

VIRGINIA COLLEGE BUILDING AUTHORITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2025



VIRGINIA COLLEGE BUILDING AUTHORITY
FINANCIAL STATEMENTS
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VIRGINIA COLLEGE BUILDING AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

This section of the annual financial report of the Virginia College Building Authority (“the Authority”) presents an analysis of the Authority’s financial performance during the fiscal year that ended on June 30, 2025. This information should be considered in conjunction with the information contained in the financial statements, which follow this section.

Authority Activities and Highlights

The Virginia College Building Authority is authorized to issue revenue bonds and notes to finance (1) capital projects of public institutions of higher education under the Pooled Bond Program; (2) capital projects of public institutions of higher education under the 21st Century College and Equipment Programs; and (3) loans to private, non-profit institutions of higher education within the Commonwealth and non-profit foundations of public institutions of higher education.

Under the Pooled Bond Program, bonds of the Authority are secured by notes of participating institutions of higher education to which the general revenues of the college or university have been pledged. During the year, the Authority issued \$38 million under this Program.

The 21st Century College Program and the Equipment Program were established in 1996 and 1986, respectively, and provide financing for state-supported institutions of higher education. The 21st Century Program provides funding for capital projects designated by the General Assembly. The Equipment Program provides funding for educational equipment. Bonds for both programs are payable from amounts to be appropriated by the General Assembly, and are frequently issued together as a single 21st Century College and Equipment Programs offering. During the year, the Authority did not issue bonds under these Programs.

The Authority is also authorized to issue conduit revenue bonds and notes to finance educational projects through loans to private, non-profit institutions of higher education within the Commonwealth and non-profit foundations of public institutions of higher education (to date, no foundations of public institutions have participated in the program). Since these financings are not obligations of the Commonwealth, they are not included in these financial statements. However, for informational purposes only, a Schedule of Outstanding Bond Issues for Private Colleges and Universities is included on page 19 of this report.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Authority’s basic financial statements, which are comprised of two components: 1) combined government-wide and fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities are two basic financial statements that report information about the Authority as a whole. The data is reported using

VIRGINIA COLLEGE BUILDING AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

the accrual basis of accounting, and provides insight as to whether or not the Authority's total financial position has improved as a result of the current year's activities.

The Statement of Net Position presents all of the Authority's assets, deferred outflows of resources, and liabilities, with net position representing the difference between these elements. Over time, increases and decreases in net position measure whether the Authority's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g. receipt or payments on long-term debt obligations).

Both statements report governmental activities. The financial information in this section is related to Authority programs backed by appropriations from the Commonwealth and by note obligations from institutions of higher education. This includes the Authority's 21st Century College and Equipment Programs and Pooled Bond Program.

Fund Financial Statements

The fund financial statements provide detailed information about the major individual funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts that the Authority uses to keep track of specific sources of funding and spending for a particular purpose.

All of the Authority's activity is reported in a Special Revenue fund within the Governmental Fund Financial Statements. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements focus on near-term inflows and outflows of spendable resources. This approach is known as using the current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Authority's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the Authority.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented in the adjustment column in each of the financial statements.

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Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements.

Government-wide Financial Analysis of the Authority

The primary purpose of the Authority is to provide a vehicle for financing capital and equipment needs for state supported institutions of higher education. The Department of the Treasury provides staff support for the Authority. Consequently, the only operating costs are those attributable to its financing programs, which are paid from bond proceeds. The Authority owns no capital assets.

Condensed Statement of Net Position
(in millions)

	2025	2024	Change
Current assets	\$ 560	\$ 828	\$ (268)
Noncurrent assets	1,157	1,238	(81)
Total assets	1,717	2,066	(349)
Total deferred outflows	10	14	(4)
Current liabilities	811	816	(5)
Noncurrent liabilities	6,087	6,633	(546)
Total liabilities	6,898	7,449	(551)
Total deferred inflows	22	25	(3)
Net position (deficit):			
Restricted	303	576	(273)
Unrestricted	(5,496)	(5,970)	474
Total net position (deficit)	\$ (5,193)	\$ (5,394)	\$ 201

Net position increased by \$201 million, or 4%, in fiscal year 2025 as compared to fiscal year 2024. The 21st Century College and Equipment Programs comprise the majority of the Authority's net position. During the year, under this Program, the Authority spent \$458 million on disbursements to institutions and on bond interest expenses, while offsetting revenues were \$660 million. The Authority's total assets decreased by \$349 million, or 17%, primarily attributable to a \$286 million decrease in the 21st Century College and Equipment Programs' assets and a \$64 million decrease in the Pooled Bond Program's assets. Changes in assets were mainly driven by the addition of new bond proceeds, offset by disbursements to institutions. The Authority's total liabilities decreased by \$551 million, or 7%, primarily attributable to a \$488 million decrease in the 21st Century College and Equipment Programs' liabilities and a \$64 million decrease in the Pooled Bond Program's liabilities. Decreases in liabilities under the 21st Century College and Equipment Programs were primarily driven by decreases in bonds payable and in premium on bonds sold. Decreases in liabilities under the Pooled Bond Program offset the Pooled Bond asset decrease, leaving a minimal change in

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Pooled Bond net position. Under the 21st Century College and Equipment Programs debt-related receipts of \$634 million and interest on investments of \$27 million were more than disbursements to institutions of \$297 million and interest payments on bonds of \$161 million. When combined with small changes in other accounts, the result was an increase to net position of \$201 million.

Deficit net position reported by the Authority is a function of the reporting of outstanding obligations for the 21st Century College Program and the Equipment Program without the reporting of the corresponding appropriation receivable from the Commonwealth, which secures these bonds. This is done since future appropriations are not considered available and do not constitute a legally binding commitment, and generally accepted accounting principles do not permit the reporting of these receivables prior to their receipt. The General Assembly has never failed to appropriate funds to the Authority for payment of debt service on the Authority's bonds.

Condensed Statement of Activities
(in millions)

	<u>2025</u>	<u>2024</u>	<u>Change</u>
Revenues:			
Appropriations from the Commonwealth	\$ 632	\$ 594	\$ 38
Other revenues/sources	73	73	-
Total revenues	<u>705</u>	<u>667</u>	<u>38</u>
Expenses:			
Interest on long-term debt	206	203	3
Construction and equipment disbursements	298	567	(269)
Other	-	1	(1)
Total expenses	<u>504</u>	<u>771</u>	<u>(267)</u>
Decrease in net position	201	(104)	305
Net position (deficit) July 1	<u>(5,394)</u>	<u>(5,290)</u>	<u>(104)</u>
Net position (deficit) June 30	<u><u>\$ (5,193)</u></u>	<u><u>\$ (5,394)</u></u>	<u><u>\$ 201</u></u>

The increase in revenues of \$38 million, or 6%, is mainly attributable to a \$34 million increase in debt service-related receipts and an \$4 million increase in interest on investments. Debt service receipts are tied to the structure of the repayment schedules on outstanding bonds. The decrease in expenses of \$267 million, or 35%, is primarily due to a \$270 million decrease in construction and equipment disbursements and an increase of \$2 million in debt service-related disbursements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Financial Analysis of the Authority's Funds

In the Special Revenue Fund, total assets decreased by \$270 million, or 39%, in fiscal year 2025. This is primarily attributable to current period receipts, comprised of \$39 million in spendable bond proceeds and \$31 million interest on investments, offset by disbursements to institutions totaling \$337 million. Total liabilities decreased by \$14 million, or 17% primarily due to a decrease in payables to institutions of \$14 million. These liabilities generally fluctuate with construction schedules and reimbursement requests.

Debt Administration

As a financing entity, the whole business of the Authority is debt administration. The Authority issues bonds to finance capital projects approved by the General Assembly of the Commonwealth of Virginia. Depending on the program, certain bonds are secured by obligations of the recipient institutions of higher education; other bonds are secured by amounts to be appropriated by the General Assembly. The table below summarizes bond issuance activity during the year under each program. Please see Note 2.F on page 15 for additional details on the table below.

Summary of Authority Bond Obligations
(in millions)

	Balance June 30, 2024	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2025
21st Century Program - Capital	\$ 4,933	\$ -	\$ (333)	\$ 4,600
Pooled Bond Program	1,352	37	(116)	1,273
21st Century Program - Equipment	332	-	(78)	254
Add: Unamortized Premium	607	-	(63)	544
Total	<u>\$ 7,224</u>	<u>\$ 37</u>	<u>\$ (590)</u>	<u>\$ 6,671</u>

The Authority obtains bond ratings from Moody's Investors Service (Moody's), S&P Global Ratings (S&P) and Fitch Ratings, Inc. (Fitch). The table below summarizes the ratings on outstanding Authority bonds.

Virginia College Building Authority Bond Ratings

	Moody's	S&P	Fitch
21 st Century College and Equipment Programs	Aa1	AA+	AA+
Pooled Bond Program	Aa1	AA+	AA+

Since the Authority's bond programs are either backed by state appropriations (21st Century College and Equipment Programs) or carry the credit support of the State Aid Intercept Provision (Pooled Bond Program), the bond ratings are a direct reflection of the Commonwealth's triple-A rating from each of the three rating agencies.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

Future Impact to Financial Position

The Authority did not issue any bonds prior to December 15, 2025.

The Authority received a Treasury Loan on October 8, 2025, for up to \$50,000,000 for the Equipment Program to continue providing funding for educational equipment until the next 21st Century College and Equipment Programs bond issuance anticipated in spring 2026.

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STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET As of June 30, 2025

	Special Revenue Fund	Adjustments (Note 1F)	Statement of Net Position
ASSETS			
Current assets:			
Cash and cash equivalents (Note 2A)	\$ 424,248,718	\$ -	\$ 424,248,718
Short-term notes receivable (Note 2B)	-	119,685,000	119,685,000
Restricted interest receivable	9,878	12,710,851	12,720,729
Interest receivable	1,665,477	-	1,665,477
Due from the federal government (Note 2C)	-	1,311,240	1,311,240
Total current assets	<u>425,924,073</u>	<u>133,707,091</u>	<u>559,631,164</u>
Noncurrent assets:			
Restricted cash and cash equivalents (Note 2A)	3,090,353	-	3,090,353
Long-term notes receivable (Note 2B)	-	1,153,435,000	1,153,435,000
Total noncurrent assets	<u>3,090,353</u>	<u>1,153,435,000</u>	<u>1,156,525,353</u>
Total assets	<u>\$ 429,014,426</u>	<u>1,287,142,091</u>	<u>1,716,156,517</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding (Note 2G)		10,545,600	10,545,600
Total deferred outflows		<u>10,545,600</u>	<u>10,545,600</u>
LIABILITIES			
Current liabilities:			
Due to higher education institutions (Note 2D)	\$ 23,840,681	52,487,446	76,328,127
Allocation payable (Note 2E)	46,183,165	-	46,183,165
Interest payable	-	103,661,484	103,661,484
Bonds payable (Note 2F)	-	525,255,000	525,255,000
Premium on bonds sold (Note 2F)	-	59,056,784	59,056,784
Accounts payable	-	20,883	20,883
Total current liabilities	<u>70,023,846</u>	<u>740,481,597</u>	<u>810,505,443</u>
Noncurrent liabilities:			
Bonds payable (Note 2F)	-	5,601,510,000	5,601,510,000
Premium on bonds sold (Note 2F)	-	485,153,223	485,153,223
Total noncurrent liabilities	<u>-</u>	<u>6,086,663,223</u>	<u>6,086,663,223</u>
Total liabilities	<u>70,023,846</u>	<u>6,827,144,820</u>	<u>6,897,168,666</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred gain on refunding (Note 2G)		22,119,500	22,119,500
Total deferred inflows		<u>22,119,500</u>	<u>22,119,500</u>
FUND BALANCE/NET POSITION:			
Fund balance:			
Restricted for construction and equipment	355,952,288	(355,952,288)	-
Restricted for debt service	3,038,292	(3,038,292)	-
Total fund balance	<u>358,990,580</u>	<u>(358,990,580)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 429,014,426</u>		
Net position (deficit):			
Restricted for construction and equipment purchases		303,382,020	303,382,020
Restricted for debt service		54,490	54,490
Unrestricted		(5,496,022,559)	(5,496,022,559)
Total net position (deficit) (Note 2H)		<u>\$ (5,192,586,049)</u>	<u>\$ (5,192,586,049)</u>

The accompanying notes are an integral part of the financial statements.

VIRGINIA COLLEGE BUILDING AUTHORITY

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE For the Fiscal Year Ended June 30, 2025

	Special Revenue Fund	Adjustments (Note 1F)	Statement of Activities
REVENUES:			
Interest on investments	\$ 29,416,887	\$ (2,111,057)	\$ 27,305,830
Interest on bonds	44,196,750	(1,609,053)	42,587,697
Receipt of note principal payments	116,172,761	(116,172,761)	-
Appropriations from the Commonwealth	631,828,407	-	631,828,407
Interest on Build America Bonds	3,647,328	(59,577)	3,587,751
	<u>825,262,133</u>	<u>(119,952,448)</u>	<u>705,309,685</u>
Total revenues			
EXPENDITURES/EXPENSES:			
Current:			
Legal and financial services	253,289	(191,344)	61,945
Bond rating fees	103,000	(103,000)	-
Printing and electronic distributions	1,300	(1,300)	-
Equipment allocation	85,518,535	-	85,518,535
Disbursement to higher education institutions	237,340,442	(25,551,612)	211,788,830
Underwriter's discount	217,926	(217,926)	-
Miscellaneous	595	-	595
Debt service:			
Principal retirement	527,925,000	(527,925,000)	-
Interest and fiscal charges	269,062,702	(63,031,389)	206,031,313
	<u>1,120,422,789</u>	<u>(617,021,571)</u>	<u>503,401,218</u>
Total expenditures/expenses			
Excess (deficiency) of revenues over (under) expenditures	<u>(295,160,656)</u>		
Other financing sources (uses):			
Bond issuance	37,635,000	(37,635,000)	-
Bond premium	1,703,906	(1,703,906)	-
	<u>39,338,906</u>	<u>(39,338,906)</u>	<u>-</u>
Total other financing sources (uses)			
Excess of revenues and other financing sources over expenditures and other financing uses	(255,821,750)	255,821,750	-
Change in net position	-	201,908,467	201,908,467
Fund balance/Net position (deficit), July 1, 2024	<u>614,812,330</u>	<u>(6,009,306,846)</u>	<u>(5,394,494,516)</u>
Fund balance/Net position (deficit), June 30, 2025 (Note 2H)	<u>\$ 358,990,580</u>	<u>\$ (5,551,576,629)</u>	<u>\$ (5,192,586,049)</u>

The accompanying notes are an integral part of the financial statements.

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

AS OF JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Virginia College Building Authority (“the Authority”) was created by the Virginia College Building Authority Act of 1966, Chapter 12, Title 23.1, *Code of Virginia*. The Authority is a public body corporate and a political subdivision, agency, and instrumentality of the Commonwealth. Under this chapter, the Authority is authorized to issue revenue bonds and notes to finance (i) capital projects under the Authority’s Pooled Bond Program, and (ii) capital projects under the Authority’s 21st Century College and Equipment Programs for all public institutions of higher education of the Commonwealth.

Under the Pooled Bond Program, the Authority issues its bonds and uses the proceeds thereof to purchase notes of public institutions of higher education in the Commonwealth. Proceeds are used by the institutions to finance or refinance capital projects approved by the General Assembly. Authority bonds issued under the Pooled Bond Program are secured by payments on the notes to which the institutions have pledged their general revenues. Pooled Bond Program bonds have been issued under a Master Indenture of Trust dated as of September 1, 1997 (“the 1997 Indenture”).

Under the 21st Century College and Equipment Programs, bonds are issued under the Master Indenture of Trust dated December 1, 1996 (“the 1996 Indenture”), which provides for the payment of debt service from amounts to be appropriated by the General Assembly through a payment agreement between the Authority and the Treasury Board. Title to the capital projects financed remains with the Commonwealth.

Pursuant to the Educational Facilities Authority Act, Article 2 of Chapter 12 of Title 23.1, *Code of Virginia*, the Authority is authorized to issue revenue bonds and notes and to use the proceeds thereof to finance educational facilities projects through loans to private, non-profit institutions of higher education within the Commonwealth as well as non-profit foundations of public institutions of higher education. Such financings are not obligations of the Commonwealth, but are limited obligations of the Authority payable solely from loan payments made by the private, non-profit institutions of higher education or non-profit foundations of public institutions of higher education. This indebtedness, therefore, is not included in the financial statements. Total debt outstanding under this program at June 30, 2025 was \$594.4 million. (Detailed information for this program is presented on page 19 in the Supplementary Information section following the Notes to the Financial Statements.)

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

A separate report is prepared for the Commonwealth of Virginia, which includes all agencies, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. The Authority is a component unit of the Commonwealth of Virginia and is included in the basic financial statements of the Commonwealth.

The accounting and reporting policies of the Authority conform to generally accepted accounting principles applicable to governmental units as prescribed by the Governmental Accounting Standards Board ("GASB"), the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Authority's more significant policies.

B. Measurement Focus and Basis of Accounting

The accompanying financial statements are presented using the accounting principles generally accepted in the United States of America as prescribed by GASB. The government-wide statements use the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when they are earned and expenditures are recognized when the related liability is incurred, regardless of the timing of related cash flows. For financial reporting purposes, the Authority defines payables as those items which have been identified by the submitting institutions as payable at June 30 and which have been presented to the Authority for payment.

The accompanying governmental funds financial statements are presented using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available to fund current operations. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on long-term debt which is recognized when due.

The Authority uses the cash basis of accounting during the year and reports on the accrual and modified accrual basis for financial statement purposes at the end of the fiscal year.

C. Fund Accounting

The activities of the Authority are accounted for in a Special Revenue Fund. The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue Fund consists of bond proceeds, bond funds and issuance expense funds. Included are funds established in accordance with the provisions of the 1996 Indenture with the Bank of New York Mellon Trust Company, N.A. for the

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

21st Century College Program and the Equipment Program revenue bonds issued by the Authority, since their consolidation in 1999. Also included are the outstanding bonds issued under the Authority's Pooled Bond Program.

D. Bond Issuance Costs, Premiums, and Discounts

Costs associated with issuing debt are expensed in the year incurred. The original issue premium or discount, for each bond issuance, is also expensed or recognized as revenue in the year incurred unless it exceeds 1% of the amount of the bonds issued. In that case, the original issue premium or discount is deferred and amortized, on a straight-line basis, over the life of the outstanding debt, in the case of tax-exempt bonds, and on an effective interest basis, in the case of taxable bonds. Premiums on Pooled Bonds are allocated to the participating institutions.

E. Budget to Actual Statement

Due to the nature of activity accounted for by the Authority, a budget is not prepared. Therefore, a Statement of Revenues, Expenditures, and Changes in Balances – Budget to Actual is not included in the financial statements.

F. Adjustments

The adjustments column primarily represents the recording of bonds payable-related assets and liabilities on the Statement of Net Position and the effect of these transactions on the Statement of Activities. Governmental fund statements do not reflect bonds payable and related activity, but do reflect debt proceeds and debt service payments that occurred during the current period. The non-current portion of bonds payable includes those payments that are not due and payable in the current period.

2. DETAILED NOTES

A. Cash, Cash Equivalents, and Investments

The Bank of New York Mellon Trust Company, N.A. holds certain deposits and cash equivalents of the Authority as trustee. Other funds of the Authority are invested in the State Treasurer's Local Government Investment Pool. Cash is defined as currency on hand and demand deposits, or monies in accounts or cash management pools having the characteristics of demand deposit accounts. Cash equivalents are defined as investments with an original maturity of less than three months.

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks and savings institutions holding

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial institutions may choose between two collateralization methodologies and depending upon that choice will pledge collateral that ranges in amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Deposits held by trustees are collateralized in accordance with the Trust Subsidiary Act, Section 6.2-1057 et seq. of the *Code of Virginia*. Under the Act, the affiliate bank delivers securities to the trust department as collateral that is at least equal to the market value of the trust funds held on deposit in excess of amounts insured by federal deposit insurance.

Under a Master Indenture of Trust dated December 1, 1996, and under a Master Indenture of Trust dated September 1, 1997, the trustee is authorized to invest in the following investments: bonds, notes and other obligations issued or guaranteed by the United States government; bonds, notes and other evidences of indebtedness of any state of the United States of America or any locality of any state of the United States of America that meet the requirements of *Code* Sections 2.2-4500 and 2.2-4501A.3; and investments made pursuant to the Investment of Public Funds and Local Government Investment Pool Act. At June 30, 2025, The Bank of New York Mellon Trust Company, N.A., which currently serves as trustee for both Indentures, maintained \$427,046,378 in cash, cash equivalents, and investments for the Authority. The Authority also directly held cash of \$52,061 and cash equivalents of \$240,632 for a total invested balance of \$427,339,071.

Custodial credit risk for cash equivalents and investments is the risk that, in the event of a failure of the counterparty, the Authority will not be able to recover the value of its cash equivalents and investments. All cash equivalents and investments of the Authority are held in the Authority's name and are therefore not exposed to custodial credit risk.

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The Authority has elected to disclose the risk for its debt investments using the segmented time distribution method.

The Authority's cash equivalents and investments are valued at amortized cost, which approximates fair value. Details of cash, cash equivalents and investments are presented on the following page.

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NOTES TO THE FINANCIAL STATEMENTS

Summary of Cash, Cash Equivalents and Investments As of June 30, 2025

	June 30, 2025	Maturities (in years) Less Than 1	S&P Rating
State Non-Arbitrage Program ^{® (1)}	\$ 52,290,749	\$ 52,290,749	AAAm
Local Government Investment Pool ⁽²⁾	371,937,015	371,937,015	AAAm
Money Market Accounts ⁽³⁾	3,038,223	3,038,223	AAAm
Cash held by Trustee	21,023	-	
Cash held by Treasurer of Virginia	52,061	-	
Total cash, cash equivalents and investments	<u>\$ 427,339,071</u>	<u>\$ 427,265,987</u>	

⁽¹⁾ The Virginia State Non-Arbitrage Program[®] (SNAP[®]) offers a professionally-managed money market mutual fund, which provides issuers with a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository and arbitrage rebate calculation services. SNAP[®] is in compliance with all of the standards of GASB Statement No. 79 and elects to report its investments for financial reporting at amortized cost. Participants in SNAP[®] should also report their investments in SNAP[®] at amortized cost.

⁽²⁾ The Local Government Investment Pool (LGIP) enables governmental entities to maximize their return on investments by providing for a State administered fund where monies can be commingled for investment purposes in order to realize the economies of large-scale investing and professional funds management. The LGIP is managed in accordance with the requirements of Governmental Accounting Standards Board (GASB) Statement No. 79. The LGIP is in compliance with all of the standards of GASB Statement No. 79 and elects to report its investments for financial reporting at amortized cost. Participants in the LGIP should also report their investments in the LGIP at amortized cost.

⁽³⁾ The Authority invests certain short-term cash balances held within its accounts in the Fidelity Treasury Money Market. This is an open-ended mutual fund registered under the Investment Company Act of 1940. The fund maintains a policy of investing all their assets in U.S. Treasury obligations and repurchase agreements backed by those obligations. These funds are reported at amortized cost, which approximates fair value.

The Authority does not limit the amount that may be invested in any one issuer. The Authority had investments of five percent or more in the State Non-Arbitrage Program[®] (12%) and the Local Government Investment Pool (87%).

B. Notes Receivable

Under the Authority's Pooled Bond Program, note payments made by the public institutions of higher education under the terms of note agreements between the Authority and the institutions provide for the payment of debt service on the Pooled Bonds. A summary of future minimum note payments due from the institutions is shown in the schedule on the following page.

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Future Minimum Note Payments Due from Institutions
As of June 30, 2025

Year Ending June 30	Principal	Interest	Total
2026	\$ 119,685,000	\$ 43,388,914	\$ 163,073,914
2027	119,185,000	39,286,645	158,471,645
2028	117,770,000	35,087,534	152,857,534
2029	100,955,000	30,921,038	131,876,038
2030	94,370,000	27,298,951	121,668,951
2031-2035	327,875,000	97,897,177	425,772,177
2036-2040	213,870,000	50,533,561	264,403,561
2041-2045	100,330,000	23,388,339	123,718,339
2046-2050	59,625,000	8,384,730	68,009,730
2051-2055	19,455,000	1,293,709	20,748,709
Total	<u>\$ 1,273,120,000</u>	<u>\$ 357,480,598</u>	<u>\$ 1,630,600,598</u>

C. Due from the Federal Government

The America Recovery and Reinvestment Act of 2009 permitted the Authority to issue federally taxable bonds known as “Build America Bonds” to finance capital expenditures. Under the “Build America Bond” program, instead of issuing federally tax-exempt bonds, the Authority issued federally taxable Build America Bonds and elected to receive a subsidy payment from the federal government equal to 35% of each interest payment due semiannually on such taxable bonds. The Authority has issued three such series of bonds, two of which remain outstanding as of June 30, 2025 (the 21st Century College and Equipment Programs Series 2010B and the Pooled Bond Program Series 2010A). Therefore, the Authority is accruing a receivable from the federal government for the subsidy payment which will be on August 1, 2025 (21st Century Bonds) and September 1, 2025 (Pooled Bonds). As a result of the Federal Sequestration, the actual August 1, 2025 and September 1, 2025 payment will be reduced by 5.7% and the corresponding accrual was adjusted to reflect this reduction. It should be noted that the subsidy payments have not been pledged to the payment of the Build America Bonds, and the subsidy payments are not full faith and credit obligations of the United States. As such, future debt service payments have been reflected in these financial statements at their gross amounts, without consideration of possible future subsidy payments.

D. Due to Higher Education Institutions

Bonds were issued under the Pooled Bond Program and the proceeds of these bonds were used to purchase institutional notes from various public institutions of higher education. These institutions in turn will use the proceeds of the notes

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

to finance capital projects. Therefore, the unspent portion of the note proceeds still held by the trustee at June 30, 2025 is reflected as “due to higher education institutions” in the government-wide statements. Amounts reflected as “due to higher education institutions” within the Special Revenue Fund in the fund financial statements represent normal year-end payables to institutions as a result of on-going operations.

E. Allocation Payable

In past fiscal years, the Authority has issued bonds to support the General Assembly allocations to finance the purchase of equipment at public institutions of higher education. The Authority is committed by this to reimburse institutions of higher education for the cost of equipment from its cash and investments.

Institutions purchased and obtained reimbursement in equipment in fiscal year 2025. The chart below shows the appropriations and reimbursements from fiscal year allocations 2020 through 2025. These allocations will be used, in part, to liquidate the \$46 million reflected as “allocation payable” in the government-wide and fund financial statements, which represent normal year-end payables to institutions as a result of on-going operations.

	Balance June 30, 2024	Appropriations	Reimbursements	Balance June 30, 2025
2020 Allocation	\$ 1,133,064	\$ -	\$ 349,121	\$ 783,943
2021 Allocation	3,061,404	-	1,417,878	1,643,526
2022 Allocation	8,854,347	-	6,109,374	2,744,973
2023 Allocation	17,485,613	-	10,167,211	7,318,402
2024 Allocation	65,270,776	-	44,473,855	20,796,921
2025 Allocation	-	95,150,000	18,891,591	76,258,409
Total	<u>\$ 95,805,204</u>	<u>\$ 95,150,000</u>	<u>\$ 81,409,030</u>	<u>\$ 109,546,174</u>

F. Long-Term Indebtedness

Changes in Long-Term Debt - the schedule below is a summary of changes in long-term debt of the Authority for the year ended June 30, 2025.

	Balance June 30, 2024	Issuances and Other Increases	Retirements and Other Decreases	Balance June 30, 2025	Due Within One Year
21st Century College Program	\$ 4,933,765,000	\$ -	\$ (334,285,000)	\$4,599,480,000	\$338,230,000
Pooled Bond Program	1,351,660,000	37,635,000	(116,175,000)	1,273,120,000	119,685,000
Equipment Program	331,630,000	-	(77,465,000)	254,165,000	67,340,000
Add: Unamortized Premium	607,007,362	-	(62,797,355)	544,210,007	59,056,784
Total	<u>\$ 7,224,062,362</u>	<u>\$ 37,635,000</u>	<u>\$ (590,722,355)</u>	<u>\$6,670,975,007</u>	<u>\$584,311,784</u>

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

The schedule below reflects the amounts needed to amortize long-term debt.

Annual Requirements to Amortize Long-Term Debt
As of June 30, 2025

Year Ending June 30	Principal	Interest	Total
2026	\$ 525,255,000	\$ 255,768,432	\$ 781,023,432
2027	518,340,000	233,844,203	752,184,203
2028	518,165,000	212,019,152	730,184,152
2029	491,795,000	188,920,402	680,715,402
2030	466,405,000	166,614,322	633,019,322
2031-2035	1,845,035,000	566,387,416	2,411,422,416
2036-2040	1,201,995,000	249,539,080	1,451,534,080
2041-2045	480,695,000	56,620,752	537,315,752
2046-2050	59,625,000	8,384,730	68,009,730
2051-2055	19,455,000	1,293,709	20,748,709
Unamortized Premium	544,210,007	-	544,210,007
Total	<u>\$6,670,975,007</u>	<u>\$1,939,392,198</u>	<u>\$ 8,610,367,205</u>

G. Defeasance of Debt

From time to time, when interest rates indicate that it would be favorable to do so, the Authority has issued refunding bonds to defease outstanding bonds. These refundings have placed the proceeds of the new bonds in irrevocable trusts with escrow agents to provide for all future debt service on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included on the Authority's financial statements.

In accordance with Governmental Accounting Standards Board (GASB) Statement 23, "Accounting and Financial Reporting for Refundings of Debt Reported by Proprietary Activities," as amended by GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities," the difference between the reacquisition price and the net carrying amount of the bonds defeased with refunding debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of Interest and Fiscal Charges over the shorter of the remaining life of the refunded debt or the life of the new debt. However, the deferral amount for the Pooled Bond Program has been allocated to the participating institutions and is therefore not reflected in the Authority's financial statements.

The Authority did not issue refunding bonds in fiscal year 2025.

At June 30, 2025, \$53,095,000 of bonds outstanding are considered defeased for financial reporting purposes.

VIRGINIA COLLEGE BUILDING AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS

H. Deficit Net Position

Under the 21st Century College and Equipment Programs, bonds issued under the Master Indenture of Trust dated December 1, 1996 are secured by General Assembly appropriations through a payment agreement between the Authority and the Treasury Board. Because future appropriations do not constitute a legally binding commitment and do not meet the criteria for recognition under the accrual basis of accounting, the Authority ended the year with a net position deficit of \$5,192,586,049. The General Assembly has never failed to appropriate funds to the Authority for payment of debt service on the Authority's bonds.

I. Subsequent Events

The Authority did not issue any bonds prior to December 15, 2025.

The Authority received a Treasury Loan on October 8, 2025, for up to \$50,000,000 for the Equipment Program to continue providing funding for educational equipment until the next 21st Century College and Equipment Programs bond issuance anticipated in spring 2026.

J. Risk Management

The Authority is exposed to various risks of loss related to torts; theft, damage to, and/or destruction of assets; errors and omissions; non-performance of duty; injuries to employees; and natural disasters. The Department of the Treasury participates in insurance plans maintained by the Commonwealth of Virginia on behalf of the Authority. 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 the 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 Department of the Treasury pays premiums to each of these Departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report.

VIRGINIA COLLEGE BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION

Detail of Long-Term Indebtedness

June 30, 2025

(Dollars in Thousands)

Detail of Long-Term Indebtedness by Series

	Dated Date	Bond Program	True Interest Cost ("TIC")	Amount Issued	Institutional Notes Purchased	Outstanding July 1, 2024	Issued (Retired) During Year	Outstanding June 30, 2025	Original Maturity
Series 2010B-2	10/26/10	21st Century	2.82%	\$ 290,600	\$ -	\$ 113,115	\$ (20,070)	\$ 93,045	02/01/30
Series 2010A-2	11/18/10	Pooled	3.40%	156,610	156,610	107,000	(10,695)	96,305	09/01/40
Series 2012B	12/13/12	21st Century	2.42%	349,255	-	19,955	-	19,955	02/01/33
Series 2013B Refunding	11/19/13	Pooled	3.24%	12,355	12,355	3,125	(705)	2,420	09/01/28
Series 2014A	05/15/14	21st Century/Equip.	3.04%	319,155	-	13,735	-	13,735	02/01/34
Series 2014B Refunding	05/15/14	21st Century	1.71%	27,985	-	4,885	(4,885)	-	02/01/25
Series 2014A	11/13/14	Pooled	3.11%	98,040	98,040	4,570	(4,570)	-	09/01/44
Series 2014B Refunding	11/13/14	Pooled	2.09%	186,035	186,035	41,535	(12,055)	29,480	09/01/35
Series 2015A	04/15/15	21st Century	3.06%	373,230	-	28,950	(22,210)	6,740	02/01/35
Series 2015B Refunding	04/15/15	21st Century	2.23%	204,880	-	88,115	(28,730)	59,385	02/01/27
Series 2015D	08/13/15	21st Century/Equip.	2.93%	290,065	-	144,855	(7,405)	137,450	02/01/35
Series 2015A	12/03/15	Pooled	3.24%	53,615	53,615	37,100	(1,735)	35,365	09/01/45
Series 2015B Refunding	12/03/15	Pooled	2.65%	153,895	153,895	100,855	(15,195)	85,660	09/01/38
Series 2016A	06/01/16	21st Century	2.50%	360,485	-	157,440	(10,915)	146,525	02/01/36
Series 2016B	06/01/16	21st Century	2.55%	49,300	-	49,300	-	49,300	02/01/29
Series 2016C	06/01/16	21st Century	2.02%	39,980	-	8,550	(4,225)	4,325	02/01/26
Series 2016A	07/12/16	Pooled	2.10%	231,880	231,880	181,125	(21,145)	159,980	09/01/39
Series 2017B	06/21/17	21st Century	1.66%	173,295	-	70,155	(20,445)	49,710	02/01/28
Series 2017A	12/05/17	Pooled	2.67%	113,050	113,050	89,205	(4,890)	84,315	09/01/37
Series 2017B	12/05/17	Pooled	3.09%	24,630	24,630	19,440	(1,135)	18,305	09/01/37
Series 2017C	08/02/17	21st Century	2.96%	492,730	-	395,960	(14,960)	381,000	02/01/37
Series 2017D	08/02/17	21st Century	2.55%	99,915	-	32,115	(10,415)	21,700	02/01/27
Series 2017E Refunding	12/21/17	21st Century	2.52%	560,555	-	454,785	(56,645)	398,140	02/01/32
Series 2018A	06/06/18	21st Century/Equip.	2.22%	75,685	-	12,250	(12,250)	-	02/01/25
Series 2018A	12/04/18	Pooled	3.50%	134,505	134,505	112,545	(5,210)	107,335	09/01/38
Series 2018B	12/04/18	Pooled	4.42%	76,695	76,695	69,395	(1,670)	67,725	09/01/48
Series 2019A	06/05/19	21st Century/Equip.	2.52%	513,245	-	381,945	(28,695)	353,250	02/01/39
Series 2019A	12/04/19	Pooled	2.29%	37,090	37,090	31,425	(1,765)	29,660	09/01/39
Series 2019B	12/05/19	21st Century	2.48%	134,855	-	115,185	(5,550)	109,635	02/01/39
Series 2019C	12/05/19	21st Century	1.62%	229,135	-	147,525	(21,685)	125,840	02/01/30
Series 2020A	08/06/20	21st Century/Equip.	1.86%	339,360	-	260,195	(20,105)	240,090	02/01/40
Series 2020B	08/06/20	21st Century	1.95%	341,455	-	176,260	(4,145)	172,115	02/01/40
Series 2021A	02/09/21	Pooled	1.21%	29,315	29,315	14,660	(1,315)	13,345	09/01/42
Series 2021B	02/09/21	Pooled	1.72%	357,395	357,395	327,245	(29,320)	297,925	09/01/46
Series 2021A	06/09/21	21st Century/Equip.	1.77%	537,115	-	456,260	(26,880)	429,380	02/01/41
Series 2021C	06/29/21	Pooled	2.17%	82,740	82,740	77,330	(1,635)	75,695	09/01/51
Series 2022A	02/23/22	Pooled	2.24%	11,410	11,410	10,830	(400)	10,430	09/01/41
Series 2022A	06/01/22	21st Century/Equip.	3.74%	584,175	-	562,820	(24,880)	537,940	02/01/42
Series 2022B	06/01/22	21st Century	3.07%	48,070	-	4,450	(4,450)	-	02/01/25
Series 2023A	02/08/23	Pooled	3.44%	124,735	124,735	124,275	(2,735)	121,540	09/01/52
Series 2023A	06/06/23	21st Century/Equip.	3.49%	618,815	-	582,565	(27,425)	555,140	02/01/43
Series 2023B Refunding	06/06/23	21st Century	2.77%	341,810	-	341,810	-	341,810	02/01/35
Series 2024A	05/07/24	21st Century/Equip.	3.61%	642,215	-	642,215	(34,780)	607,435	02/01/44
Series 2025A	02/26/25	Pooled	3.93%	37,635	37,635	-	37,635	37,635	09/01/54

Total

\$ 9,958,995	\$ 1,921,630	\$ 6,617,055	\$ (490,290)	\$ 6,126,765
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Detail of Long-Term Indebtedness by Program

	Amount Issued	Institutional Notes Purchased	Outstanding July 1, 2024	Issued (Retired) During Year	Outstanding June 30, 2025
21st Century College Program	\$ 7,377,320	\$ -	\$ 4,933,765	\$ (334,285)	\$ 4,599,480
Pooled Bond Program	1,921,630	1,921,630	1,351,660	(78,540)	1,273,120
Equipment Program	660,045	-	331,630	(77,465)	254,165
Total	\$ 9,958,995	\$ 1,921,630	\$ 6,617,055	\$ (490,290)	\$ 6,126,765

VIRGINIA COLLEGE BUILDING AUTHORITY
SUPPLEMENTARY INFORMATION
Schedule of Outstanding Bond Issues for Private Colleges and Universities
June 30, 2025
(Dollars in Thousands)

College/University	Series	Dated Date	Yield (a)	Amount Originally Issued	Amount of Notes Purchased	Outstanding July 1, 2024	Issued (Retired) During Year	Outstanding June 30, 2025	Original Final Maturity
Hampton University	2015	07/23/15	2.30%	\$ 14,240	\$ 14,240	\$ 632	\$ (632)	\$ -	04/01/25
Lynchburg College	2010	12/21/10	VAR	8,838	8,838	2,946 (b)	(529)	2,417	12/01/34
Marymount University	2015A	04/08/15	3.25%	65,010	65,010	53,435	(1,390)	52,045	07/01/45
	2015B	07/15/15	5.13%	66,815	66,815	60,885	(1,550)	59,335	07/01/45
Randolph-Macon College	2018	07/11/18	3.56%	26,505	26,505	19,660	(1,425)	18,235	01/15/43
	2021A	05/12/21	2.38%	27,640	27,640	25,585	(755)	24,830	01/15/51
	2021B	05/12/21	2.38%	1,925	1,925	1,415	(170)	1,245	01/15/35
	2025A	03/20/25	3.91%	14,276	14,276	-	14,276	14,276	04/15/55
	2025B	03/20/25	3.85%	3,023	3,023	-	3,023	3,023	04/15/29
Regent University	2021	05/25/21	2.78%	72,185	72,185	67,010	(1,920)	65,090	06/01/46
Shenandoah University	2011	12/09/11	VAR	36,455	36,455	15,825	(1,625)	14,200	12/27/36
University of Richmond	2004A	08/04/04	VAR	46,000	46,000	46,000	-	46,000	08/01/34
	2006	11/08/06	VAR	55,900	55,900	55,900	-	55,900	11/01/36
	2024	03/07/24	3.96%	100,545	100,545	100,545	-	100,545	03/01/54
Washington & Lee University	1998	04/01/98	5.10%	52,205	52,205	39,250	(4,785)	34,465	01/01/31
	2001	06/01/01	5.35%	43,000	43,000	23,115	(65)	23,050	01/01/34
	2021	12/15/21	3.03%	27,775	27,775	27,260	(265)	26,995	01/01/40
	2023	06/15/23	3.90%	52,700	52,700	52,700	-	52,700	06/01/44
				<u>\$ 715,037</u>	<u>\$ 715,037</u>	<u>\$ 592,163</u>	<u>\$ 2,188</u>	<u>\$ 594,351</u>	

(a) "Yield" refers to the Net Interest Cost ("NIC") in most cases, to the TIC when available, and to the Arbitrage Yield in other cases.

(b) Lynchburg College 6/30/2024 balance was restated to 2,946 from 3,005 (a change of -59) to correct an error in FY24 debt service paid on Lynchburg Series 2010 from the FY2024 file.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 15, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board Members
Virginia College Building Authority

David L. Richardson
State Treasurer

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and major special revenue fund of the **Virginia College Building Authority** (Authority), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major special revenue fund of the Authority as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Authority, 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.

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 Authority'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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority'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 6. 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 GAAS, 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 Authority's basic financial statements. The Detail of Long-Term Indebtedness and Schedule of Outstanding Bond Issues for Private Colleges and Universities 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 GAAS. In our opinion, the Detail of Long-Term Indebtedness and Schedule of Outstanding Bond Issues for Private Colleges and Universities 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 December 15, 2025, on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

ZLB/vks

VIRGINIA COLLEGE BUILDING AUTHORITY
Richmond, Virginia

BOARD MEMBERS

As of June 30, 2025

Gary Ometer, Chairman

William T. Clarke, Jr.

Patrick Dixon

Barry Green

Christine M. McIntyre

Phyllis Palmiero

Craig A. Robinson

EX OFFICIO

David L. Richardson, Treasurer, State Treasurer

Scott L. Adams, State Comptroller

Michael D. Maul, Director, Department of Planning and Budget

A. Scott Fleming, Director, State Council of Higher Education for Virginia