517,551	25,621,700	37,748,825	1,706,269,665
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Accounts payable and accrued expenses	-	2,500	125,657	330,773	4,144,250
Unearned revenue	50,000	-	3,770	263,705	376,642
Deposits held in custody for others	-	-	-	-	277,160
Long-term liabilities - current portion	-	-	900,248	667,090	2,643,262
Due to the university/other foundations	-	-	3,659	934,007	1,464,966
Short-term debt	-	-	-	4,501,555	4,501,555
Total current liabilities	50,000	2,500	1,033,334	6,697,130	13,407,835
<b>Non-current liabilities</b>					
Long-term liabilities	-	-	16,138,339	14,458,575	153,891,236
Total liabilities	50,000	2,500	17,171,673	21,155,705	167,299,071
<b>NET POSITION</b>					
Net investment in capital assets	-	-	55,053	14,228,840	21,529,105
<b>Restricted for:</b>					
<b>Nonexpendable:</b>					
Scholarships and fellowships	-	-	4,636,939	-	226,947,729
Research	-	14,338,515	-	-	30,715,306
Loans	-	-	-	-	24,230
Departmental uses	-	-	-	-	261,758,104
Other	-	-	-	-	280,597,322
<b>Expendable:</b>					
Scholarships and fellowships	-	-	3,470,137	-	200,553,775
Research	-	-	-	-	20,805,716
Capital projects	-	-	-	-	27,205,596
Loans	-	-	-	-	148,183
Departmental uses	9,792,264	5,209,568	-	-	298,271,294
Other	-	-	129,192	-	84,054,733
Unrestricted	11,947	1,966,968	158,706	2,364,280	86,359,501
Total net position	\$ 9,804,211	\$ 21,515,051	\$ 8,450,027	\$ 16,593,120	\$ 1,538,970,594

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

	William & Mary Foundation	Marshall-Wythe School of Law Foundation	William & Mary Business School Foundation	William & Mary Alumni Association
Operating revenues:				
Gifts and contributions	\$ 24,117,200	\$ 3,454,887	\$ 3,589,687	\$ 323,064
Other	983,880	148,103	116	765,739
Total operating revenues	25,101,080	3,602,990	3,589,803	1,088,803
Operating expenses:				
Instruction	6,240,909	1,464,891	385,596	-
Research	2,271,804	-	251,659	-
Public service	31,618	-	-	-
Academic support	5,364,475	953,556	42,245	-
Student services	384,946	25,531	739,865	-
Institutional support	15,336,061	1,031,847	2,922,855	260,380
Operation and maintenance of plant	24,549,581	104,121	-	-
Scholarships & fellowships	13,918,407	4,169,586	1,268,281	52,750
Auxiliary enterprises	2,289,782	-	10,552	-
Depreciation	332,402	-	-	14,269
Independent operations	-	-	-	-
Other	1,980,272	454,980	-	1,181,596
Total operating expenses	72,700,257	8,204,512	5,621,053	1,508,995
Operating gain/(loss)	(47,599,177)	(4,601,522)	(2,031,250)	(420,192)
Non-operating revenues and expenses:				
Net investment revenue (expense)	78,661,825	5,727,126	1,766,974	1,306,063
Interest on capital asset related debt	(222,740)	-	-	-
Other non-operating revenue	19,560,605	-	20,425	-
Net non-operating revenues	97,999,690	5,727,126	1,787,399	1,306,063
Income/(loss) before other revenues	50,400,513	1,125,604	(243,851)	885,871
Other revenues:				
Capital grants and contributions	41,839,695	-	-	-
Additions to permanent endowments	66,941,895	748,449	10,571,355	-
Net other revenues	108,781,590	748,449	10,571,355	-
Change in net position, before transfers	159,182,103	1,874,053	10,327,504	885,871
Contribution between Foundations	(490,432)	6,750	-	204,489
Change in net position	158,691,671	1,880,803	10,327,504	1,090,360
Net position - beginning of year, as restated	1,120,977,395	67,659,838	109,818,072	12,162,542
Net position - end of year	\$ 1,279,669,066	\$ 69,540,641	\$ 120,145,576	\$ 13,252,902

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	\$ 7,422,985	\$ 932,620	\$ 662,781	\$ 265,000	\$ 40,768,224
Other	88,977	-	1,003,499	3,621,336	6,611,650
Total operating revenues	7,511,962	932,620	1,666,280	3,886,336	47,379,874
Operating expenses:					
Instruction	-	123,069	-	-	8,214,465
Research	-	168,276	-	-	2,691,739
Public service	-	89,609	-	-	121,227
Academic support	-	503,789	-	-	6,864,065
Student services	-	-	-	-	1,150,342
Institutional support	942,647	651,047	362,149	852,025	22,359,011
Operation and maintenance of plant	-	12,154	-	-	24,665,856
Scholarships & fellowships	453,747	119,938	317,049	-	20,299,758
Auxiliary enterprises	6,721,081	-	-	59,684	9,081,099
Depreciation	-	-	9,222	712,883	1,068,776
Independent operations	-	-	-	1,067,585	1,067,585
Other	-	103,969	1,029,914	-	4,750,731
Total operating expenses	8,117,475	1,771,851	1,718,334	2,692,177	102,334,654
Operating gain/(loss)	(605,513)	(839,231)	(52,054)	1,194,159	(54,954,780)
Non-operating revenues and expenses:					
Net investment revenue (expense)	531,455	1,799,169	912,462	107,873	90,812,947
Interest on capital asset related debt	-	-	-	(835,085)	(1,057,825)
Other non-operating revenue	-	-	-	-	19,581,030
Net non-operating revenues	531,455	1,799,169	912,462	(727,212)	109,336,152
Income/(loss) before other revenues	(74,058)	959,938	860,408	466,947	54,381,372
Other revenues:					
Capital grants and contributions	-	-	-	-	41,839,695
Additions to permanent endowments	-	549,095	-	-	78,810,794
Net other revenues	-	549,095	-	-	120,650,489
Change in net position, before transfers	(74,058)	1,509,033	860,408	466,947	175,031,861
Contribution between Foundations	93,048	-	-	186,145	-
Change in net position	18,990	1,509,033	860,408	653,092	175,031,861
Net position - beginning of year, as restated	9,785,221	20,006,018	7,589,619	15,940,028	1,363,938,733
Net position - end of year	\$ 9,804,211	\$ 21,515,051	\$ 8,450,027	\$ 16,593,120	\$ 1,538,970,594

## 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	Marshall- Wythe School of Law 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	\$ -	\$ -	\$ 282,299	\$ -	\$ 269,751	\$ -	\$ -	\$ 552,050
Mutual and money market funds	6,539,573		34,130,922	12,165,911	1,364,481	16,020,230	8,025,521	78,246,638
Corporate bonds	-	-	3,997,612	-	-	-	-	3,997,612
U.S. treasury and agency securities	73,407,654	-	2,352,619	-	-	-	-	75,760,273
Common and preferred stocks	-	-	7,573,217	-	-	-	-	7,573,217
Pooled investments	964,495,031	67,200,385	60,752,069	-	-	-	-	1,092,447,485
Real estate	987,982	-	-	-	-	-	-	987,982
Other	137,879	-	2,052,588	773,675	-	1,645,660	-	4,609,802
<b>Total Investments</b>	<b>\$ 1,045,568,119</b>	<b>\$ 67,200,385</b>	<b>\$ 111,141,326</b>	<b>\$ 12,939,586</b>	<b>\$ 1,634,232</b>	<b>\$ 17,665,890</b>	<b>\$ 8,025,521</b>	<b>\$ 1,264,175,059</b>

## 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	Marshall-Wythe School of Law 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	\$ 110,535,600	\$ 2,288,342	\$ 2,568,661	\$ 79,703	\$ 4,865,531	\$ 1,110,902	\$ 121,448,739
Less:							
Allowance for uncollectibles	(1,887,948)	(234,984)	(99,650)	-	(535,599)	-	(2,758,181)
Discounting to present value	(9,153,629)	(72,281)	(105,722)	-	(247,347)	(28,859)	(9,607,838)
Net pledges receivable	99,494,023	1,981,077	2,363,289	79,703	4,082,585	1,082,043	109,082,720
Less:							
Current pledges receivable	(21,596,394)	(743,493)	(1,441,759)	(34,400)	(2,358,503)	(199,669)	(26,374,218)
Total non-current pledges receivable	\$ 77,897,629	\$ 1,237,584	\$ 921,530	\$ 45,303	\$ 1,724,082	\$ 882,374	\$ 82,708,502

Capital Assets

	William & Mary Foundation	Marshall-Wythe School of Law Foundation	William & Mary Alumni Association Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total
Nondepreciable:						
Land	\$ 3,365,927	\$ 262,916	\$ -	\$ -	\$ 6,870,245	\$ 10,499,088
Construction in progress	-	-	-	-	-	-
Historical treasures and inexhaustable works of art	6,144,744	62,211	-	14,915	-	6,221,870
Total nondepreciable capital assets	<u>\$ 9,510,671</u>	<u>\$ 325,127</u>	<u>\$ -</u>	<u>\$ 14,915</u>	<u>\$ 6,870,245</u>	<u>\$ 16,720,958</u>
Depreciable:						
Building	\$ 7,798,567	\$ -	\$ 378,914	\$ -	\$ 27,436,942	\$ 35,614,423
Equipment, vehicles and furniture	7,346,093	84,722	416,475	64,560	452,196	8,364,046
Improvements, other than building	338,138	-	-	-	-	338,138
	15,482,798	84,722	795,389	64,560	27,889,138	44,316,607
Less accumulated depreciation	(9,713,099)	(84,722)	(695,868)	(24,422)	(5,404,878)	(15,922,989)
Total depreciable capital assets	<u>\$ 5,769,699</u>	<u>\$ -</u>	<u>\$ 99,521</u>	<u>\$ 40,138</u>	<u>\$ 22,484,260</u>	<u>\$ 28,393,618</u>

Long-term Liabilities

	William & Mary Foundation	Richard Bland College Foundation	William & Mary Real Estate Foundation	Total
Compensated absences	\$ 602,562	\$ -	\$ -	\$ 602,562
Notes payable	1,501,936	-	12,178,255	13,680,191
Bonds payable	6,090,000	17,038,587	2,947,410	26,075,997
Trust & Annuity Obligations	4,089,434	-	-	4,089,434
Other liabilities	112,086,314	-	-	112,086,314
Total long-term liabilities	124,370,246	17,038,587	15,125,665	156,534,498
Less current portion	1,075,924	900,248	667,090	2,643,262
Total long-term liabilities	<u>\$ 123,294,322</u>	<u>\$ 16,138,339</u>	<u>\$ 14,458,575</u>	<u>\$ 153,891,236</u>

## Restatement of Beginning Net Position

Net position as previously reported June 30, 2023	\$ 1,363,351,044
Prior year audit adjustments:	
William & Mary Real Estate Foundation	(25,622)
William & Mary Athletic Education Foundation	594,602
William & Mary Alumni Association	35,668
Richard Bland College Foundation	(16,959)
	<u>587,689</u>
Net position at July 1, 2023	<u>\$ 1,363,938,733</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, 2024.

The Fund entered into Member Deposit Agreements with the Foundation, the Marshall-Wythe School of Law Foundation, the William & Mary Business School Foundation, the 1693 Foundation, 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, and the university totaled \$218,792,917 and \$210,525,959 at June 30, 2024 and 2023, 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, 2024 and 2023 was \$1,512,533 and \$1,722,827, respectively. Interest paid on the loan during the years ended June 30, 2024 and 2023 was \$77,208 and \$85,734, 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, 2024 and 2023, was \$222,740 and \$222,132, 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 MARSHALL-WYTHE SCHOOL OF LAW FOUNDATION

### Law Library Bond Issuance

The construction and renovations of the Wolf Law Library and Hixon Center at the Marshall-Wythe School of Law were funded by proceeds allocated to the Marshall-Wythe School of Law 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 \$104,121 in 2024.

## 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, 2024 the Foundation had a receivable of \$17,038,587 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 \$599,064 and \$580,488 for 2024 and 2023, 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 and \$70,930 for 2024 and 2023, respectively.

### 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 \$502,076 and \$478,780 for 2024 and 2023, 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 \$1,472,449 and \$1,415,051 for 2024 and 2023, 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 \$131,900 and \$0 for 2024 and 2023, 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% (6.17% at June 30, 2024). The line requires monthly payments of accrued interest and matures on December 23, 2024.

### 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 \$3,034,303 at June 30, 2024.

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 \$2,439,344 at June 30, 2024.

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. At June 30, 2024, the Foundation was in compliance with these covenants.

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 \$4,774,879 at June 30, 2024.

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, 2024, 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 November 19, 2019, 10-year term. The note was refinanced on 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 \$4,975,710 at June 30, 2024.

The promissory note was issued through a private lender for a principal amount of \$4,500,000. The proceeds of this note were used to finance the purchase of real property referred to as North Henry Street. The note was refinanced with a different financial institution on June 30, 2021. A balloon installment payment for all unpaid principal and interest is due at note maturity on July 31, 2030. An additional draw of \$1,000,000 was made during 2023. Amounts outstanding are collateralized by assignment of rents and leases. The note requires certain covenants to be met. At June 30, 2024, the

Foundation was in compliance with these covenants.

### Significant activity between the university and component units

Direct Payments to the university from the William & Mary Foundation, the Marshall-Wythe School of Law Foundation, the William & Mary Athletic Educational Foundation, and the William & Mary School of Business Foundation for the year ended June 30, 2024, totaled \$72,849,412; \$6,997,426; \$6,255,486; and \$4,797,706, 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, 2024 and 2023, totaled \$4,215,610 and \$3,893,405, respectively, for rent of facilities.

## 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 \$11,648,706 for the year ended June 30, 2024. Contributions to the optional retirement plans were calculated using the base salary amount of \$124,283,750 for fiscal year 2024. William & Mary, which includes the Virginia Institute of Marine Science, and Richard Bland College's total payroll for fiscal year 2024 was \$260,925,550.

### 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 \$664,129 for fiscal year 2024.

### 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:

<b>RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE</b>		
<b>PLAN 1</b>	<b>PLAN 2</b>	<b>HYBRID RETIREMENT PLAN</b>
<p><b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p><b>About Plan 2</b> Same as Plan 1.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> <li>• The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</li> <li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li> <li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li> </ul>
<p><b>Eligible Members</b> Members are in Plan 1 if their membership date is before July 1, 2010, they were vested as of January 1, 2013, and they have not taken a refund.</p>	<p><b>Eligible Members</b> Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.</p>	<p><b>Eligible Members</b> Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Full-time permanent, salaried state employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan</li> </ul>

<p><b>Hybrid Opt-In Election</b>  VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p><b>Hybrid Opt-In Election</b>  Same as Plan 1.</p>	<p>during the election window held January 1-April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014</p> <p><b>*Non-Eligible Members</b>  Some members are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Members of the Virginia Law Officers’ Retirement System (VaLORS)</li> </ul> <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><b>Retirement Contributions</b>  State members, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.</p>	<p><b>Retirement Contributions</b>  Same as Plan 1.</p>	<p><b>Retirement Contributions</b>  A member’s retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Service Credit</b></p>	<p><b>Service Credit</b>  Same as Plan 1.</p>	<p><b>Service Credit</b>  <i>Defined Benefit Component:</i></p>

<p>Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>		<p>Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><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><b>Vesting</b> Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b> Same as Plan 1.</p>	<p><b>Vesting</b> <i>Defined Benefit Component:</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contributions Component:</i></p>

		<p>Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law.</p>
<p><b>Calculating the Benefit</b> The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <i>Defined Benefit Component:</i> See definition under Plan 1</p> <p><i>Defined Contribution Component:</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p><b>Average Final Compensation</b> A member’s average final compensation is the average of</p>	<p><b>Average Final Compensation</b> A member’s average final compensation is the average of</p>	<p><b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the</p>

the 36 consecutive months of highest compensation as a covered employee.	their 60 consecutive months of highest compensation as a covered employee.	defined benefit component of the plan.
<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p><b>VaLORS:</b> The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p><b>Service Retirement Multiplier</b>  <b>VRS:</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p><b>VaLORS:</b> 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><b>Service Retirement Multiplier</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> 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><b>VaLORS:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Not applicable.</p>
<p><b>Normal Retirement Age</b>  <b>VRS:</b> Age 65.</p> <p><b>VaLORS:</b> Age 60.</p>	<p><b>Normal Retirement Age</b>  <b>VRS:</b> Normal Social Security retirement age.</p> <p><b>VaLORS:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> Same as Plan 2.</p> <p><b>VaLORS:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p><b>VaLORS:</b> Age 60 with at least five years of service credit or</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90.</p> <p><b>VaLORS:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> Same as Plan 2</p> <p><b>VaLORS:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i></p>

<p>age 50 with at least 25 years of service credit.</p>		<p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p><b>VaLORS:</b> Age 50 with at least five years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p> <p><b>VaLORS:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> Same as Plan 2</p> <p><b>VaLORS:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  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><b><u>Eligibility:</u></b>  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><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  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><b><u>Eligibility:</u></b>  Same as Plan 1</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b>  <i>Defined Benefit Component:</i>  Same as Plan 2.</p> <p><i>Defined Contribution Component:</i>  Not applicable.</p> <p><b><u>Eligibility:</u></b>  Same as Plan 1 and Plan 2.</p>

<p><b><u>Exceptions to COLA Effective Dates:</u></b>  The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> </ul> <p>The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</p>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1</p>	<p><b><u>Exceptions to COLA Effective Dates:</u></b>  Same as Plan 1 and Plan 2.</p>
<p><b>Disability Coverage</b>  For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% 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><b>Disability Coverage</b>  For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p>	<p><b>Disability Coverage</b>  State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP) and are not eligible for disability retirement.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible</p>

VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	for non-work-related disability benefits.
<p><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>

### Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency’s contractually required employer contribution rate for the fiscal year ended June 30, 2024 was 14.46% 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, 2021. 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 \$14,156,691 and \$12,533,548 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from the university and college to the VaLORS Retirement Plan were \$479,761 and \$422,846 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$73.0 million to the VRS State plan and \$6.6 million to VaLORS. These special payments were authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and are classified as special employer contributions. The university’s proportionate share of these special contributions were reported as non-operating revenue on the Other non-operating revenue line.

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

At June 30, 2024, the university and college reported a liability of \$93,846,827 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$3,146,620 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the university's and college's proportion of the VRS State Employee Retirement Plan was 1.44% for William & Mary, 0.30% for VIMS, and 0.12% for RBC as compared to 1.38% for William & Mary, 0.29% for VIMS, and 0.12% for RBC at June 30, 2022. At June 30, 2023, the university's and college's proportion of the VaLORS Retirement Plan was 0.42% for William & Mary, and 0.07% for RBC as compared to 0.35% for William & Mary, and 0.08% for RBC at June 30, 2022.

For the year ended June 30, 2024, the university and college recognized pension expense of \$7,861,003 for the VRS State Employee Retirement Plan and \$779,920 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2022 and June 30, 2023 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, 2024, the university and college reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**VRS Retirement Plan**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	9,115,541	2,710,931
Net difference between projected and actual earnings on pension plan investments	-	6,568,019
Change in assumptions	1,239,776	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,693,379	998,587
Employer contributions subsequent to the measurement date	14,156,691	
Total	<u>\$ 27,205,387</u>	<u>\$ 10,277,537</u>

## VaLORS Retirement Plan

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	69,514	-
Net difference between projected and actual earnings on pension plan investments	-	134,054
Change in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	187,086	30,781
Employer contributions subsequent to the measurement date	479,761	
Total	<u>\$ 736,361</u>	<u>\$ 164,835</u>

The university and college had \$14,636,452 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, 2025. 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 2025	\$ (1,310)	\$ 127
FY 2026	\$ (3,657)	\$ (168)
FY 2027	\$ 7,501	\$ 128
FY 2028	\$ 238	\$ 5
FY 2029	\$ -	\$ -

### Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, 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, 2023.

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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2023, 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	\$ 28,411,528	\$ 2,577,980
Plan Fiduciary Net Position	<u>23,351,827</u>	<u>1,931,061</u>
Employers' Net Pension Liability (Asset)	<u>\$ 5,059,701</u>	<u>\$ 646,919</u>

Plan Fiduciary Net Position as a Percentage of the  
Total Pension Liability

82.19%

74.91%

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

## Long-Term Expected Rate of Return

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

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
<b>Total</b>	<b>100.00%</b>		<b>5.75%</b>
		Inflation	2.50%
		Expected arithmetic nominal return*	<b>8.25%</b>

\* The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

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

## Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that 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, 2023, 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, 2023, 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)	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
The university and college's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$ 156,387	\$ 93,847	\$ 41,505

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 and college's proportionate share of the VaLORS Employee Retirement Plan Net Pension Liability	\$ 4,811	\$ 3,147	\$ 1,787

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 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-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 \$586,319 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:

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"><li>• City of Richmond</li><li>• City of Portsmouth</li><li>• City of Roanoke</li><li>• City of Norfolk</li><li>• Roanoke City School Board</li></ul> <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"><li>• <i>Natural Death Benefit:</i> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.</li><li>• <i>Accidental Death Benefit:</i> The accidental death benefit is double the natural death benefit.</li><li>• <i>Other Benefit Provisions:</i> In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none"><li>- Accidental dismemberment benefit</li><li>- Seatbelt benefit</li><li>- Repatriation benefit</li><li>- Felonious assault benefit</li><li>- Accelerated death benefit option</li></ul></li></ul>
<p><b>Reduction in Benefit Amounts</b></p> <p>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.</p>

### **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 \$9,254 as of June 30, 2024.

### 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 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% 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, 2024, was 0.54% 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, 2021. 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 \$1,247,249 and \$1,137,504 for the years ended June 30, 2024, and June 30, 2023 respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, 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.

### 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, 2024, the university and college reported a liability of \$10,816,128 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the university's and college's proportion was 0.77% for William & Mary, 0.10% for VIMS, and 0.03% for RBC as compared to 0.78% for William & Mary, 0.10% for VIMS, and 0.03% for RBC at June 30, 2022.

For the year ended June 30, 2024, the university and college recognized GLI OPEB expense of \$356,654. 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, 2024, 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	1,080,267	328,324
Net difference between projected and actual earnings on GLI OPEB program investments	-	434,654
Changes in assumptions	231,200	749,384
Changes in proportionate share	57,564	553,586
Employer contributions subsequent to the measurement date	1,247,249	
Total	<u>\$ 2,616,280</u>	<u>\$ 2,065,948</u>

The university and college had \$1,247,249 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, 2025. 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 2025	\$	(246)
FY 2026	\$	(578)
FY 2027	\$	76
FY 2028	\$	(31)
FY 2029	\$	82
Thereafter	\$	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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
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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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2023, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$ 3,907,052
Plan Fiduciary Net Position	<u>2,707,739</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,199,313</u>

Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability 69.30%

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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long- Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
<b>Total</b>	<b><u>100.00%</u></b>		<b><u>5.75%</u></b>
		Inflation	2.50%
		Expected arithmetic nominal return*	<b><u>8.25%</u></b>

\* The above allocation provides a one-year return of 8.25%. 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 7.14%, 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, 2023, 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, 2023, 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	\$ 16,033	\$ 10,816	\$ 6,598
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 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-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 \$113,869 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:

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### **STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS**

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#### **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.

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#### **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 \$4.00 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 \$4.00 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 \$4.00 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.

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#### **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, 2024, 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, 2021. 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 \$2,611,631 and \$2,376,411 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$8.5 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 769, 2023 Acts of Assembly Reconvened Session, 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, 2024 the university and college reported a liability of \$21,234,967 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, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2023, the university's and college's proportion of the VRS State Employee Health Insurance Credit Program was 2.20% for William & Mary, 0.29% for VIMS, and 0.10% for RBC as compared to 2.23% for William & Mary, 0.29% for VIMS, and 0.09% for RBC at June 30, 2022.

For the year ended June 30, 2024, the university and college recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$3,117,910. 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, 2024, 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	501	1,356,483
Net difference between projected and actual earnings on State HIC OPEB program investments	55,420	-
Change in assumptions	501,786	-
Changes in proportionate share	74,994	851,615
Employer contributions subsequent to the measurement date	2,611,631	
Total	<u>\$ 3,244,332</u>	<u>\$ 2,208,098</u>

The university and college had \$2,611,631 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, 2025. 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 2025	\$	(475)
FY 2026	\$	(483)
FY 2027	\$	(297)
FY 2028	\$	(265)
FY 2029	\$	(55)
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, 2022, 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, 2023.

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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based

on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2023, NOL amounts for the VRS State Employee Health Insurance Credit Program are as follows (amounts expressed in thousands):

	<b>State Employee HIC OPEB Plan</b>
Total State Employee HIC OPEB Liability	\$ 1,102,220
Plan Fiduciary Net Position	<u>280,599</u>
State Employee Net HIC OPEB Liability (Asset)	<u>\$ 821,621</u>
 Plan Fiduciary Net Position as a Percentage of the Total State Employee HIC OPEB Liability	 25.46%

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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
<b>Total</b>	<b><u>100.00%</u></b>		<b><u>5.75%</u></b>
		Inflation	2.50%
		Expected arithmetic nominal return*	<b><u>8.25%</u></b>

\* The above allocation provides a one-year return of 8.25%. 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 7.14%, 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 allocation.

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, 2023, 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, 2023, 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)	<b>1.00% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1.00% Increase (7.75%)</b>
The university's and college's proportionate share of the VRS State Employee HIC OPEB Plan	\$ 23,979	\$ 21,235	\$ 18,882
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 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-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 \$103,566 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:

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### **VSDP PLAN PROVISIONS**

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#### **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.

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#### **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.
- *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.

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**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, 2024, was 0.61% 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, 2021. 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 entity were \$502,319 and \$422,972 for the years ended June 30, 2024, and June 30, 2023, 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, 2024, the university and college reported a liability (asset) of (\$4,401,573) for their proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2023, 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially

determined employer contributions for all participating employers. At June 30, 2023, the university's and college's proportion was 1.10% for William & Mary, 0.22% for VIMS, and 0.08% for RBC as compared to 1.00% for William & Mary, 0.21% for VIMS, and 0.07% for RBC at June 30, 2022.

For the year ended June 30, 2024, the university and college recognized VSDP OPEB expense of \$120,928. 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, 2024, the university and college reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	317,242	605,627
Net difference between projected and actual earnings on VSDP OPEB program investments	-	120,683
Change in assumptions	15,100	48,400
Changes in proportionate share	112,730	320,433
Employer contributions subsequent to the measurement date	502,319	
Total	<u>\$ 947,391</u>	<u>\$ 1,095,143</u>

The university and college had \$502,319 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 asset in the fiscal year ending June 30, 2025. 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 2025	\$	(191)
FY 2026	\$	(267)
FY 2027	\$	(21)
FY 2028	\$	(52)
FY 2029	\$	(33)
Thereafter	\$	(87)

Actuarial Assumptions

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2023, NOA amounts for the Disability Insurance Program (VSDP) are as follows (amounts expressed in thousands):

	<b>Virginia Sickness and Disability Program</b>
Total VSDP OPEB Liability	318,901
Plan Fiduciary Net Position	634,779
VSDP Net OPEB Liability (Asset)	<u>\$ (315,878)</u>
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB	199.05%

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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
<b>Total</b>	<b>100.00%</b>		<b>5.75%</b>
		Inflation	2.50%
		Expected arithmetic nominal return*	<b>8.25%</b>

\* The above allocation provides a one-year return of 8.25%. 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 7.14%, 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, 2023, 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, 2023, 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)	\$ (4,073)	\$ (4,402)	\$ (4,691)

VSDP OPEB Fiduciary Net Position

Detailed information about the Disability Insurance Program (VSDP) Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-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 \$13,972 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:

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**LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS**

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**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.

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**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:

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- \$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.
  - 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, 2024, was \$830.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, 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 entity were \$28,254 and \$21,819 for the years ended June 30, 2024, and June 30, 2023, 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, 2024, the university and college reported a liability of \$659,158 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023 and the total LODA OPEB Liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The entity'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, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the entity's proportion was 0.10% for William & Mary, and 0.06% for RBC as compared to 0.11% for William & Mary, and 0.12% for RBC at June 30, 2022.

For the year ended June 30, 2024 the university and college recognized LODA OPEB expense of \$99,403. 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, 2024, the university and college reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	35,161	124,119
Net difference between projected and actual earnings on LODA OPEB program investments	-	1,928
Change in assumptions	146,407	135,922
Change in proportionate share	270,818	297,879
Employer contributions subsequent to the measurement date	28,254	
<b>Total</b>	<b>\$ 480,640</b>	<b>\$ 559,848</b>

The university and college had \$28,254 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, 2025. 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 2025	\$	8
FY 2026	\$	8
FY 2027	\$	7
FY 2028	\$	3
FY 2029	\$	3
Thereafter	\$	(136)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.50%
Salary increases, including inflation –	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
Medical cost trend rates assumption –	
Under age 65	7.00% – 4.75%
Ages 65 and older	5.25% – 4.75%

Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.86%, including inflation*

\* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

#### 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, 2022, 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. 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

#### 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, 2022, 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, 2022, 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, 2022, 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, 2022, 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, 2023, NOL amounts for the Line of Duty Act Program (LODA) are as follows (amounts expressed in thousands):

Total LODA OPEB Liability	\$	406,211
Plan Fiduciary Net Position		5,311
LODA Net OPEB Liability (Asset)	\$	400,900

Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability 1.31%

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 3.86% 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 3.86% 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, 2023.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.86%. 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, 2023, 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 3.86%, 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 (2.86%) or one percentage point higher (4.86%) than the current rate:

(\$ thousands)	<b>1.00% Decrease 2.86%</b>	<b>Current Discount Rate 3.86%</b>	<b>1.00% Increase 4.86%</b>
The university's and college's proportionate share of the LODA Net OPEB Liability	\$ 739	\$ 659	\$ 592

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 7.00% decreasing to 4.75%, 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 (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

(\$ thousands)	<b>1.00% Decrease (6.00% decreasing to 3.75%)</b>	<b>Current Trend Rate (7.00% decreasing to 4.75%)</b>	<b>1.00% Increase (8.00% decreasing to 5.75%)</b>
The university's and college's proportionate share of the LODA Net OPEB Liability	\$ 559	\$ 659	\$ 783

#### 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 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2023-annual-report.pdf](http://varetire.org/pdf/publications/2023-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.

Following are eligibility requirements for Virginia Retirement System retirees:

- You are a retiring state employee who is eligible for a monthly retirement benefit from the Virginia Retirement System (VRS), and
- You start receiving (do not defer) your retirement 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 3,551 retirees and 92,780 active employees in the program as of June 30, 2023. 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, 2023 (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 7.75 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, 2023 (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	3.65%
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: 7.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
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, 2023.

*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, 2023. Additionally, the discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.

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, 2024 the university and college reported a liability of \$9,648,841 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$351.9 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023. 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, 2023, the university’s and college’s proportion was 2.7418% as compared to 2.7064% at June 30, 2022. For the year ended June 30, 2024, the university and college recognized Pre-Medicare Retiree Healthcare OPEB expense (gain) of (\$4,732,853).

On June 30, 2024, the university and college reported deferred outflows of resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
(1) Difference between actual and expected experience	\$ 247,507	\$ 2,332,459
(2) Change in assumptions	-	5,907,803
(3) Changes in proportion	644,246	510,095
(4) Rounding adjustment	-	-
(5) Subtotal	891,753	8,750,357
(6) Amounts associated with transactions subsequent to the measurement date	764,957	
(7) Total	<u>\$ 1,656,710</u>	<u>\$ 8,750,357</u>

The university and college had \$764,957 reported as deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date that will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2025. 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 2025	\$ (3,767)
FY 2026	\$ (2,155)
FY 2027	\$ (1,324)
FY 2028	\$ (625)
FY 2029	\$ 13
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 3.65%, 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 (2.65%) or one percentage point higher (4.65%) than the current rate:

(\$ thousands)	<b>1.00% Decrease (2.65%)</b>	<b>Current Rate (3.65%)</b>	<b>1.00% Increase (4.65%)</b>
OPEB Liability	\$ 10,219	\$ 9,649	\$ 9,104

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 7.75% 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 (6.75% decreasing to 3.50%) or one percentage point higher (8.75% decreasing to 5.50%) than the current rate:

(\$ thousands)	<b>1.00% Decrease (6.75% decreasing to 3.50%)</b>	<b>Trend Rate (7.75% decreasing to 4.50%)</b>	<b>1.00% Increase (8.75% decreasing to 5.50%)</b>
OPEB Liability	\$ 8,778	\$ 9,649	\$ 10,659

## 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, 2024, 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

In February 2025, the Commonwealth of Virginia, on behalf of the university, issued \$17,778,275 in Virginia College Building Authority Pooled Bonds, Series 2025A to improve auxiliary facilities and \$11,027,499 in Virginia College Building Authority Pooled Bonds, Series 2025A to renovate Kaplan Arena and construct a sports performance center.

**Required Supplementary Information (RSI)  
For the Fiscal Year Ended June 30, 2024**

**Required Supplementary Information (RSI)**  
**Cost-Sharing Employer Plans – VRS State Employee Retirement Plan**  
**And VaLORS Retirement Plan**  
**For the Fiscal Year Ended June 30, 2024**

**Schedule of Employer's Share of Net Pension Liability**  
**VRS State Employee Retirement Plan**  
**For the Measurement Dates of June 30, 2014 through 2023**

	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
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%
2014	1.78%	\$ 99,411,000	\$ 66,605,228	149.25%	74.28%

**Schedule of Employer's Share of Net Pension Liability**  
**VaLORS Employee Retirement Plan**  
**For the Measurement Dates of June 30, 2014 through 2023**

	<b>Employer's Proportion of the Net Pension Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
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%
2014	0.30%	\$ 2,024,000	\$ 1,101,243	183.79%	63.05%

**Schedule of Employer Contributions  
VRS State Employee Retirement Plan  
For the Years Ended June 30, 2015 through 2024**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
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%
2015	8,668,857	8,668,857	-	70,307,029	12.33%

**Schedule of Employer Contributions  
VaLORS Employee Retirement Plan  
For the Years Ended June 30, 2015 through 2024**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
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%
2015	174,908	174,908	-	989,861	17.67%

**Notes to Required Supplementary Information  
For the Year Ended June 30, 2024**

**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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2024**

**Schedule of Employer's Share of Net OPEB Liability**  
**Group Life Insurance Program (GLI)**  
**For the Measurement Dates of June 30, 2017 through 2023**

	<b>Employer's Proportion of the Net GLI OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability</b>
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 2023 is the seventh year for this presentation, only seven 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 2024**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
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 2024 is the seventh year for this presentation, only seven 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, 2024**

**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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2024**

**Schedule of Employer's Share of Net OPEB Liability**  
**Health Insurance Credit Program (HIC)**  
**For the Measurement Dates of June 30, 2017 through 2023**

	<b>Employer's Proportion of the Net HIC OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability</b>
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 2023 is the seventh year for this presentation, only seven 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 2024**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
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 2024 is the seventh year for this presentation, only seven 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, 2024**

**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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2024**

**Schedule of Employer's Share of Net OPEB Liability (Asset)**  
**Disability Insurance Program (VSDP)**  
**For the Measurement Dates of June 30, 2017 through 2023**

	<b>Employer's Proportion of the Net VSDP OPEB Liability (Asset)</b>	<b>Employer's Proportionate Share of the Net VSDP OPEB Liability (Asset)</b>	<b>Employer's Covered Payroll</b>	<b>Employer's Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability</b>
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 2023 is the seventh year for this presentation, only seven 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 2024**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
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 2024 is the seventh year for this presentation, only seven 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, 2024**

**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, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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
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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, 2024**

**Schedule of Employer's Share of Net OPEB Liability**  
**Line of Duty Act Program (LODA)**  
**For the Measurement Dates of June 30, 2017 through 2023**

	<b>Employer's Proportion of the Net LODA OPEB Liability (Asset)</b>	<b>Employer's Share of the Net LODA OPEB Liability (Asset)</b>	<b>Covered- Employee Payroll *</b>	<b>Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered - Employee Payroll *</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability</b>
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 2023 is the seventh year for this presentation, only seven 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 2024**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered- Employee Payroll *</b>	<b>Contributions as a % of Covered- Employee Payroll *</b>
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 2024 is the seventh year for this presentation, only seven 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, 2024**

**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, 2022, 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
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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, 2024**

**Schedule of Employer's Share of Total OPEB Liability  
Pre-Medicare Retiree Healthcare Plan  
For the Measurement Dates of June 30, 2017 through 2023**

	<b>Employer's proportion of the collective total OPEB liability</b>	<b>Employer's proportionate share of the collective total OPEB liability</b>	<b>Employer's covered- employee payroll</b>	<b>Employer's proportionate share of the collective total OPEB liability as a percentage of its covered- employee payroll</b>
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 2023 is the seventh year for this presentation, only seven 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, 2024**

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, 2023. Additionally, the discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date of June 30, 2023.

**William & Mary, Virginia Institute of Marine Science and Richard Bland College - Optional Supplementary Information**  
**Combining Statement of Net Position**  
**As of June 30, 2024**

<b>ASSETS</b>	<b>W&amp;M and VIMS</b>	<b>RBC</b>	<b>Combined</b>
<b>Current assets:</b>			
Cash and cash equivalents	\$ 120,879,866	\$ 2,237,607	\$ 123,117,473
Investments	52,041,211	-	52,041,211
Appropriation available	903,702	-	903,702
Receivables, net of allowance for doubtful accounts	31,223,788	1,915,741	33,139,529
Notes receivable	104,484	-	104,484
Due from Commonwealth	8,549,685	81,757	8,631,442
Inventories	637,596	-	637,596
Prepaid expenses	6,156,318	248,703	6,405,021
Other assets	481,879	-	481,879
Total current assets	220,978,529	4,483,808	225,462,337
<b>Non-current assets:</b>			
Restricted cash and cash equivalents	27,717,333	23,083	27,740,416
Restricted investments	97,178,294	500,344	97,678,638
Investments	106,948,376	-	106,948,376
Appropriation available related to capital projects	39,581,270	841,652	40,422,922
Receivables	4,239,942	-	4,239,942
Notes receivable, net of allowance for doubtful accounts	278,504	-	278,504
Capital assets, nondepreciable	296,123,084	16,513,999	312,637,083
Capital assets, net of accumulated depreciation and amortization	893,562,106	39,726,312	933,288,418
Other restricted assets	4,142,995	258,578	4,401,573
Total non-current assets	1,469,771,904	57,863,968	1,527,635,872
Total assets	1,690,750,433	62,347,776	1,753,098,209
Deferred outflows of resources	36,819,136	2,658,507	39,477,643
Total assets and deferred outflows of resources	1,727,569,569	65,006,283	1,792,575,852
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued expenses	73,760,145	1,929,996	75,690,141
Unearned revenue	16,069,593	113,292	16,182,885
Deposits held in custody for others	679,907	212,050	891,957
Obligations under securities lending program	-	114,424	114,424
Long-term liabilities-current portion	34,824,767	2,057,398	36,882,165
Other liabilities	-	-	-
Total current liabilities	125,334,412	4,427,160	129,761,572
Long-term liabilities-non-current portion	455,974,271	28,298,071	484,272,342
Total liabilities	581,308,683	32,725,231	614,033,914
Deferred inflows of resources	46,367,848	1,882,458	48,250,306
Total liabilities and deferred inflows of resources	627,676,531	34,607,689	662,284,220
<b>NET POSITION</b>			
Net investment in capital assets	925,556,320	32,884,545	958,440,865
<b>Restricted for:</b>			
<b>Nonexpendable:</b>			
Scholarships and fellowships	11,318,312	236,118	11,554,430
Departmental uses	49,098,785	-	49,098,785
<b>Expendable:</b>			
Scholarships and fellowships	9,605,246	531,424	10,136,670
Research	3,679,648	-	3,679,648
Debt service	148,607	-	148,607
Capital projects	24,319,186	841,652	25,160,838
Loans	331,631	-	331,631
Departmental uses	19,402,633	374,383	19,777,016
Unrestricted	56,432,670	(4,469,528)	51,963,142
Total net position	\$ 1,099,893,038	\$ 30,398,594	\$ 1,130,291,632

**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, 2024**

	W&M and VIMS	RBC	Combined
Operating revenues:			
Student tuition and fees, net of scholarship allowances of \$50,516,702 and \$2,239,389	\$ 219,553,047	\$ 4,304,545	\$ 223,857,592
Federal grants and contracts	48,150,575	136,611	48,287,186
State grants and contracts	4,514,184	51,000	4,565,184
Local grants and contracts	102,525	2,500	105,025
Nongovernmental grants and contracts	10,403,696	-	10,403,696
Auxiliary enterprises, net of scholarship allowances of \$23,727,192 and \$2,131,767	108,075,736	4,148,135	112,223,871
Other	11,389,833	68,672	11,458,505
Total operating revenues	<u>402,189,596</u>	<u>8,711,463</u>	<u>410,901,059</u>
Operating expenses:			
Instruction	154,175,529	7,597,593	161,773,122
Research	81,120,375	455,492	81,575,867
Public service	240,766	-	240,766
Academic support	58,055,952	1,366,223	59,422,175
Student services	17,442,325	2,226,771	19,669,096
Institutional support	57,996,491	4,688,170	62,684,661
Operation and maintenance of plant	37,836,944	2,132,989	39,969,933
Student aid	20,599,799	1,780,247	22,380,046
Auxiliary enterprises	96,128,690	4,376,624	100,505,314
Depreciation and amortization	51,181,511	2,989,544	54,171,055
Other	245,431	-	245,431
Total operating expenses	<u>575,023,813</u>	<u>27,613,653</u>	<u>602,637,466</u>
Operating loss	<u>(172,834,217)</u>	<u>(18,902,190)</u>	<u>(191,736,407)</u>
Non-operating revenues/(expenses):			
State appropriations	111,322,026	16,331,930	127,653,956
Gifts	57,658,877	317,049	57,975,926
Net investment income	19,779,937	168,931	19,948,868
Pell grant revenue	5,150,219	2,469,081	7,619,300
Coronavirus relief funds - CARES and ARP acts	60,183	-	60,183
Interest expense	(8,439,686)	(841,265)	(9,280,951)
Other non-operating revenue	5,228,769	1,671,907	6,900,676
Other non-operating expense	(3,485,117)	(803,098)	(4,288,215)
Net non-operating revenues	<u>187,275,208</u>	<u>19,314,535</u>	<u>206,589,743</u>
Income/(loss) before other revenues, expenses, gains or losses	<u>14,440,991</u>	<u>412,345</u>	<u>14,853,336</u>
Capital appropriations	82,190,842	7,020,388	89,211,230
Capital grants and contributions	26,800,076	-	26,800,076
Loss on disposal of assets	(2,988,520)	(7,890)	(2,996,410)
Net other revenues, expenses, gains or losses	<u>106,002,398</u>	<u>7,012,498</u>	<u>113,014,896</u>
Increase/(Decrease) in net position	<u>120,443,389</u>	<u>7,424,843</u>	<u>127,868,232</u>
Net position - beginning of year, as previously stated	974,201,568	22,896,430	997,097,998
Adjustments	5,248,082	77,321	5,325,403
Net position - end of year	<u>\$ 1,099,893,039</u>	<u>\$ 30,398,594</u>	<u>\$ 1,130,291,633</u>



Staci A. Henshaw, CPA  
Auditor of Public Accounts

# Commonwealth of Virginia

*Auditor of Public Accounts*

P.O. Box 1295  
Richmond, Virginia 23218

May 14, 2025

The Honorable Glenn Youngkin  
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, 2024, 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, 2024, 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 Note 1 and 14. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units of the University, is based solely on the reports 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) Implementation Guide 2021-1 Question 5.1, related to capitalizing groups of assets. 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 judgment, 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 May 14, 2025, 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 ACCOUNT

DLR/vks

**William & Mary  
Richard Bland College**

**June 30, 2024**

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**Richard Bland College**

Debbie L. Sydow, President