Financial Report
For the year ended June 30, 2025

AUDITED

University of Mary Washington

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following unaudited Management's Discussion and Analysis (MD&A) is required supplementary information under the Governmental Accounting Standards Board's (GASB) reporting model. It is designed to assist readers in understanding the accompanying financial statements and provides an overall view of the University's financial activities based on currently known facts, decisions, and conditions. This discussion includes an analysis of the University's financial condition and results of operations for the fiscal year ended June 30, 2025. Comparative numbers are included for the fiscal year ended June 30, 2024. Since this presentation includes highly summarized data, it should be read in conjunction with the accompanying basic financial statements, as well as notes, and other supplementary information included in this report. The University's management is responsible for all of the financial information presented, including this discussion and analysis.

The University's financial statements have been prepared in accordance with GASB Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, as amended by GASB 37, 38 and 63. The three required financial statements are the *Statement of Net Position*, the *Statement of Revenues, Expenses, and Changes in Net Position*, and the *Statement of Cash Flows*. These statements are summarized and analyzed in the following sections.

Using criteria provided in GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* and GASB Statement 61, *The Financial Reporting Entity Omnibus, amendments to GASB Statement 14 and 34*, the University's two affiliated organizations were evaluated on the nature and significance of their relationship to the University. The University of Mary Washington Alumni Association is not considered a component unit; however, information regarding its financial activity can be found in Note 20 of the *Notes to the Financial Statements*. The University of Mary Washington Foundation was determined to be a component unit and is presented in a separate column on the University's financial statements. The Foundation is not part of this MD&A, but additional detail regarding its financial activities can be found in Note 21 of the *Notes to the Financial Statements*.

Overview

The University of Mary Washington (UMW) is accredited by the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC) to award baccalaureate and master's degrees. The University of Mary Washington also may offer credentials such as certificates and diplomas at approved degree levels. Questions about the accreditation of the University of Mary Washington may be directed in writing to the Southern Association of Colleges and Schools Commission on Colleges at 1866 Southern Lane, Decatur, GA 30033-4097, by calling (404) 679-4500, or by using information available on SACSCOC's website (www.sacscoc.org).

The University is an agency of the Commonwealth of Virginia, and therefore included as a component unit in the Commonwealth of Virginia's *Annual Comprehensive Financial Report*. The twelve members of UMW's Board of Visitors govern University operations. Members of the board are appointed by the Governor of Virginia.

Located in the heart of historic Fredericksburg, Virginia, UMW is top 10 among the nation's public liberal arts universities. In addition, to its Fredericksburg campus, UMW has campuses in Stafford, catering to graduate degree and continuing education programs, and Dahlgren, offering continuing education and professional development courses for the region's engineers, scientists and administrative professionals. There are three academic colleges – arts and sciences, business, and education – all of which produce graduates who are critical thinkers prepared to succeed.

With more than 234 acres, the campus boasts state-of-the-art science labs where undergraduate research takes shape, a business program where entrepreneurs start-up their vision, and a modern home base for the College of Education with model classrooms and makerspaces that inspire teachers and students. The future of UMW includes the construction of a breathtaking theatre that will house our theatre program, which regularly produces grads who make it to Broadway, and art and music studios that thrive with performances and exhibits. The University operates a Center for Economic Development that connects faculty and students with regional initiatives and businesses seeking their assistance. The University also oversees the James Monroe Museum and Law Library in historic Fredericksburg and the Gari Melchers' Home and Studio at Belmont in neighboring Stafford.

UMW's College of Business is fully accredited by the Association to Advance Collegiate Schools of Business (AACSB), an accreditation earned by only 6% of the world's schools offering business degrees. The College of Education's initial-licensure and advanced-level educator preparation programs are accredited by the Council for the Accreditation of Educator Preparation (CAEP). Chemistry has been approved by the American Chemical Society (ACS) to offer certified degrees in chemistry, and the baccalaureate degree in nursing is accredited by the Commission on Collegiate Nursing Education.

There are over 3,800 students enrolled at UMW from 33 states and 15 countries. Students at UMW learn from master teachers; 94 percent of full-time faculty have earned a doctorate or other terminal degree in their field. The University has no graduate teaching assistants. UMW offers more than 100 majors, minors, graduate and other programs. Additionally, UMW students participate in a rich array of undergraduate research, internship and study abroad programs, and capitalize on leadership, service and recreational opportunities. UMW's 19 intercollegiate athletic teams compete in the NCAA Division III Coast to Coast Athletic Conference, the New Jersey Athletic Conference, the Collegiate Field Hockey Conference, the Coastal Lacrosse Conference, and the Intercollegiate Horse Show Association. UMW Athletics also sponsors three team sports, with men's and women's rugby competing in National Collegiate Rugby and the Rugby East Conference, and eSports teams competing in the Mid-Atlantic Esports Conference. The University offers over 20 club sports and outstanding recreational fields and facilities, including a fitness center, first-class aquatic facility, and an indoor and outdoor tennis complex.

The University continues to receive national recognition for its programs and value. U.S. News & World Report, 2026 "Best Colleges" ranked UMW among the top 10 public liberal arts colleges in the nation. UMW tied for No. 8 on the prestigious list of Top Public Schools – National Liberal Arts Colleges, up one place from last year. In the overall ranking of national liberal arts colleges, which includes both public and private institutions, Mary Washington tied for No. 131. The guide also highlighted UMW's undergraduate business, computer science, and psychology programs, along with the Bachelor of Science in Nursing program and included Mary Washington on its "Top Performers for Social Mobility" list. UMW made the Peace Corps' list of the top 10 volunteer-producing schools for 2025 in the small college category, for institutions with fewer than 5,000 undergraduates. Mary Washington has been included regularly on this prestigious list since 2005.The Princeton Review regularly ranks UMW among the best colleges, including the "Best Value Colleges for 2025," in which Mary Washington is among the nation's top colleges for students seeking a great education with excellent career services at an affordable price, making it one of just five public universities in Virginia to earn this distinction. UMW ranks 11th in the Top 20 Best Schools for Making an Impact category and 18th in the Top 20 Best Schools for Internships category in The Princeton Review. UMW Theatre earned a spot in the best 25 theatre programs in The Princeton Review, and The Fiske Guide to Colleges, Money's flagship list, and Washington Monthly also include UMW on their lists.

The University's strategic goals include promoting service, community and civic engagement, immersing students in applied and impactful learning experiences, adapting the liberal arts to an age of acceleration and a global digital environment, and creating a diverse and inclusive community as an essential requirement for academic excellence and academic success. At the University of Mary Washington, we are committed to building a better world through groundbreaking scholarship and an inclusive community. As a public liberal arts university, we're harnessing the power of the liberal arts to educate the next great generation of problem solvers.

The Academy of Technology and Innovation at the University of Mary Washington (ATI-UMW) is a Virginia College Partnership Laboratory School. The Virginia Department of Education awarded UMW $2.2 million dollars in fiscal year 2024 to address start-up costs in fiscal years 2024 and 2025. The school is a 9th-12th grade high school with a curricular focus on coding, data science, and technology and an emphasis on project-based interdisciplinary learning. Located on UMW's Stafford Campus, it is supported by Stafford County Public Schools which serves as the fiscal agent. ATI-UMW serves students from the counties of Caroline, King George, Orange, and Stafford and the City of Fredericksburg. The school is governed by a regional school board consisting of representatives from each of the localities and is also home to a professional development school supported by the UMW's College of Education. The school began operations in August 2024 with the enrollment of 9th graders from participating localities and is expected to grow to approximately 400 students as new first-year classes are enrolled over the next four years.

Statement of Net Position

The *Statement of Net Position* (SNP) presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the University as of the end of the fiscal year. The purpose of the statement is to present a snapshot of the University's financial position. The data presented aids readers in determining the assets available to continue operations of the University. It also allows readers to determine how much the University owes to vendors, investors, and lending institutions. Finally, the SNP provides a picture of net position and its availability for expenditure by the University. Sustained increases in net position over time are one indicator of the financial health of the organization.

The University's net position is made up of the following.

- **Net investment in capital assets –** Net investment in capital assets represents the University's total investment in capital assets, net less outstanding debt obligations related to those capital assets. Debt incurred, but not yet expended for capital assets, is not included as a component of net investment in capital assets.
- **Restricted nonexpendable net position –** Restricted nonexpendable net position consists of endowment and similar type funds where donors or other outside sources have stipulated, as a condition of the gift instrument, the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income to be expended or added to principal.
- **Restricted expendable net position –** Restricted expendable net position includes resources the University is legally or contractually obligated to expend in accordance with restrictions imposed by external third parties.
- **Unrestricted net position –** Unrestricted net position represents resources used for transactions relating to academic departments and general operations of the University, and may be used at the discretion of the University's Board of Visitors to meet current expenses for any lawful purpose in support of the University's primary missions. These resources are derived from student tuition and fees, state appropriations, and sales and services of auxiliary enterprises and educational departments. The auxiliary enterprises are self-supporting entities that provide services for students, faculty, and staff. Some examples of the University's auxiliaries are student residential and dining programs.

The University's total assets and deferred outflows increased $16.8 million, or 3.1%, during fiscal year 2025, bringing total assets and deferred outflows to $554.4 million at year end. The overall increase is primarily the result of additional capital appropriations available due from the Commonwealth. The appropriations are related to the Campus Accessibility, Theatre and Fine Arts and Energy Infrastructure projects, as well as Maintenance funds. The University spent $5.3 million in unrestricted cash reserves on various maintenance, renovation and improvement projects in fiscal year 2025, including the Goolrick pool renovation, repair and replacement of underground utilities, and dorm maintenance. Reserves spending is reflected in the $5.7 million decrease in Current assets.

Summary of Statement of Net Position
For the years ended June 30, 2025 and 2024
(All $ in millions)

	2025	2024	Change Amount	Change Percent
Assets				
Current assets	$34.2	$ 39.9	$(5.7)	(14.3)%
Net capital assets*	469.4	462.2	7.2	1.6%
Due from Commonwealth	26.9	14.3	12.6	88.1%
Other assets	13.2	11.5	1.7	14.8%
Deferred outflows	10.7	9.7	1.0	10.3%
Total assets & deferred outflows	$554.4	$537.6	$16.8	3.1%
Liabilities				
Current liabilities **	36.6	34.1	2.5	7.3%
Noncurrent liabilities *	260.1	272.5	(12.4)	(4.6)%
Deferred inflows	11.8	13.3	(1.5)	(11.3)%
Total liabilities & deferred inflows	$308.5	$319.9	$(11.4)	(3.6)%
Net position				
Net investment in capital assets	231.8	213.7	18.1	8.5%
Restricted	31.2	19.3	11.9	61.7%
Unrestricted	(17.0)	(15.3)	(1.7)	(11.1)%
Total net position	**$246.0**	**$217.7**	**$28.3**	**13.0%**

** Further review of policies relating to Aggregate Assets and SBITAs required a beginning balance restatement.*
*** GASB101, Compensated Absences, required a beginning balance restatement*

Net capital assets includes land, construction in progress (CIP), buildings, infrastructure, improvements, equipment and intangible right-to-use leased assets and subscription-based information technology arrangements (SBITAs) less depreciation and amortization. The University's net capital assets increased $7.2 million, 1.6%. Capital assets are discussed further in the following section and in Note 6.

Virginia Retirement System (VRS) pension and other post-employment benefits transactions, as required by GASB 68 and GASB 75, make up $9.6 million of deferred outflows of resources, and debt related deferred outflows make up the remaining $1.1 million. Deferred outflows of resources represent the consumption of net assets applicable to a future reporting period.

The University's liabilities and deferred inflows decreased $11.4 million, or 3.6%, during fiscal year 2025 bringing total liabilities and deferred inflows to $308.5 million. The decrease is primarily due to the $9.6 million payment on capital debt principal and premium amortization.

Noncurrent liabilities of $260.1 million make up the majority of total liabilities and deferred inflows of resources. The noncurrent liabilities total includes capital debt of $220.8 million, pension and other post-employment benefits liabilities of $32.7 million, compensated absences of $0.6 million and liabilities related to financed purchases and right-to-use assets of $5.9 million. Additional information regarding Current and Noncurrent liabilities can be found in Note 8.

Total current and noncurrent capital debt decreased $9.6 million, as scheduled debt payments were made and premium was amortized. Pension and other post-employment benefit liabilities decreased $2.3 million. Debt and other noncurrent liabilities are further discussed in Notes 8, 9, 10 and 11.

Debt related to deferred inflows of resources make up $1.4 million of total deferred inflows of resources. Deferred inflows related to lease receivables totaled $3.2 million in fiscal year 2025, and VRS pension and other post-employment benefit transactions make up $7.2 million of deferred inflows of resources. Deferred inflows of resources represent the acquisition of net assets applicable to a future reporting period.

The $28.3 million increase in the University's Net position reflects a $18.1 million increase in Net investment in capital assets. This is the result of making investments in buildings, infrastructure, renovations and other capital projects using appropriations and cash reserves rather than debt related monies. The increase in Net position was also impacted by an $11.9 million increase in Restricted net position due to the increase in capital project related appropriation cash remaining at year end.

Unrestricted net position is negatively impacted by the GASB 68 and GASB 75 requirements to record net amounts related to pensions and other post-employment benefits. Those liabilities and inflows and outflows of resources contributed $29.2 million to the negative unrestricted net position.

Capital Asset and Debt Administration

One of the critical factors in ensuring the quality of the University's academic and residential life functions is the development and renewal of its capital assets. The University continues to maintain and upgrade current structures. Investment in new structures and the upgrade of current structures serves to enrich high-quality instructional programs and residential lifestyles.

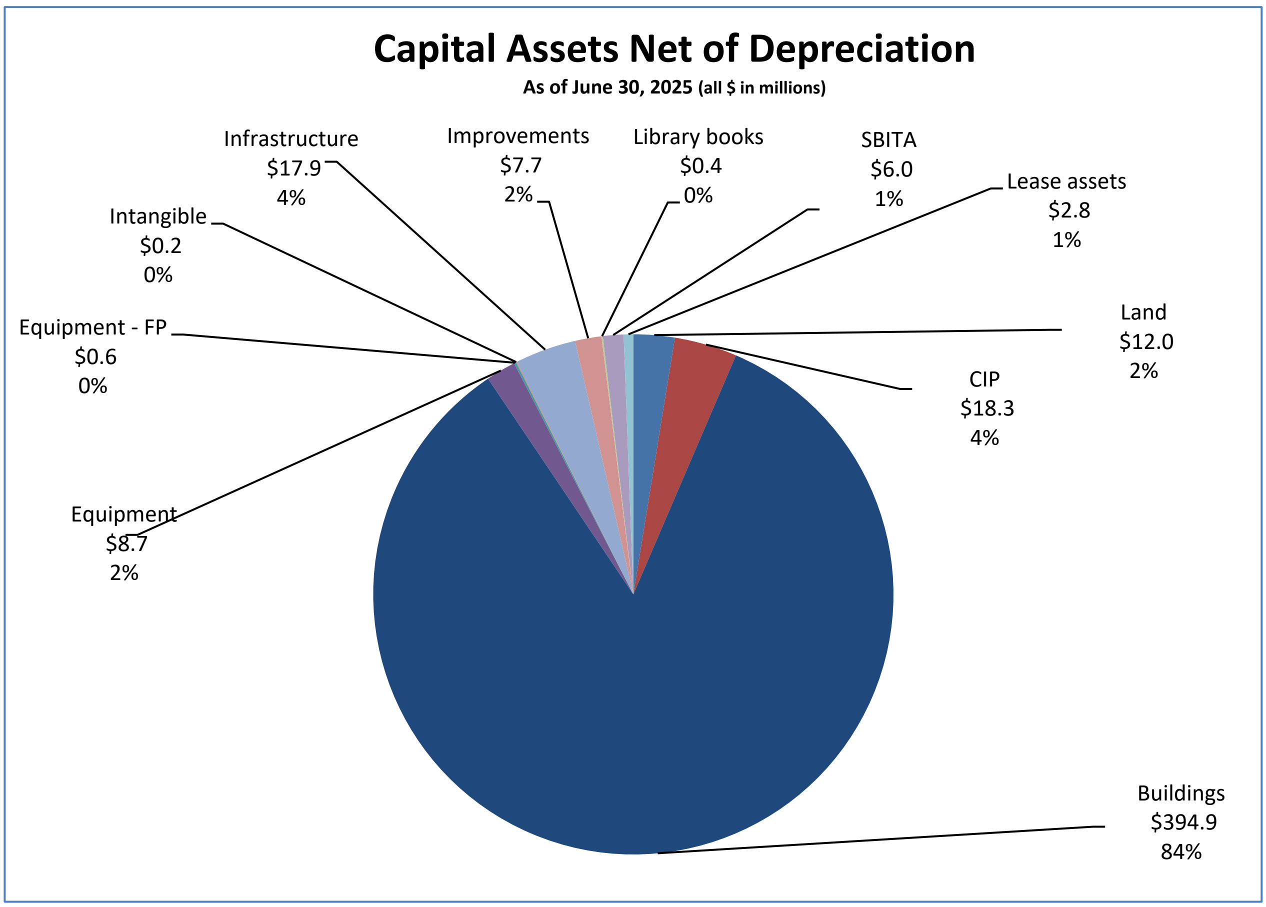
Note 6 of the *Notes to Financial Statements* describes the University's investment in depreciable and non-depreciable capital assets in more detail. The adjacent table indicates capital projects still in progress at year end. The University saw a net increase in construction in progress of $4.1 million. Work continued on the Campus Accessibility project, Simpson Library project, and Theatre planning, increasing construction in progress. Other projects, including the Goolrick pool and underground utilities project, were completed and capitalized during the fiscal year. The University ended the year with $18.3 million in CIP. The chart on the following page shows capital assets net of depreciation by category. Capital assets are further described in Note 6.

Construction in Progress
For the year ended June 30, 2025
(All $ in millions)

	Project Amount
Theatre	$13.5
Simpson Library	2.2
Campus Accessibility	1.3
Other	1.3
Total construction in progress	**$ 18.3**

Capital projects in progress carry commitments to construction contractors, architects, and engineers totaling $9.6 million at June 30, 2025. These obligations are for future effort and, as such, have not been accrued as expenses or liabilities on the University's financial statements.

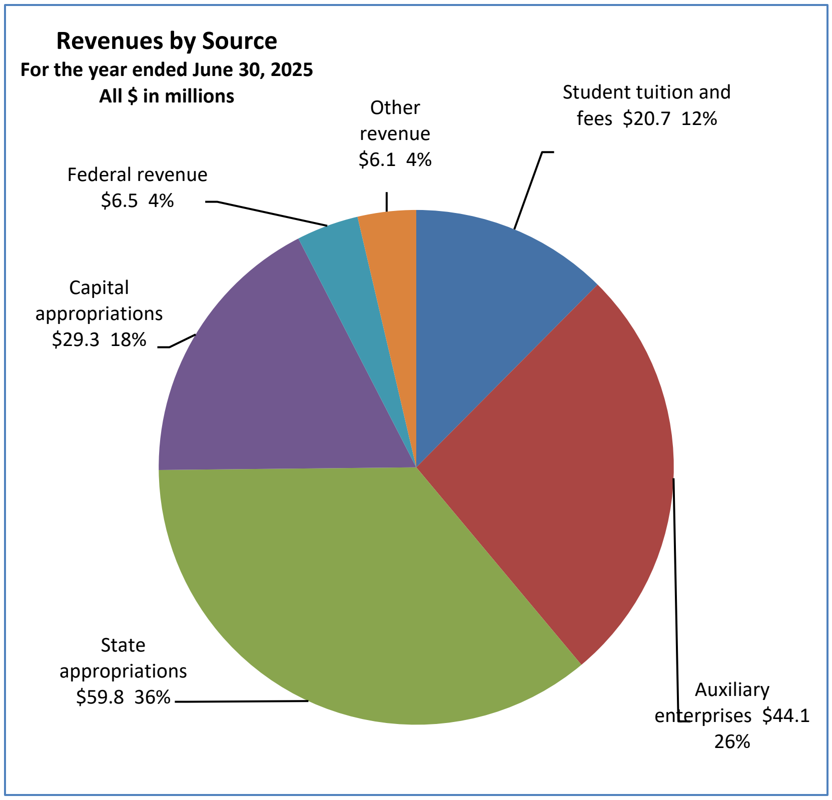
Notes 8, 9, 10 and 11 of the *Notes to Financial Statements* contain information about the long-term liabilities of the University. All debt of the University is directly related to the acquisition of capital assets.



Statement of Revenues, Expenses, and Changes in Net Position

Operating and non-operating activities creating changes in the University's total net position are presented in the *Statement of Revenues, Expenses, and Changes in Net Position*. The purpose of the statement is to present all revenues received and accrued, all expenses paid and accrued, and gains or losses from investments and capital assets.

Operating revenues are generally received through providing goods and services to the various customers and constituencies of the University. Operating expenses are expenditures made to acquire or procure the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Salaries and fringe benefits for faculty and staff are the largest operating expenses. Non-operating revenues are revenues received for which goods and services are not directly provided. State appropriations and gifts included in non-operating revenues provide substantial support for paying operating expenses of the University. Therefore, the University, like most public institutions, will expect to show an operating loss.



Revenue

The summary of revenue table displays operating, non-operating and other revenue changes from the prior year. The University's total operating revenue increased $1.2 million, 1.7%, from the previous fiscal year. Net revenue from Student tuition and fees, along with Auxiliary enterprises, increased $2.8 million, reflecting the Board approved fee increases and stable enrollment. The method used to calculate scholarship allowances changed in fiscal year 2025, as prescribed in NACUBO Advisory 2023-01. The method uses detailed data by student and term, taking advantage of modern student information systems, which are more capable of matching student aid with student charges. Scholarship allowances to be netted from revenue decreased $375K using this method. However, the distribution between Student tuition and fees and Auxiliary enterprises changed, netting nearly $6 million more in scholarship allowances from Auxiliary revenue and less from Student tuition and fees.

Summary of Revenue
For the years ended June 30, 2025 and 2024
(All $ in millions)

	2025	2024	Change Amount	Change Percent
Operating revenue				
Student tuition and fees, net	$20.7	$15.4	$5.3	34.4%
Grants and contracts	4.0	4.5	(0.5)	(11.1)%
Auxiliary enterprises, net	44.1	46.6	(2.5)	(5.4)%
Other operating revenue	1.6	2.7	(1.1)	(40.7)%
Total operating revenue	70.4	69.2	1.2	1.7%
Non-operating revenue				
State appropriations	59.8	55.2	4.6	8.3%
Federal Pell grant revenue	5.3	4.4	0.9	20.5%
Other non-operating revenue	1.7	2.2	(0.5)	(22.7)%
Total non-operating Revenue	66.8	61.8	5.0	8.1%
Other revenue				
Capital appropriations	29.3	21.1	8.2	38.9%
Total other revenue	29.3	21.1	8.2	38.9%
Total revenue	**$166.5**	**$152.1**	**$14.4**	**9.5%**

Non-Operating and Other Revenue

Non-operating revenue increased $5.0 million, 8.1%, in fiscal year 2025. State appropriations account for most of that increase, $4.6 million. Other revenue consists of capital appropriations and capital gifts and contributions. Capital appropriations increased $8.2 million, as work continued on the Theatre complex, campus accessibility and other projects. Capital gifts include equipment donations from the Foundation and donated library books and was less than $100,000 in fiscal year 2025.

Total Expenses

The expenses of the University can also be separated into operating and non-operating expenses. The operating expenses of the University can be divided either by natural classification or by function. Note 12 in the *Notes to Financial Statements* displays the correlation between the two different methods of classification. Functional classification is the method presented in the *Statement of Revenues, Expenses, and Changes in Net Position.*

Overall, the operating expenses of the University increased $8.6 million, 7.0%, in fiscal year 2025. The adjacent table provides a year-to-year comparison of operating expenses by function. When looking at the expenses of the University by function, the largest expenses are those of instruction and auxiliary services. These functions represent the core of any University – the education of students as well as their housing and dining. Expenses in Student aid were impacted by the previously explained NACUBO guidance for calculating scholarship allowances.

Summary of Expenses by Function
For the years ended June 30, 2025 and 2024
(All $ in millions)

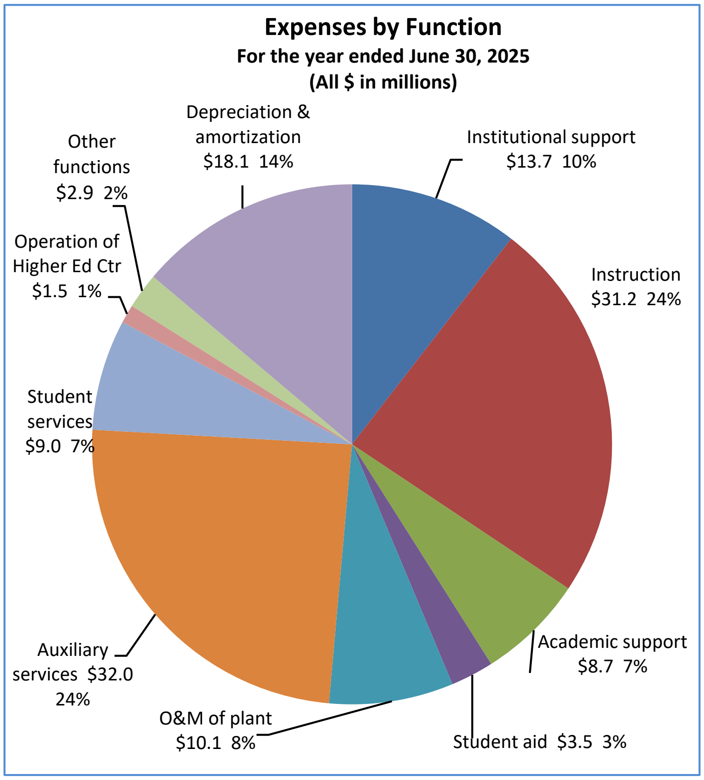
	2025	2024	Change Amount	Change Percent
Operating expenses				
Instruction	$31.2	$31.8	$(0.6)	(1.9)%
Research	0.7	0.5	0.2	40.0%
Public service	0.6	0.5	0.1	20.0%
Academic support	8.7	7.3	1.4	19.2%
Student services	9.0	8.1	0.9	11.1%
Institutional support	13.7	12.0	1.7	14.2%
Operation & maintenance of plant	10.1	11.0	(0.9)	(8.2)%
Depreciation and amortization	18.1	16.8	1.3	7.7%
Student aid	3.5	1.6	1.9	118.8%
Auxiliary services	32.0	29.9	2.1	7.0%
Operation of Higher Ed. Centers	1.5	1.4	0.1	7.1%
Museum & cultural services	0.9	0.8	0.1	12.5%
Historic attraction management	0.7	0.4	0.3	75.0%
Total operating expenses	**$130.7**	**$122.1**	**$8.6**	**7.0%**

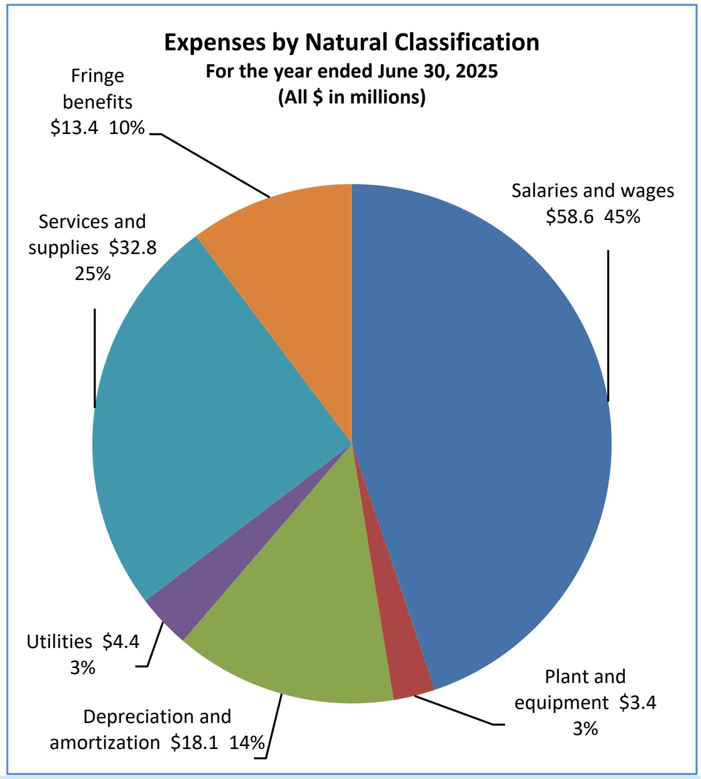
Summary of Expenses by Natural Classification
For the years ended June 30, 2025 and 2024
(All $ in millions)

	2025	2024	Change Amount	Change Percent
Operating expenses				
Salaries and wages	$58.6	$54.5	$4.1	7.5%
Fringe benefits	13.4	12.4	1.0	8.1%
Services and supplies	32.8	30.2	2.6	8.6%
Utilities	4.4	5.6	(1.2)	(21.4%)
Plant and equipment	3.4	2.7	0.4	25.9%
Depreciation and amortization	18.1	16.7	1.4	8.47%
Total operating expenses	$130.7	$122.1	$8.6	7.0%

When looking at the expenses of the University by natural classification the largest expenses incurred are those for salaries and wages of employees. The increases in salaries, wages and fringes are largely due to state-wide salary increases effective June 2024. In addition to salary increases, health insurance premiums increased in fiscal year 2025. Increases in services and supplies generally reflect escalations in contract costs.

The chart on the left below displays expenses by program or function showing most of the University's expenses are related to Instruction and Auxiliary services. The chart on the right displays expenses by natural classification and shows most expenses are related to Salaries and wages.





Changes in Net Position

Due to the classification of certain revenues as non-operating revenue, UMW shows a loss from operations. State appropriations, while budgeted for operations, are considered non-operating revenues according to the Governmental Accounting Standards Board (GASB) 35 standards and are reflected accordingly in the non-operating section of the Statement of Revenues, Expenses and Changes in Net Position, even though these funds are used solely for operating purposes. The table below summarizes fiscal year 2025 changes in net position.

Summary of Revenues, Expenses and Changes in Net Position
For the years ended June 30, 2025 and 2024
(All $ in millions)

	2025	2024	Change Amount	Change Percent
Operating revenues	$70.4	$69.2	$1.2	1.7%
Operating expenses	130.7	122.1	8.6	7.0%
Operating loss	(60.3)	(52.9)	(7.4)	(14.0)%
Non-operating revenues and expenses	59.9	50.9	9.0	17.7%
Gain (loss) before other revenues, expenses, gains/losses	(0.4)	(2.0)	1.6	80.0%
Other revenues, expenses, gains or losses	29.3	21.2	8.1	38.2%
Increase in net position	28.9	19.2	9.7	50.5%
Net position – beginning of year *	217.6	198.7	18.9	9.5%
Beginning net position adjustment	(0.5)	(0.3)	(0.2)	(66.7)
Net position – end of year	$246.0	$217.6	$28.4	13.1%

**GASB 101 Compensated Absences required a beginning balance adjustment, as did error corrections relating to aggregate assets.*

Statement of Cash Flows

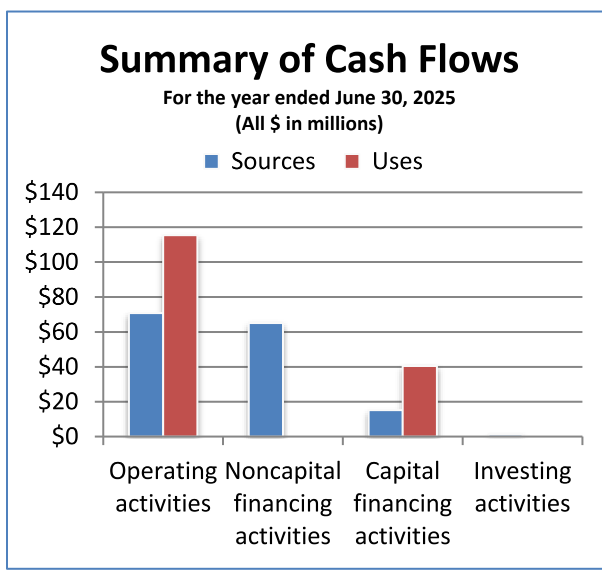
The *Statement of Cash Flows* presents detailed information about the cash activity of the University during the year. Cash flows from operating activities will always be different from the operating loss on the *Statement of Revenues, Expenses, and Changes in Net Position* (SRECNP). This difference occurs because the SRECNP is prepared on the accrual basis of accounting and includes noncash items, such as depreciation expenses, whereas the *Statement of Cash Flows* presents cash inflows and outflows without regard to accrual items. The *Statement of Cash Flows* should help readers assess the ability of an institution to generate sufficient cash flows necessary to meet its obligations.

The statement is divided into five sections. The first section, *Cash flows from operating activities*, includes operating cash flows and shows net cash used by the operating activities of the University. The *Cash flows from noncapital financing activities* section reflects cash received and disbursed for purposes other than operating, investing, and capital financing. GASB requires general appropriations from the Commonwealth to be shown as cash flows from noncapital financing activities. Since state appropriations are used to cover the operating expenses of the University, net cash should always be used by operating activities and provided by noncapital financing activities. *Cash flows from capital financing activities* presents cash used for the acquisition and construction of capital and related items. Plant funds and related long-term debt activities (except depreciation and amortization), as well as capital appropriations are included in cash flows from capital financing activities. *Cash flows from investing activities* reflects the cash flows generated from investments, including purchases, proceeds, and interest. The last section reconciles the operating loss reflected on the *Statement of Revenues, Expenses, and Changes in Net Position* to the net cash used by operating activities.

Statement of Cash Flows
For the years ended June 30, 2025 and 2024
(All $ in millions)

	2025	2024	Change Amount	Change Percent
Net cash used by operating activities	$(44.7)	$(39.6)	$(5.1)	(12.9)%
Net cash provided by noncapital financing activities	65.1	59.6	5.5	9.2%
Net cash used by capital financing activities	(25.5)	(23.4)	(2.1)	(9.0)%
Net cash provided by investing activities	1.3	1.1	0.2	18.2%
Net increase/(decrease) in cash	(3.8)	(2.3)	(1.5)	(65.2)%
Cash – beginning of year	37.8	40.1	(2.3)	(5.7)%
Cash – end of year	$34.0	$37.8	$(3.8)	(10.1)%

Cash balances include cash in general and auxiliary funds, as well as cash grant funds and capital project funds. Overall, the University experienced a net decrease in cash of $3.8 million during fiscal year 2025. However, auxiliary cash remained high, allowing the University to add $4.5 million to reserves at fiscal year end. Total cash and cash equivalent balances at fiscal year-end were $34.0 million. The primary sources of operating cash for the University were from student tuition and fees, $20.8 million, and auxiliary enterprises, $44.1 million. The largest amounts of operating cash were spent on employee compensation and benefits, $75.8 million and payments for services and supplies, $32.1 million. The primary source of cash from noncapital financing activities is state appropriations, $59.8 million.



Economic Outlook

The 2025 General Assembly invested more resources in higher education, but began to signal concern for future fiscal year economic outlook. The budget passed by the 2025 General Assembly includes a 3% pay increase for faculty and staff, 6% increase in health insurance premiums, a one-time 1.5% bonus in FY25 and increases in the Virginia minimum wage. Each of these mandatory compensation actions is partially funded by the Commonwealth.

The General Assembly provided an additional $1.4 million in funding to offset operating cost increases and additional general fund support for need-based student financial assistance for Virginia residents, and $740,000 to support development of a Master's of Science in Nursing Program. The operating, financial aid, and MSN funding were provided as one-time resources. UMW will request that the state make these investments permanent in the upcoming session, but is planning internally for those funds to not return as the Commonwealth assesses the state economy in light of federal budget changes and workforce reductions. UMW also received $1.8M in FY25 and estimates another $2M in FY26 to support the Virginia Military Survivors and Dependents Education Program (VMSDEP) tuition and mandatory fee waivers.

The 2025 General Assembly provided UMW $3.5M to modernize information technology infrastructure, and UMW is assessing the best use of those funds to modernize systems and produce administrative efficiencies. In addition, UMW received $4.35M to improve energy infrastructure around campus that will lead to increased energy efficiency decreasing costs and contributing to sustainability goals. UMW continues to utilize state maintenance reserve funding as well as specific deferred maintenance funding provided in the 2024 General assembly to improve facility conditions around campus. UMW looks forward to making critical investments and improvements to its campus facilities, while continuing to maintain its award-winning green campus.

The federal government's workforce reductions and recent budget bill have introduced uncertainty into Virginia's economic landscape. UMW continues to monitor enrollment for any impacts and is being conservative with resource allocation as a guard against possible changes. As part of its annual budget process the university assesses existing resources, in addition to revenue opportunities and will continue to do so with an eye towards the possibility that the one-time funds provided by the state do not get put back into the new biennial budget in the 2026 General Assembly session.

The Office of University Advancement and Alumni Engagement continues to show year-over-year growth in its base of fundraising while at the same time growing its focus on multi-year pledges. UMW wrapped up its most successful fundraising year ever June 30, 2025 with a record $37,867,639 in gifts and pledges. Giving participation increased across every UMW constituency including alumni, parents, friends, faculty, staff and students. The record-breaking year pushed UMW's endowment past the $100 million threshold. One large estate gift made up the majority of the annual total, but giving to the Fund for Mary Washington and on Mary Wash Day exceeded historical highs.

STATEMENT OF NET POSITION

For the year ended June 30, 2025

	UMW	UMW Foundation
Assets and deferred outflows of resources		
Current assets:		
Cash and cash equivalents (Notes 3, 21)	$28,236,701	$1,365,129
Securities lending cash and cash equivalents (Note 3)	2,181,263	-
Accounts receivable, net of allowance for doubtful accounts (Note 4)	1,170,499	50,103
Notes receivable, net of allowance for doubtful accounts (Note 4)	32,002	-
Leases receivable, current (Note 4)	396,814	-
Pledges receivable, current portion (Note 21)	-	702,841
Due from Commonwealth, current restricted (Note 5)	1,522,698	-
Due from University (Note 19)	-	127,242
Inventories	150,610	-
Prepaid items	501,590	151,091
Total current assets	**$34,192,177**	**$2,396,406**
Noncurrent assets:		
Restricted cash and cash equivalents (Notes 3, 21)	5,708,435	-
Restricted investments (Note 21)	-	120,682,844
Unrestricted investments (Note 21)	-	3,034,186
Other restricted assets (Note 16)	1,304,483	-
Notes receivable noncurrent, net of allowance for doubtful accounts (Note 4)	126,049	-
Due from Commonwealth, restricted (Note 5)	26,869,025	-
Due from Foundation, noncurrent (Notes 19, 21)	3,078,088	-
Leases receivable, noncurrent (Notes 4)	3,017,872	-
Pledges receivable, noncurrent (Note 21)	-	1,076,275
Other noncurrent assets	-	59,548
Non-depreciable capital assets (Notes 6, 21)	30,277,983	16,245,275
Capital assets, net of accumulated depreciation (Notes 6, 21)	430,384,853	1,354,078
Intangible right to use assets, net of accumulated amortization (Notes 6, 10, 11)	8,809,949	-
Total noncurrent assets	**$509,576,737**	**$142,452,206**
Total assets	**$543,768,914**	**$144,848,612**
Deferred outflows of resources:		
Deferred outflows of resources - debt	1,073,016	-
Deferred outflows of resources - pensions (Note 15)	7,765,050	-
Deferred outflows of resources - post-employment benefits (Note 16)	1,866,331	-
Total deferred outflows of resources	**$10,704,397**	**-**
Total assets and deferred outflows	**$554,473,311**	**$144,848,612**

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

STATEMENT OF NET POSITION (CONTINUED)

For the year ended June 30, 2025

	UMW	UMW Foundation
Liabilities and deferred inflows of resources		
Current liabilities:		
Accounts payable and accrued expenses (Note 7, 21)	16,762,179	261,375
Unearned revenue	1,537,881	-
Deposits payable	1,566,645	-
Obligations under securities lending program	2,181,263	-
Due to Commonwealth	223	-
Due to Foundation (Note 19)	127,242	-
Long-term liabilities - debt, current (Notes 8, 9, 21)	9,338,258	176,506
Long-term liabilities - other post-employment benefits, current (Notes 8, 16)	224,949	-
Long-term liabilities - leases, current (Notes 8, 10)	571,984	-
Long-term liabilities - SBITAs, current (Notes 2, 8, 11)	2,266,974	-
Long-term liabilities - financed purchase, current (Notes 8, 9)	145,611	-
Long-term liabilities - compensated absences, current (Note 8)	1,827,184	-
Total current liabilities	**$36,550,393**	**$437,881**
Noncurrent liabilities:		
Long-term liabilities - debt, noncurrent (Notes 8, 9, 21)	220,795,055	1,828,536
Long-term liabilities - pension, noncurrent (Notes 8, 15)	24,464,859	-
Long-term liabilities - other post-employment benefits, noncurrent (Notes 8, 16)	8,231,039	-
Long-term liabilities - leases, noncurrent (Notes 8, 10)	2,364,698	-
Long-term liabilities - SBITAs, noncurrent (Notes 2, 8, 11)	2,988,657	-
Long-term liabilities - financed purchase, noncurrent (Notes 8, 9)	506,767	-
Long-term liabilities - compensated absences, noncurrent (Note 8)	608,314	-
Amounts due to University - noncurrent (Note 21)	-	3,078,088
Federal Perkins loan program contributions refundable (Note 8)	163,136	-
Total noncurrent liabilities	**$260,122,525**	**4,906,624**
Total liabilities	**$296,672,918**	**$5,344,505**
Deferred Inflows of Resources:		
Deferred Inflows of Resources - debt	1,353,445	-
Deferred Inflows of Resources - leases	3,264,192	-
Deferred Inflows of Resources - other post-employment benefits (Note 16)	3,382,539	-
Deferred Inflows of Resources - pensions (Note 15)	3,785,798	-
Total deferred inflows of resources	**$11,785,974**	**-**
Total liabilities and deferred inflows	**$308,458,892**	**$5,344,505**
Net position		
Net investment in capital assets	231,836,725	-
Restricted for nonexpendable - permanently restricted	-	128,199,549
Restricted for expendable:		
Restricted for expendable - capital projects	26,869,025	-
Restricted for expendable - OPEB	1,326,822	-
Restricted for expendable - loans	238,501	-
Restricted for expendable – research and sponsored programs	2,742,804	-
Restricted for expendable - temporarily restricted	-	12,948,286
Unrestricted	(16,999,458)	(1,643,728)
Total net position	**$246,014,419**	**$139,504,107**

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the year ended June 30, 2025

	UMW	UMW Foundation
Operating revenues:		
Student tuition and fees, net of scholarship allowances of $18,366,320	20,671,124	-
Federal grants and contract	991,880	-
State grants and contracts	416,249	-
Nongovernmental grants and contracts	2,562,293	-
Auxiliary enterprises, net of scholarship allowances of $6,952,205	44,111,545	-
Gifts, grants and contributions	-	5,593,632
Other operating revenues	1,580,173	427,683
Total operating revenues	**$70,333,264**	**$6,021,315**
Operating expenses: (Note 12)		
Instruction	31,217,937	-
Research	714,190	-
Public service	624,418	-
Academic support	8,731,807	-
Student services	8,992,083	-
Institutional support	13,741,448	-
Operation and maintenance of plant	10,056,784	-
Depreciation and amortization	18,122,425	90,330
Student aid	3,500,270	2,661,667
Auxiliary activities	31,957,812	-
Operation of Higher Education Centers	1,445,428	-
Museum and cultural services	890,805	-
Historic attraction management	657,598	-
University development and support	-	2,831,374
Foundation operations	-	2,290,898
Fundraising	-	2,265,287
Total operating expenses	**$130,653,005**	**$10,139,556**
Operating gain/(loss)	**(60,319,741)**	**(4,118,241)**
Non-operating revenues/(expenses):		
State appropriations (Note 13)	59,760,920	-
Federal student financial aid - Pell grant revenue	5,337,389	-
Federal Build America Bond interest subsidy revenue	148,771	-
Investment income/(loss)	1,284,177	12,972,501
Gain/(loss) on disposal of capital assets	(21,559)	-
Other non-operating revenue	279,138	1,180,010
Interest on lease and SBITA liabilities	(442,005)	-
Interest on capital asset related debt	(6,448,003)	(188,776)
Net non-operating revenues/(expenses)	**$59,898,828**	**$13,963,735**
Income/(loss) before other revenues, expenses, gains, or losses	**(420,913)**	**9,845,494**
Capital appropriations (Note 5)	29,311,086	-
Capital gifts	5,239	-
Additions to term endowments	-	2,394,123
Additions to permanent endowments	-	6,547,079
Net other revenues, expenses, gains, or losses	**$29,316,325**	**$8,941,202**
Increase/(decrease) in net position	**$28,895,412**	**$18,786,696**
Net position – beginning of year	**$217,911,402**	**$120,717,411**
Beginning net position adjusted (Notes 2, 6, 8)	$(792,395)	
Net position – end of year	**$246,014,419**	**$139,504,107**

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

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2025

	UMW
Cash flows from operating activities:	
Student tuition and fees	$20,765,919
Grants and contracts	1,401,928
Auxiliary enterprises	44,094,423
Other receipts	4,219,869
Payments to employees	(59,079,128)
Payments for fringe benefits	(16,768,152)
Payments for services and supplies	(32,153,341)
Payments for utilities	(4,163,088)
Payments for noncapitalized plant and equipment	(3,188,993)
Federal direct loan program receipts	11,324,261
Federal direct loan program disbursements	(11,324,261)
Funds held for others - receipts	174,605
Funds held for others - disbursements	(91,570)
Collection of Perkins and other loans from students	40,244
Net cash used by operating activities	**$(44,747,284)**
Cash flows from noncapital financing activities:	
State appropriations	59,760,920
Federal Pell grant revenue	5,337,389
Net cash provided by noncapital financing activities	**$65,098,309**
Cash flows from capital and related financing activities:	
Capital appropriations	15,219,611
Purchase of capital assets	(24,601,014)
Principal paid on capital asset bonds and notes	(8,724,000)
Principal paid on leases and SBITAs	(70,995)
Interest paid on leases and SBITAs	(442,005)
Interest paid on capital debt	(6,847,481)
Net cash used by capital financing activities	**$(25,465,884)**
Cash flows from investing activities:	
Interest income	1,284,177
Net cash provided by investing activities	**$1,284,177**
Net decrease in cash	**$(3,830,682)**
Cash and cash equivalents – beginning of the year	**$37,775,818**
Cash and cash equivalents – end of the year	**$33,945,136**

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

STATEMENT OF CASH FLOWS (CONTINUED)

For the Year Ended June 30, 2025

	UMW
Reconciliation of net operating loss to net cash used by operating activities:	
Operating loss	**$(60,319,741)**
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization expense	18,122,425
Changes in assets, liabilities, deferred outflows, and deferred inflows:	
Accounts receivable (operating portion)	450,035
Inventories	2,076
Prepaid expenses	709,787
Due from Foundation	8,716
Accounts payable	(245,641)
Unearned revenue	(97,871)
Accrued leave liability	208,148
Due to Foundation	17,628
Other post-employment benefits asset	(112,738)
Deposits payable, excluding custodial funds	132,186
Funds held for others	83,035
Perkins liability	(59,349)
Lease receivable and deferred inflow	(65,078)
VRS pension and other post-employment benefits liability	(1,918,481)
Deferred outflows of resources related to pensions and other post-employment benefits	(1,118,529)
Deferred inflows of resources related to pensions and other post-employment benefits	(543,892)
Total adjustments	**$15,572,457**
Net cash used by operating activities	**$(44,747,284)**
Noncash investing, capital, and financing activities	
Special VRS/OPEB Contributions	279,138
Capital assets retainage accrued	(223,380)
Accrued capitalized invoices	1,042,951
Bond premium, discount, gain, loss amortization	(846,501)
Loss on disposal of capital assets	(21,559)
Non-cash capital gifts	5,239
Change in lease and subscription assets	3,677,521

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

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NOTE 1. REPORTING ENTITY

The University of Mary Washington is a comprehensive University that is part of the Commonwealth of Virginia's statewide system of public higher education. The University's Board of Visitors, appointed by the Governor, is responsible for overseeing governance of the University. A separate report is prepared for the Commonwealth, which includes all agencies, higher education institutions, boards, commissions, and authorities over which the Commonwealth exercises or has the ability to exercise oversight authority. As such, the University is a component unit of the Commonwealth and is included in the Commonwealth's Annual Comprehensive Financial Report.

In accordance with Governmental Accounting Standards Board (GASB) Statement 61, *The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34* and Statement 39, *Determining Whether Certain Organizations Are Component Units,* the University is presenting the financial position of the University of Mary Washington Foundation (UMW Foundation) as a discrete component unit. The UMW Foundation is a tax-exempt not-for-profit 501(c)(3) organization incorporated under the laws of the Commonwealth of Virginia. The UMW Foundation is a legally separate entity from the University that was formed to seek, receive, hold, invest, administer, and distribute funds and property of all kinds, exclusively in furtherance of the educational activities and objectives of the University. The UMW Foundation issues its own independently audited financial report, in addition to being included in the statements of the University. The financial reports of the UMW Foundation include the net position and results of operations of the UMW Foundation. The 27-member Board of Directors of the UMW Foundation is comprised of University alumni and friends of the University, including five ex-officio Directors. While the University benefits from activities of the UMW Foundation, the University does not control the budget or operations of the UMW Foundation. Its financial information is presented discretely, in a separate column, in the University's financial statements. Additional information related to the UMW Foundation is presented in Note 21 of this report.

The UMW Foundation is a private non-profit organization that does not report under the guidelines of the GASB, instead following the guidance of the Financial Accounting Standards Board (FASB), including FASB Statement 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. Reclassifications have been made to convert the Foundation's financial information to GASB presentation format.

The University also benefits from the University of Mary Washington Alumni Association (UMW Alumni Association). The UMW Alumni Association is a nonprofit organization incorporated in the Commonwealth of Virginia to promote the welfare and support the mission of the University and to encourage an enduring relationship with the University by deepening alumni and student loyalty. The Alumni Association issues its own independently reviewed financial report. The Board of Directors is comprised of at least 12 members but not more than 35 members. Directors are elected by the general membership of the Association while a student and faculty member serve as ex-officio and non-voting members of the Board. The faculty member is appointed by the President of the UMW Alumni Association. In accordance with GASB Statements 39 and 61 addressed above, the financial position and results of its operations are not discretely presented in conjunction with the University's financial statements, as it is not considered fiscally significant for component unit disclosure. Summary information related to the UMW Alumni Association is presented in Note 20 of this report.

Complete financial statements for the UMW Foundation and the UMW Alumni Association can be obtained from the respective entity at Jepson Alumni Executive Center, 1119 Hanover Street, Fredericksburg, Virginia 22401.

The Academy of Technology and Innovation at the University of Mary Washington (ATI-UMW) is a Virginia College Partnership Laboratory School. The school is a 9th-12th grade high school with a curricular focus on coding, data science, and technology and an emphasis on project-based interdisciplinary learning. Located on UMW's Stafford Campus, it is supported by Stafford County Public Schools which serves as the fiscal agent. ATI-UMW serves students from the counties of Caroline, King George, Orange, and Stafford and the City of Fredericksburg. The school is governed by a regional school board consisting of representatives from each of the localities and is also home to a professional development school supported by the UMW's College of Education.

Financial Statement Presentation

GASB Statement 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities,* issued November 1999, establishes accounting and financial reporting standards for public colleges and universities within the financial guidelines of GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The standards are designed to provide financial information that responds to the needs of three groups of primary users of general-purpose external financial reports: the citizenry, legislative and oversight bodies, and investors and creditors. The University is required under the guidance to include Management's Discussion and Analysis, and basic financial statements, including notes, in its financial statement presentation.

GASB Statement 101, *Compensated Absences*, was implemented in fiscal year 2025. The Statement establishes a new standard for recognizing and measuring liabilities for employees' unused leave and used but unpaid leave. It required the University to use historical data to determine leave usage rates and recalculate previous compensated absence or leave liabilities and restate the University's beginning net position. This change in Accounting Principle resulted in a decrease to beginning net position of $471,398.

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

GASB's Implementation Guide 2021-1 required the University, in fiscal year 2024, to modify its capitalization policy to capitalize groups of assets where individual acquisition costs are less than the policy threshold for an individual asset but when purchased in aggregate meet or exceed the threshold. Further review of the University's procedure related to the implementation found some aggregate assets were recorded twice. This resulted in an error correction and change to the University's beginning net position.

Beginning balance restatements are noted in the table below and in Notes 6 and 8.

Aggregate Asset Balance	Capital Asset	Accumulated Depreciation	Impact to Beginning Net Position
***Equipment* as of July 1, 2024**	**$(7,892)**	**$61,094**	**$(68,986)**
***Buildings* as of July 1, 2024**	**(281,232)**	**-**	**(281,232)**
		Total Impact to Net Position	**$(350,218)**

Upon further review of the University's procedure related to GASB 96, *Subscription-Based Information Technology Arrangements* (SBITA), the University determined some SBITA assets were not captured. This resulted in an error correction and change to the University's beginning net position. Beginning balance adjustments are noted in the table below and in Note 6, Capital Assets.

	Capital Asset	Accumulated Depreciation	Liability	Impact to Beginning Net Position
Subscription Based Information Technology Arrangement as of July 1, 2024	**$1,180,978**	**$320,466**	**$831,292**	**$29,220**
			Total Impact to Net Position	**$29,220**

Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented 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, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

Cash Equivalents

For purposes of the statements of net position and cash flows, the University considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents.

Investments

GASB Statement 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. All investment income, including changes in the fair market value of investments (unrealized gains and losses), is reported as non-operating revenue or expense in the *Statement of Revenues, Expenses, and Changes in Net Position*.

GASB Statement 72, *Fair Value Measurement and Application*, established principles for measuring fair value for financial reporting purposes and provides guidance for applying fair value to certain investments. GASB Statement 72 also requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques.

Accounts Receivable

Accounts receivable consist of charges for tuition and fees and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from federal and state governments and nongovernmental sources, in connection with reimbursement of allowable expenses made pursuant to the University's grants and contracts. Accounts receivable is reported net of allowance for doubtful accounts.

Lease Receivable

Lease receivables are amounts owed to the University from lessees for the present service capacity of University assets. Lease receivables are recognized when the net present value of future minimum lease payments is $50,000 or greater and the lease term, including renewal options, is more than 12 months. The University uses an estimated incremental borrowing rate to discount the lease payments. Under some lease agreements, the University may receive variable payments based on future performance by the lessee. These variable payments are not included in the measurement of the lease receivable and are recognized as inflows of resources in the period to which those payments relate.

A deferred inflow of resources is recorded at the commencement of a lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Prepaid Expenses

Prepaid expenses of the University include items such as insurance premiums, membership dues, and conference registrations for next fiscal year that were paid in advance, as well as publications, subscriptions, and maintenance contracts which include initial and renewal annual subscriptions that continue into the next fiscal year.

Inventories

Inventories are stated at the lower of cost (generally determined on the first in first out method) or market. Inventories consist primarily of merchandise for resale in the James Monroe Law Office Museum and Memorial Library, and the Gari Melchers Memorial, as well as expendable supplies held for consumption in the University's central storeroom.

Noncurrent Cash and Investments

Noncurrent cash and investments are externally restricted for the Federal Department of Education Perkins Loan program and for the construction of capital or other non-current assets.

Capital Assets

Capital assets include land, buildings and other improvements, infrastructure, intangible assets and equipment and are stated at historical cost or actual cost where determinable. Intangible assets include computer software and intangible right-to-use leased assets and SBITA. Construction in progress is capitalized at actual cost as expenses are incurred. Library materials are valued using average prices for library acquisitions. All gifts of capital assets are recorded at acquisition value as of the date of donation.

Intangible right-to-use leased assets represent the right to use an underlying asset for a lease term, and are initially measured as the sum of the following:

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

Intangible right-to-use SBITA assets represent the right to use another party's information technology, and are initially measured as the subscription liability, adjusted for any qualifying SBITA outlays such as implementation stage costs and license payments made at or before the software commencement date.

Equipment is capitalized when the unit acquisition cost is $5,000 or greater and the estimated useful life is two years or more or when the acquisition cost of a group of like assets is $10,000 or greater with a useful life of at least one year. Computer software developed or obtained for internal use is capitalized when the unit acquisition cost is $5,000 or more and the estimated useful life is two years or more. Building renovation costs and infrastructure costs are capitalized when expenses total more than $5,000, the asset value significantly increases, or the useful life is significantly extended. Useful life of assets related to leases is the shorter of the lease term or the useful life of the underlying asset. Donated assets with an acquisition value at the date of the donation of $5,000 or more are capitalized. Routine repairs and maintenance are charged to operating expenses in the year the expense is incurred. Certain maintenance and replacement reserves have been established to fund costs relating to residences and other auxiliary activities. Depreciation is computed using the straight-line method over the useful life of the asset. The useful life for buildings is 15-50 years. For improvements other than buildings useful life is 5-30 years, for infrastructure 5-50 years, for equipment 2-25 years, for intangible assets – computer software 3-5 years, and for library materials 10 years. Right-to-use leased assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. Right-to-use subscription assets are amortized on a straight-line basis over the subscription term. Amortization is not allocated to the functional expense categories. Amortization expense is combined with depreciation expense in the Statement of Revenues, Expenses, and Changes in Net Position.

Collections

The Gari Melchers Home and Studio maintains a collection of paintings, drawings, and etchings by Gari Melchers. A smaller collection of art works by other artists is also maintained. This collection was appraised in 1989 for approximately $3,550,000. The James Monroe Museum and Memorial Library also maintains a collection of artifacts, books, and manuscripts. This collection was appraised in 2009 for approximately $3,100,000.

In addition, the University gallery maintains collections of paintings and drawings by several artists including Alfred Levitt, Phyllis Ridderhof Martin, and Margaret Sutton. All collections have been donated to the University, but have not been appraised and total market value of the entire collection is unknown.

The items held in all three collections are held for public exhibition, education, or research in furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for, and preserved; and are subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for the collection. Since these conditions exist and historical cost data for the collections are not available, in accordance with GASB Statement 34, no balances are reported in the accompanying financial statements.

Unearned Revenues

Unearned revenue represents revenue collected but not earned as of June 30. This amount includes amounts received for tuition and fees and certain auxiliary activities (resident housing deposits) related to the period after June 30.

Lease Liabilities

Lease liabilities are the University's obligation to pay owners for the right to use the present service capacity of their assets. A lease liability is recorded if the present value of future minimum lease payments is $50,000 or more, and the lease term, including renewal options, is more than 12 months. The lease term includes renewal options that are reasonably certain of being exercised. Short-term leases with an initial term of 12 months or less, including all renewal options, are not recorded on the Statement of Net Position and are recognized as outflows of resources in the period to which the payments relate. Lease liabilities are measured at the present value of payments expected to be made during the lease term. Measurement of the lease liability includes the following, if required by a lease:

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

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

For real estate leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, the University will obtain the lessor's internal borrowing rate and if unavailable, then the University will use the incremental borrowing default rate in the Commonwealth's Lease Accounting System at the beginning of the lease term. For equipment leases, the present value of payments expected to be made during the lease term is calculated using the discount rate implicit in the lease agreement and if unavailable, the University will use the incremental borrowing default rate in the Commonwealth's Lease Accounting System at the beginning of the lease term.

Subscription Based Information Technology Arrangement Liabilities

SBITA liabilities are the University's obligation to pay owners for the right to use the present service capacity of information technology. A SBITA liability is recorded when the present value of future minimum payments is $5,000 or more, and the contract term, including renewal options, is more than 12 months. The term includes renewal options that are reasonably certain of being exercised. Short-term SBITA with an initial term of 12 months or less, including all renewal options, are not recorded on the Statement of Net Position and are recognized as outflows of resources in the period to which the payments relate. SBITA liabilities are measured at the present value of payments expected to be made during the subscription term.

Noncurrent Liabilities

Noncurrent liabilities include the principal amounts of bonds payable, notes payable, financed purchases, lease and SBITA liabilities with maturities greater than one year and estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year.

Debt payable is reported net of related discounts and premiums, which are expensed over the life of the debt. Debt issuance costs are recognized as an expense in the period incurred.

Accrued Compensated Absences

The liability for accrued compensated absences reflects, as of June 30, all unused accumulated leave that is attributable to services already rendered and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The applicable share of employer related taxes payable is also included. The University's liability and expense for the amount of leave earned by employees but not taken, as of June 30, 2025, is recorded in the *Statement of Net Position*, and is included in the various functional categories of operating expenses in the *Statement of Revenues, Expenses, and Changes in Net Position*.

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 purpose 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 Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-employment Benefits

The Pre-Medicare Retiree Healthcare Plan is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. The Pre-Medicare Retiree Healthcare Plan was established by Title 2.2, Chapter 28 of the Code of Virginia for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resources Management (DHRM). After retirement, UMW no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for determining health insurance rates, retiree rates are effectively lower than many plans available outside of this benefit.

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

The Virginia Retirement System (VRS) Group Life Insurance Program (GLI) is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers.

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

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

For purposes of measuring the net liability of the VRS OPEB Programs, the expenses, deferred outflows and inflows of resources, information about and additions to or deductions from their net fiduciary positions have been determined on the same basis as reported by VRS. In addition, benefit payments for these programs are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Federal Financial Assistance Programs

The University participates in federally-funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, and Perkins Loans programs. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200**,** *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Deferred Inflows and Outflows of Resources

Deferred outflows of resources represent a consumption of net position applicable to a future reporting period and increase net position similar to assets. Three items meet this criterion: pension and OPEB deferrals and refunding of debt. Deferred inflows of resources represent an acquisition of net position applicable to a future reporting period and decrease net position similar to liabilities. Four items meet this criterion: pension and OPEB deferrals, leases, and refunding of debt.

Net Position

The University's net position is made up of the following:

- **Net investment in capital assets** – Net investment in capital assets represents the University's total investment in capital assets, net less outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- **Restricted nonexpendable net position** – Restricted nonexpendable net position consists of endowment and similar type funds where donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, to be expended or added to the principal.
- **Restricted expendable net position** – Restricted expendable net position includes resources for which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- **Unrestricted net position** – Unrestricted net position represents resources derived from student tuition and fees, state appropriations, recoveries of facilities and administrative (indirect) costs, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational departments and the general operations of the University, and may be used at the discretion of the University's board of visitors to meet current expenses for any lawful purpose.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the University's policy is to evaluate these expenditures and apply resources on a case-by-case basis.

Income Taxes

The University, as a political subdivision of the Commonwealth of Virginia, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Classifications of Revenues and Expenses

The University has classified its revenues and expenses as either operating or non-operating according to the following criteria:

- **Operating revenues** – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowance; (2) sales and services of auxiliary enterprises, net of scholarship allowances; and (3) most federal, state, local, and nongovernmental grants and contracts and federal appropriations.
- **Non-operating revenues** – Non-operating revenues are revenues received for which goods and services are not provided. State appropriations, gifts, and other revenue sources defined as non-operating revenues by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* are included in this category.
- **Operating expenses** – Operating expenses include those expenses necessary for the operation of the University including those for wages and fringes, services and supplies, and operation of plant including utilities as well as any expense not classified as non-operating.
- **Non-operating expenses** – Non-operating expenses are those expenses incurred for interest on debt related to the purchase of capital assets, losses on the disposal of capital assets and intra-entity transfers.

Scholarship Discounts and Allowances

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

NOTE 3. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Certain risk disclosures are required by GASB Statement 40, *Deposit and Investment Risk Disclosures* which is an amendment of GASB Statement 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*. With respect to deposit risks, there are custodial credit risk and foreign currency risk. With respect to investments, there are credit risks (both custodial credit risk and concentrations of credit risk), interest rate risk, and foreign currency risk. These risks are defined as:

- **Credit risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. GASB Statement 40 requires the disclosure of the credit quality rating on any investments subject to credit risk. The University does not have a policy limiting the ratings type of investment choices. The University's State Non-Arbitrage Program (SNAP) investments are subject to credit risk.
- **Custodial credit risk** – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the University will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of the institution. The custodial risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the University will not be able to recover the value of investment or collateral securities that are in possession of an outside party. The University does not have any funds subject to custodial credit risk.
- **Concentration of credit risk** – The risk of loss attributed to the magnitude of an investment in a single issuer. GASB Statement 40 requires disclosure of any issuer with more than five percent of total investments. Investments issued or explicitly

guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from disclosure. The University does not have a policy limiting the amount that can be invested in any one issuer. The University does not have any funds subject to concentration credit risk.

- **Interest rate risk** – Interest rate risk is the risk that interest rate changes will adversely affect the fair value of an investment. GASB Statement 40 requires disclosure of maturities for investments subject to interest rate risk. The University does not have a policy limiting investment maturities as a means of managing interest rate risk. The University does not have any funds subject to interest rate risk.
- **Foreign currency risk** – Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The University does not have a policy limiting foreign investments. The University does not have any funds subject to foreign currency risk.

Cash and Cash Equivalents

Cash and cash equivalents reporting requirements are defined by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*. Cash and cash equivalents represent cash with the treasurer of the Commonwealth, cash on hand, certificates of deposit and temporary investments with original maturities of 90 days or less, and cash equivalents with the Virginia State Non-Arbitrage Program (SNAP). SNAP is 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, *Certain External Investment Pools and Pool Participants*. SNAP investments are reported using the net asset value (NAV) per share, which is calculated on an amortized cost basis that provides a NAV that approximates fair value.

Pursuant to Section 2.2-1800 et seq. Code of Virginia, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of state funds. Local cash deposits held by the University are maintained in accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with the *Virginia Security for Public Deposits Act*, Section 2.2-4400, et. seq. Code of Virginia.

Investments

Authorized investments are set forth in the *Investment of Public Funds Act*, Sections 2.2-4500 through 2.2-4519 et seq., Code of Virginia. GASB Statement 72, *Fair Value Measurement and Application*, established principles for measuring fair value for financial reporting purposes and provides guidance for applying fair value to certain investments. None of the University's fiscal year 2025 investments are subject to fair value measurement.

Investments fall into two groups: short-term and long-term. Short-term investments have an original maturity of over 90 days but less than or equal to one year. Long-term investments have an original maturity greater than one year. Collateral held for securities lending is held by the Treasurer of Virginia and represents the University's allocated share of cash collateral received and reinvested and securities received for the State Treasury's securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's *Annual Comprehensive Financial Report*. The Commonwealth's policy is to record unrealized gains and losses in the general fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

A categorization of the University's cash, cash equivalents, and investments are presented in the following table:

Cash and Cash Equivalents	Value As of June 30, 2025	Credit Rating
Cash with the Treasurer	$21,131,923	
Collateral held for securities lending	2,181,263	
Deposits with financial institutions	4,851,730	
Money market deposits with financial institutions	6,547,671	Moody's A1/P-1
State Non-Arbitrage Program (SNAP)	1,413,812	S&P AAAm
Total cash and cash equivalents	**$36,126,399**	

NOTE 4. RECEIVABLES

Accounts, notes and leases receivable consisted of the following at June 30, 2025:

Accounts and leases receivable	
Student tuition and fees	$2,117,749
Auxiliary enterprises	976,092
VCBA Series 2010A/B Interest Subsidy	330,695
Leases receivable	3,414,686
Grants receivable	32,201
Other activities	40,717
Total accounts and leases receivable before allowance for doubtful accounts	6,912,140
Less allowance for doubtful accounts	(2,326,955)
Total accounts and leases receivable after allowance for doubtful accounts	**$4,585,185**
Notes receivable	
Perkins loans	$203,534
Less allowance for doubtful accounts	(45,483)
Total notes receivable after allowance for doubtful accounts	**$158,051**
Total receivables after allowance for doubtful accounts	**$4,743,236**

The financial statements include leases reported according to GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement established a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The University of Mary Washington had 12 lessor leases active during fiscal year 2025. The leases are related to the Eagle Village multi-use building. The leases have receipts that range from $27,604 to $109,941 and interest rates of 3.6% . As of June 30, the total combined value of the lease receivable is $3,414,686, and the combined value of the deferred inflow of resources is $3,264,192.

The University’s contracts with Barnes and Noble College (BNC), Stafford County Public Schools and Sodexo each contain a clause allowing either party to terminate for convenience; therefore, those contracts are not included in the lease receivable in the table above. The University’s laundry services contract also contains an embedded lease with variable payments based on number of residential students and usage. The laundry services contract is a long-term variable contract, and the GASB doesn’t require recording of a receivable. The University received $59,856 from laundry services commissions in fiscal year 2025.

Future lease payments receivable			
Fiscal Year	**Principal**	**Interest**	**Total**
2026	$ 396,814	$ 116,825	$513,639
2027	388,197	102,704	490,901
2028	345,166	89,312	434,478
2029	348,844	76,846	425,690
2030	325,564	64,281	389,845
2031 – 2035	1,391,210	158,326	1,549,536
2036 – 2038	218,891	5,323	224,214
Total	**$3,414,686**	**$613,617**	**$4,028,303**

NOTE 5. COMMONWEALTH EQUIPMENT AND CAPITAL PROJECT REIMBURSEMENT PROGRAMS

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During fiscal year 2025, funding has been provided to the University from two programs: 21st Century program and the Equipment Trust Fund, both managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the University for expenses incurred in the acquisition of equipment and facilities. In addition, the University received funds from the State General Fund for capital projects.

The *Statement of Revenues, Expenses, and Changes in Net Position* includes amounts listed below for the year ended June 30, 2025, in "Capital appropriations" line item for equipment and facilities obtained with funding under these three programs.

Capital appropriation revenue	
General fund capital appropriations	$24,217,278
VCBA 21st Century program	4,438,062
VCBA Equipment Trust Fund program	655,746
Total capital appropriation revenue	**$29,311,086**

The line item, "Due from Commonwealth, restricted," on the *Statement of Net Position* for the year ended June 30, 2025, represents pending reimbursements and unspent general fund capital appropriations:

Due from the Commonwealth, restricted	
General fund capital appropriations	$26,869,025
VCBA 21st Century program	944,431
VCBA Equipment Trust Fund Program	578,267
Total due from Commonwealth, restricted	**$28,391,723**

NOTE 6. CAPITAL ASSETS

A summary of capital asset activity by category for the year ended June 30, 2025 is below.

A summary of changes in capital asset categories for the year ended June 30, 2025, is presented as follows:	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable capital assets:				
Land	$11,949,841	-	-	$11,949,841
Construction in progress	14,247,517	19,446,006	(15,365,381)	18,328,142
Total non-depreciable capital assets	**$26,197,358**	**$19,446,006**	**($15,365,381)**	**$30,277,983**
Depreciable and amortizable capital assets:				
Buildings*	556,709,114	5,876,659	-	562,585,773
Equipment*	30,119,922	3,366,110	(295,364)	33,190,668
Equipment – financed purchase	1,133,843	-	-	1,133,843
Intangible assets	4,589,571	-	-	4,589,571
Infrastructure	46,758,893	6,761,272	-	53,520,165
Improvements other than buildings	15,472,960	1,765,501	-	17,238,461
Library books	11,796,541	57,998	(3,082)	11,851,457
Intangible right to use leased assets and SBITAs				
Land	303,534	56,425	-	359,959
Buildings	2,611,729	404,077	(89,893)	2,925,913
Equipment	1,127,994	221,739	-	1,349,733
SBITAs*	9,547,931	2,995,280	(673,243)	11,869,968
Total depreciable and amortizable capital assets	**$680,172,032**	**$21,505,061**	**$(1,061,582)**	**$700,615,511**
Less accumulated depreciation and amortization:				
Buildings*	156,683,863	10,975,556	-	167,659,419
Equipment*	22,724,007	2,087,517	(295,364)	24,516,160
Equipment – financed purchase	425,191	134,274	-	559,465
Intangible assets	4,259,015	116,999	-	4,376,014
Infrastructure	34,766,675	875,497	-	35,642,172
Improvements other than buildings	8,835,609	663,329	-	9,498,938
Library books	11,381,094	94,905	(3,082)	11,472,917
Intangible right to use leased assets and SBITAs				
Land	160,695	71,992	(22,710)	209,977
Buildings	880,747	289,072	(51,244)	1,118,575
Equipment	288,090	213,773	-	501,863
SBITAs*	3,773,463	2,599,511	(507,765)	5,865,209
Total accumulated depreciation and amortization	**$244,178,449**	**$18,122,425**	**$(880,165)**	**$261,420,709**
Depreciable and amortizable capital assets, net	**$435,993,583**	**$3,382,636**	**$(181,417)**	**$439,194,802**
Total capital assets, net of depreciation and amortization	**$462,190,941**	**$22,828,642**	**$(15,546,798)**	**$469,472,785**

Further review of policies relating to Aggregate Assets and SBITAs required a beginning balance adjustment. Equipment, net was reduced $68,986, Buildings, net decreased $281,232, and SBITAs, net increased $860,512. Adjustments and error corrections are further described in Note 2.

Equipment - financed purchase reflects the University's contract with Boldyn Networks Higher Ed, LLC (formerly Apogee Telecom, Inc.) whereby the University owns the network equipment at the end of the contract. Right to use leases represent office and storage space leases, equipment leases, and the parking lot lease.

SBITAs represent a number of information technology contracts for use of a third party's software. Right to use SBITAs represent the University's enterprise resource planning tool, human resources recruiting systems, student financial aid and records management systems, alumni relationship managements tools, campus safety and mass communications systems, and library system subscriptions.

The University is required to capitalize groups of assets where individual acquisition costs are less than the policy threshold for an individual asset, but when purchased in aggregate meet or exceed the threshold. Aggregate assets are included in equipment totals.

NOTE 7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

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

Accounts payable and accrued expenses	
Accounts payable	5,833,352
Accrued salaries and wages payable	8,052,449
Accrued interest on capital debt and SBITAs	2,739,236
Retainage payable	137,142
Total accounts payable and accrued expenses	**$16,762,179**

NOTE 8. NON-CURRENT LIABILITIES

The University's non-current liabilities consist of long-term debt and financed purchases (further described in Note 9), VRS pension liability (further described in Note 15), other post-employment benefits liability (further described in Note 16), Federal Perkins Loan program contribution refundable and accrued compensated absences. A summary of changes in the long-term liabilities for the year ending June 30, 2025 is presented below:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long-term debt:					
Bonds payable	$343,283	-	$(343,283)	-	-
Notes payable	239,345,794	-	(9,212,481)	230,133,313	9,338,258
Leases and SBITA:					
Financed purchase	787,350	-	(134,972)	652,378	145,611
Intangible Right to Use SBITA ***	5,281,238	2,813,522	(2,839,129)	5,255,631	2,266,974
Intangible Right to Use Lease	2,847,098	698,454	(608,870)	2,936,682	571,984
Pension and OPEB Liabilities:					
VRS Pensions Liability *	25,618,820	-	(1,153,961)	24,464,859	-
Other Post-Employment Benefit Liability *	9,499,646	-	(1,043,658)	8,455,988	224,949
Other non-current Liabilities:					
Federal loan program contributions	222,485	-	(59,349)	163,136	-
Accrued compensated absences **	2,227,350	1,433,485	(1,225,337)	2,435,498	1,827,184
Total non-current liabilities	**$286,173,064**	**$4,945,461**	**$(16,621,040)**	**$274,497,485**	**$14,374,960**

** Reflects the net change*
***GASB 101 required a beginning balance adjustment, increasing Accrued compensated absences $471,398*
****Further review of policies relating to SBITAs required a beginning balance adjustment, increasing SBITA liability $831,292*

NOTE 9. LONG-TERM INDEBTEDNESS

Notes Payable

The University participates in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9(d) bonds and uses the proceeds to purchase debt obligations (notes) of the University. The notes are secured by the pledged general revenues of the University. A summary of all notes payable as of June 30, 2025 is presented below:

	Interest Rate Ranges	Fiscal Year Maturity	Outstanding Balance
Parking Deck			
Series 2021B, issued $1,990,000 – partial refunding series 2012A/2004A	0.61 - 0.94%	2028	1,215,000
Athletic Field Replacement (Goolrick)			
Series 2014B, issued $435,000 – partial refunding series 2007	4.00%	2026	65,000
Series 2016A, issued $840,000 – partial refunding series 2007	3.00 - 5.00%	2038	840,000
Series 2021B, issued $115,000 – partial refunding series 2014B/2007A	2.40 - 2.50%	2040	115,000
Residence Halls			
Series 2010A/B, issued $36,765,000	5.0 - 5.60%	2041	24,725,000
Series 2014B, issued $1,100,000 – partial refunding series 2007	4.00%	2026	160,000
Series 2016A, issued $2,210,000 – partial refunding series 2007	3.00 - 5.00%	2038	2,210,000
Series 2017A, issued $23,795,000	2.13 - 5.00%	2038	18,195,000
Series 2018A, issued $9,405,000	4.00 - 5.0%	2039	7,710,000
Series 2019A, issued $13,870,000	2.25%-	2040	11,825,000
Series 2021A, issued $2,205,000 – partial refunding series 2010A	2.00%	2043	2,205,000
Series 2021B, issued $295,000 – partial refunding series 2014B/2007A	2.40 - 2.50%	2040	295,000
Series 2021B, issued $2,010,000 – partial refunding series 2017A	2.40 - 2.50%	2040	2,010,000
Series 2021B, issued $715,000 – partial refunding series 2018A	2.50 – 2.60%	2041	715,000
Series 2021B, issued $1,050,000 – partial refunding series 2019A	2.60 - 2.65%	2042	1,050,000
Convocation Center (Anderson)			
Series 2016A, issued $13,215,000 – partial refunding series 2009	3.00 - 5.00%	2040	10,530,000
Series 2021B, issued $1,130,000 – partial refunding series 2016A/2009B	2.60 - 2.65%	2042	1,130,000
Athletic Complex Renovations (Battleground)			
Series 2010A/B, issued $2,530,000	5.0 - 5.60%	2041	1,670,000
Series 2015A, issued $2,370,000	3.00 - 5.00%	2036	1,550,000
Series 2021A, issued $150,000 – partial refunding series 2010A/B	2.00%	2043	150,000
Series 2021B, issued $215,000 – partial refunding series 2015A	2.21 - 2.30%	2038	215,000
University Center			
Series 2015A, issued $1,125,000	3.00 - 5.00%	2036	740,000
Series 2021B, issued $25,360,000 – partial refunding series 2012B	0.61 - 2.65%	2045	23,420,000
Series 2021B, issued $17,920,000 – partial refunding series 2013A	0.61 - 2.65%	2046	16,975,000
Series 2021B, issued $9,155,000 – partial refunding series 2014A	0.61 - 2.65%	2047	8,865,000
Series 2021B, issued $100,000 – partial refunding series 2015A	2.21 – 2.30%	2038	100,000
Eagle Landing Housing, Bridge and Garage			
Series 2021C, issued $77,445,000	3.00 - 5.00%	2052	71,225,000
Eagle Village Apartments			
Series 2021C, issued $5,295,000	3.00 - 5.00%	2040	4,470,000
Unamortized premium/(discount)			15,758,313
Total notes payable			**$230,133,313**

Defeasance of Debt

In prior years, Commonwealth of Virginia, on behalf of the University, issued bonds and the proceeds of the refunding bonds were deposited into irrevocable trusts with escrow agents to provide for all future debt service payments on the refunded bonds. As a result, these bonds are considered to be defeased. The trust's assets and the liabilities associated with these defeased bonds are not included in the University's financial statements. At June 30, 2025,the University has no outstanding debt defeasance.

Annual Debt Service Requirements

A summary of the University's future principal commitments and future interest commitments is presented below:

	Notes Payable	Future Interest Commitments	Total Long-Term Debt
Future principal commitments:			
2026	$8,510,000	$7,124,220	$15,634,220
2027	8,835,000	6,810,016	15,645,016
2028	9,150,000	6,466,627	15,616,627
2029	9,020,000	6,118,108	15,138,108
2030	9,330,000	5,773,764	15,103,764
2031 - 2035	51,260,000	23,102,596	74,362,596
2036 - 2040	56,830,000	13,715,767	70,545,767
2041 - 2045	35,860,000	6,110,675	41,970,675
2046 - 2050	17,975,000	2,473,099	20,448,099
2051 - 2052	7,605,000	229,875	7,834,875
Unamortized premium/(discount)	15,758,313	-	15,758,313
Total future principal and interest requirements	**$230,133,313**	**$77,924,747**	**$308,058,060**

Financed Purchase

The University has a contract with Boldyn Networks Higher Ed, LLC (formerly Apogee) to provide cable television and residential network services in the University's dorms. The current contract expires December 31, 2025. The contract has four one-year renewal options. At the end of the contract term and any elected renewal options, ownership of the fully amortized distribution switches, wireless access points and controllers, and video distribution equipment transfers to the University. A summary of the contract commitments as of June 30, 2025 is presented below.

	Rate	Contract Term End Date, including renewal options	Outstanding Balance
Boldyn Networks Higher Ed, LLC.	3.25%	2029	$652,378
Total financed purchase payable			**$652,378**

Future minimum financed purchase			
Fiscal Year	**Principal**	**Interest**	**Total**
2026	$145,611	$19,071	$164,682
2027	156,851	14,173	171,024
2028	168,705	8,901	177,606
2029	181,211	3,234	184,445
Total	**$652,378**	**$45,379**	**$697,757**

NOTE 10. LONG-TERM LEASE LIABILITY

Long-term leases represent the University's obligation to pay owners for the right to use the present service capacity of their assets. At the end of fiscal year 2025, the University had 10 such leases for office space, storage space, a parking lot, fitness equipment, copiers and post office equipment. Lease agreements for office and storage space range from 2 to 14 years, including renewal options the University is likely to exercise. The leases have payments that range from $21,017 to $156,092 and interest rates that range from 1.50% to 6.91%.

In addition to flat rate costs for equipment, the Swiss Post Services agreement for copiers and postal equipment contains a variable payment component based on usage. Variable payments totaling $41,097 were made in fiscal year 2025.

The University's leases do not contain provisions for residual value guarantees and had no impairment losses on its lease portfolio in fiscal year 2025.

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Lease liabilities					
Land	$150,882	$88,512	$(70,719)	$168,675	$77,235
Buildings	1,845,812	388,204	(294,177)	1,939,839	269,005
Equipment	850,404	221,738	(243,974)	828,168	225,744
Total long-term lease liabilities	**$2,847,098**	**$698,454**	**($608,870)**	**$2,936,682**	**$571,984**

Principal

Fiscal Year	Land	Building	Equipment	Total
2026	$77,235	$257,868	$225,744	$560,847
2027	84,194	188,636	236,828	509,658
2028	7,246	196,254	249,100	452,600
2029	-	170,467	76,317	246,784
2030	-	107,159	40,179	147,338
2031 – 2035	-	592,911	-	592,911
2036 – 2040	-	426,544	-	426,544
Total	**$168,675**	**$1,939,839**	**$828,168**	**$2,936,682**

Interest

Fiscal Year	Land	Building	Equipment	Total
2026	$7,355	$74,295	$35,443	$117,093
2027	2,933	66,608	25,888	95,429
2028	33	60,207	15,205	75,445
2029	-	53,589	5,662	59,251
2030	-	48,310	2,776	51,086
2031 – 2035	-	165,583	-	165,583
2036 – 2040	-	29,449	-	29,449
Total	**$10,321**	**$498,041**	**$84,974**	**$593,336**

NOTE 11. LONG-TERM SUBCRIPTION LIABILITY

Long-term SBITA liability represents the University's obligation to pay license fees to Information Technology (IT) vendors for the right to use the present service capacity of their underlying IT software. These obligations are for IT arrangements related to the University's enterprise resource planning tool, human resources recruiting systems, student financial aid and records management systems, alumni relationship managements tools, campus safety and mass communications systems, and library system subscriptions. The IT agreements range from 1 to 10 years, including renewal options the University is likely to exercise. The effective borrowing rate ranges from 3.9% to 8.3%.

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
SBITA Liabilities	$5,281,238	$2,813,522	$(2,839,129)	$5,255,631	$2,266,974

Fiscal Year	Principal	Interest	Total
2026	$2,266,974	$323,541	$2,590,515
2027	988,717	188,641	1,177,358
2028	732,316	124,615	856,931
2029	652,751	78,514	731,265
2030	306,277	37,843	344,120
2031 – 2035	308,596	31,919	340,515
Total	**$5,255,631**	**$785,073**	**$6,040,704**

NOTE 12. EXPENSES BY FUNCTION AND NATURAL CLASSIFICATION

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

	Salaries and Wages	Fringe Benefits	Services and Supplies	Utilities	Plant and Equipment	Depreciation and Amortization	Total
Instruction	$24,813,596	$5,039,354	$1,232,859	-	$132,128	-	$31,217,937
Research	376,670	16,455	314,295	-	6,770	-	714,190
Public service	312,146	36,625	269,625	-	6,022	-	624,418
Academic support	5,641,455	1,068,511	933,163	-	1,088,678	-	8,731,807
Student services	5,905,787	1,224,020	1,334,940	-	527,336	-	8,992,083
Institutional	7,219,672	2,422,341	4,007,956	39,611	51,868	-	13,741,448
Plant – operation	2,949,960	1,202,704	2,885,296	2,758,701	260,123	-	10,056,784
Depreciation & amortization	-	-	-	-	-	18,122,425	18,122,425
Student aid	732,740	125,139	2,547,388	-	95,003	-	3,500,270
Operation of	427,777	63,989	815,690	90,789	47,183	-	1,445,428
Museum &	627,592	79,673	126,924	55,996	620	-	890,805
Historic attraction	358,679	60,816	213,528	7,455	17,120	-	657,598
Auxiliary activities	9,233,551	2,070,340	18,132,540	1,388,082	1,133,299	-	31,957,812
Total expenses	**$58,599,625**	**$13,409,967**	**$32,814,204**	**$4,340,634**	**$3,366,150**	**$18,122,425**	**$130,653,005**

NOTE 13. STATE APPROPRIATIONS

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriations Act specifies that such unexpended appropriations shall revert, as specifically provided by the General Assembly, at the end of the biennium. For years ending at the middle of a biennium, unexpended appropriations that have not been approved for re-appropriations in the next year by the Governor become part of the General Fund of the Commonwealth and are, therefore, no longer available to the University for disbursements. The following is a summary of state appropriations received by the University including all supplemental appropriations and reversions:

State appropriations	
Original legislative appropriation per Chapter 2	
Educational and general programs	$48,787,432
Student financial assistance	7,099,702
Museum and cultural services	781,117
Historic attraction management	473,948
Operation of higher education centers	1,250,000
Supplemental adjustments:	
Salary increases	910,663
Employee bonuses	397,112
Health Insurance Premium	243,493
Retirement rate changes	(76,013)
Workers comp premium	(1,748)
Other post employment benefit rate changes	(48,149)
Minimum wage change	11,926
Line of Duty Act premium changes	631
Virginia Information Technology Agency	(42,596)
Performance Budgeting	35
Cardinal Human Capital Management	(37,245)
Cardinal Financials	(5,416)
Risk Management liability insurance premiums	4,320
Virtual Library of Virginia (VIVA) allocation	21,582
VMSDEP waiver distribution	1,580,200
Tech Talent Pipeline	44,653
E&G reappropriation	1,589,964
Other reappropriation	1,859
Chapter 725 adjustments	5,411,300
Chapter 725 adjustments, VMSDEP	246,000
SCHEV Pell Initiative and other student financial assistance	2,708,804
Interest and Credit Card Rebate	269,335
Equipment Trust Fund debt transfer	(97,063)
Out of state adjustment	(234,834)
Reversion	(11,530,092)
State appropriation revenue, adjusted	**$59,760,920**

NOTE 14. CAPITAL IMPROVEMENT COMMITMENTS

At June 30, 2025, outstanding commitments for capital improvement projects total $9,612,544.

NOTE 15. PENSION PLANS

Virginia Retirement System

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

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Same as Plan 1.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Employees 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.	**Eligible Members** Employees 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	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Full-time permanent, salaried state employees.*

Hybrid Opt-In Election VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	July 1, 2010, and they were not vested as of January 1, 2013. **Hybrid Opt-In Election** Same as Plan 1.	• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 ***Non-Eligible Members** Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Members of the Virginia Law Officers' Retirement System (VaLORS) 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.
Retirement Contributions State members, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.	**Retirement Contributions** Same as Plan 1.	**Retirement Contributions** A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.	**Service Credit** Same as Plan 1.	**Service Credit** *Defined Benefit Component:* 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

It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.		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. *Defined Contributions Component:* Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** *Defined Benefit Component:* 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. *Defined Contributions Component:* 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. Members are always 100% vested in the contributions that they make. 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. • After two years, a member is 50% vested and may withdraw 50% of employer contributions.

		• After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	**Calculating the Benefit** See definition under Plan 1.	**Calculating the Benefit** *Defined Benefit Component:* See definition under Plan 1. *Defined Contribution Component:* 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.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	**Average Final Compensation** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** 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%. **VaLORS:** The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	**Service Retirement Multiplier** **VRS:** 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. **VaLORS:** The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.	**Service Retirement Multiplier** *Defined Benefit Component:* **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. **VaLORS:** Not applicable. *Defined Contribution Component:* Not applicable.
Normal Retirement Age **VRS:** Age 65. **VaLORS:** Age 60.	**Normal Retirement Age** **VRS:** Normal Social Security retirement age. **VaLORS:** Same as Plan 1.	**Normal Retirement Age** *Defined Benefit Component:* **VRS:** Same as Plan 2. **VaLORS:** Not applicable.

		Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility **VRS:** Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. **VaLORS:** Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	**Earliest Unreduced Retirement Eligibility** **VRS:** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. **VaLORS:** Same as Plan 1.	**Earliest Unreduced Retirement Eligibility** *Defined Benefit Component:* **VRS:** Same as Plan 2. **VaLORS:** Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility **VRS:** Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. **VaLORS:** Age 50 with at least five years of service credit.	**Earliest Reduced Retirement Eligibility** **VRS:** Age 60 with at least five years (60 months) of service credit. **VaLORS:** Same as Plan 1.	**Earliest Reduced Retirement Eligibility** *Defined Benefit Component:* **VRS:** Same as Plan 2. **VaLORS:** Not applicable. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%. *Eligibility:* 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. 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.	**Cost-of-Living Adjustment (COLA) in Retirement** The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. *Eligibility:* Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable. *Eligibility:* Same as Plan 1.

Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.	*Exceptions to COLA Effective Dates:* Same as Plan 1.	*Exceptions to COLA Effective Dates:* Same as Plan 1.
Disability Coverage For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	**Disability Coverage** State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service 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.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** *Defined Benefit Component:* Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. *Defined Contribution Component:* Not applicable.

Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2025, was 12.52% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rates which were based on actuarially determined rates from an actuarial valuation as of June 30, 2023. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were $3,514,825 and $3,443,405 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions from the University to the VaLORS Retirement Plan were $272,612 and $244,613 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled $123,065 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled $183,784 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled $12,306,499 for the year ended June 30, 2025.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2025, the University reported a liability of $22,799,036 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of $1,665,823 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The University's proportion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plans for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the University's proportion of the VRS State Employee Retirement Plan was 0.46287% as compared to 0.47369% at June 30, 2023. At June 30, 2024, the University's proportion of the VaLORS Retirement Plan was 0.24982% as compared to 0.25529% at June 30, 2023.

For the year ended June 30, 2025, the University recognized pension expense of $1,804,753 for the VRS State Employee Retirement Plan and $202,604 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2023, and June 30, 2024, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	VRS Deferred Outflows of Resources	VRS Deferred Inflows of Resources	VaLORS Deferred Outflows of Resources	VaLORS Deferred Inflows of Resources
Differences between expected and actual experience	$3,739,779	$125,723	$96,727	$-
Net difference between projected and actual earnings on pension plan investments	-	2,996,825	-	130,098
Changes in assumptions	-	-	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	140,958	519,470	149	13,682
Employer contributions subsequent to the measurement date	3,514,825	-	272,612	-
Total	**$7,395,562**	**$3,642,018**	**$369,488**	**$143,780**

$3,787,437 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

For the fiscal year ending	VRS Amount	VaLORS Amount
June 30, 2026	$(901,513)	$(31,348)
June 30, 2027	2,090,709	37,935
June 30, 2028	(314,975)	(25,486)
June 30, 2029	(635,502)	(28,005)
Total	$238,719	$(46,904)

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

Pre-retirement:

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

Post-retirement:

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

Post- disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

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

Inflation	2.50%
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

Pre-retirement:

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

Post-retirement:

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

Post-disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Net Pension Liability

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

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	$29,769,365	$2,743,541
Plan Fiduciary Net Position	24,843,784	2,076,732
Employers' Net Pension Liability (Asset)	**$ 4,925,581**	**$ 666,809**
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.45%	75.70%

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:

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

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the University for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 102% of the actuarially determined contribution rate. From July 1, 2024, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the University's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the University'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 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
University's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	$38,862,301	$22,799,036	$9,403,158
University's proportionate share of the VaLORS Employee Retirement Plan Net Pension Liability	2,561,317	1,665,823	940,573

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

Each fiscal year, the University records accrued benefits payable using data from payrolls that cross fiscal years. A portion of the accrued benefits payable calculation can be attributed to VRS and VaLORS. As of June 30, 2025, the University's VRS and VaLORS payables were $162,352 and $16,127 respectively. These amounts are included in Accounts Payable on the Statement of Net Position.

Optional Retirement Plans

Full-time faculty and certain administrative staff can participate in optional retirement plans. These optional retirement plans are defined contribution plans offered through Teachers Insurance and Annuity Association (TIAA) and Defined Contribution Plans. For employees hired prior to July 1, 2010, retirement benefits received are based upon the employer's 10.4% contribution, plus net investment gains. For employees hired on or after July 1, 2010, retirement benefits received are based upon the employer's contribution 8.5%, plus the employee's contribution 5%, plus net investment gains. Vesting is full and immediate for both employer and employee contributions. Total employer pension costs under this plan were $2,005,886 for fiscal year 2025. Contributions to the optional retirement plan were calculated using the base salary amount of approximately $21,267,294 for the fiscal year.

Deferred Compensation Plan

Employees of the University are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's deferred compensation plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to $20 per pay period. The dollar amount match can change depending on the funding available in the Commonwealth's budget. The deferred compensation plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. The University expense for contributions under the deferred compensation plan, which is an amount assessed by the Commonwealth, was $275,825 for fiscal year 2025.

NOTE 16. POST-EMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS (OPEB)

The University participates in post-employment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System. These programs include the Retiree Health Insurance Credit Program (HIC), Group Life Insurance Program (GLI), Virginia Sickness and Disability Program (VSDP), and Line of Duty Act Program (LODA). The University also participates in the Pre-Medicare Retiree Healthcare Plan, which is sponsored by the Commonwealth and administered by the Department of Human Resources Management.

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 on the following page.

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and JRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.
Benefit Amounts The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • **<u>At Retirement</u>** – For state employees who retire, the monthly benefit is $4.25 per year of service per month with no cap on the benefit amount. • **<u>Disability Retirement</u>** – For state employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.25 per year of service, whichever is higher. For state police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is $120.00 or $4.25 per year of service, whichever is higher. For state police officers employees with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual's premium amount. • Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

Contributions

The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2025 was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was the approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Health Insurance Credit Program were $567,473 and $537,235 for the years ended June 30, 2025 and June 30, 2024, respectively.

In June 2024, the Commonwealth made a special contribution of approximately $52.8 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 1, 2024 Acts of Assembly, Special Session I, and is classified as a special employer contribution. Our proportionate share is reflected in *Other non-operating revenue* on the Statement of Revenue Expenses and Changes to Net Position.

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

At June 30, 2025, the University reported a liability of $3,749,608 for its proportionate share of the VRS State Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS State Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2024 and the total VRS State Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS State Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The University's proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on the University's actuarially determined employer contributions to the VRS State Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2024, the University's proportion of the VRS State Employee Health Insurance Credit Program was 0.51771% as compared to 0.54016% at June 30, 2023. At June 30, 2024, the University's proportion of the VRS State Employee Health Insurance Credit Program for VaLORS employees was 0.01096% as compared to 0.01149% at June 30, 2023.

For the year ended June 30, 2025, the University recognized VRS State Employee Health Insurance Credit Program OPEB expense of $106,001. Since there was a change in proportionate share between measurement dates, a portion of the VRS State Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2025, the University 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:

	HIC Deferred Outflows of Resources	HIC Deferred Inflows of Resources
Differences between expected and actual experience	$-	$296,551
Net difference between projected and actual earnings on HIC plan investments	-	12,692
Changes in assumptions	60,403	-
Changes in proportionate share and differences between actual and expected contributions	77	493,454
Employer contributions subsequent to the measurement date	567,473	-
Total	**$627,953**	**$802,697**

$567,473 reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net State Employee HIC OPEB Liability in the fiscal year ending June 30, 2026. 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:

For the fiscal year ending	Amount
June 30, 2026	$(274,338)
June 30, 2027	(208,107)
June 30, 2028	(149,131)
June 30, 2029	(82,827)
June 30, 2030	(27,814)
Total	$(742,217)

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation	
-General state employees	3.50% - 5.35%
-SPORS employees	3.50% - 4.75%
-VaLORS employees	3.50% - 4.75%
-JRS employees	4.00%

Investment rate of return	6.75%, net of plan investment expense, 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.

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.

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.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated 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 for SPORS employees in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

Net State Employee HIC OPEB Liability

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

	State Employee Plan OPEB HIC
Total State Employee OPEB HIC Liability	$1,094,073
Plan Fiduciary Net Position	384,820
State Employee Net HIC OPEB Liability (Asset)	**$709,253**
Plan Fiduciary Net Position as a Percentage of the Total State Employee OPEB HIC Liability	35.17%

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

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

Total	100.00%	7.07%
Expected arithmetic nominal return*		7.07%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total State Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the University for the VRS State Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 108% of the actuarially determined contribution rate. From July 1, 2024 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total State Employee HIC OPEB liability.

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

The following presents the University'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 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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
University's proportionate share of the VRS State Employee Health Insurance Credit Program(HIC) Net OPEB Liability	$4,298,300	$3,749,608	$3,278,640

State Employee HIC OPEB Fiduciary Net Position

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

Payables to the State Employee Health Insurance Credit Program OPEB Plan

Each fiscal year, the University records accrued benefits payable using data from payrolls that cross fiscal years. A portion of the accrued benefits payable calculation can be attributed to the HIC Program OPEB Plan. As of June 30, 2025, the University's HIC Program payables were $19,325. These amounts are included in Accounts Payable on the Statement of Net Position.

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:

<table>
<tr><th>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</th></tr>
<tr><td>Eligible Employees
The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:
City of Richmond
City of Portsmouth
City of Roanoke
City of Norfolk
Roanoke City School Board
Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</td></tr>
<tr><td>Benefit Amounts
The benefits payable under the Group Life Insurance Program have several components.
<u>Natural Death Benefit</u> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
<u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit.
<u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
Accidental dismemberment benefit
Seatbelt benefit
Repatriation benefit
Felonious assault benefit
Accelerated death benefit option</td></tr>
<tr><td>Reduction in Benefit Amounts
The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</td></tr>
<tr><td>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 amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $9,532 as of June 30, 2025.</td></tr>
</table>

Contributions

The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and § 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the entity were $238,368 and $259,140 for the years ended June 30, 2025, and June 30, 2024, respectively.

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

At June 30, 2025, the University reported a liability of $2,085,658 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 and the total GLI OPEB Liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The University's proportion of the Net GLI OPEB Liability was based on the University's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the University's proportion for general state employees was 0.18300% as compared to 0.18888% at June 30, 2023. At June 30, 2024, the University's proportion for VaLORS employees was 0.00390% as compared to 0.00400% at June 30, 2023.

For the year ended June 30, 2025, the University recognized GLI OPEB expense of $(57,039). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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

	GLI Deferred Outflows of Resources	GLI Deferred Inflows of Resources
Differences between expected and actual experience	$328,956	$50,946
Net difference between projected and actual earnings on GLI OPEB plan investments	-	175,799
Changes in assumptions	11,888	103,361
Changes in proportionate share and differences between Employer contributions and proportionate share of contributions	209	254,779
Employer contributions subsequent to the measurement date	238,368	-
Total	**$579,421**	**$584,885**

$238,368 reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2026. 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:

For the fiscal year ending	
June 30, 2026	$(190,974)
June 30, 2027	(43,926)
June 30, 2028	(30,810)
June 30, 2029	310
June 30, 2030	21,568
Total	$(243,832)

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

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

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.

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.

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.

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.

Mortality rates – Largest Ten 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.

Mortality rates – Non-Largest Ten 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.

Mortality rates – Largest Ten 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.

Mortality rates – Non-Largest Ten 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 for general state employees in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	$4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability (Asset)	**$1,115,922**
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

The total GLI OPEB Liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB Liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

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

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

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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

Sensitivity of the University's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate
The following presents the University's proportionate share of the net GLI OPEB Liability using the discount rate of 6.75%, as well as what the University'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:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
University's proportionate share of the Group Life Insurance Program Net OPEB Liability	$3,243,470	$2,085,658	$1,150,299

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

Payables to the VRS Group Life Insurance OPEB Plan
Each fiscal year, the University records accrued benefits payable using data from payrolls that cross fiscal years. A portion of the accrued benefits payable calculation can be attributed to the GLI Program OPEB Plan. As of June 30, 2025, the University's GLI Program payables were $20,391. These amounts are included in Accounts Payable on the Statement of Net Position.

Virginia Sickness and Disability 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 shown below:

<table>
<tr><th>DISABILITY INSURANCE PROGRAM (VSDP) PLAN PROVISIONS</th></tr>
<tr><td>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.</td></tr>
<tr><td>Benefit Amounts
The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:
<u>Leave</u> – Sick, family and personal leave. Eligible leave benefits are paid by the employer.
<u>Short-Term Disability</u> – 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.
<u>Long-Term Disability</u> – 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.
<u>Income Replacement Adjustment</u> – The program provides for an income replacement adjustment to 80% for catastrophic conditions.</td></tr>
</table>

• **<u>VSDP Long-Term Care Plan</u>** – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.
Disability Insurance Program (VSDP) Plan Notes: • Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels. • A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up 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.
    o 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%).
    o 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.
    o 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.
    o 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

Contributions

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2025 was 0.50% of covered employee compensation. This rate was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the University were $107,642 and $127,079 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the University reported a liability (asset) of $(1,304,483) for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2024, and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Liability (Asset) was determined by an actuarial valuation as of June 30, 2023 and rolled forward to the measurement date of June 30, 2024. The University's proportion of the Net VSDP OPEB Liability (Asset) was based on the University's actuarially determined employer contributions to the VSDP OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the University's proportion for general state employees was 0.35104% as compared to 0.35868% at June 30,2023. At June 30, 2024, the University's proportion for VaLORS employees was 0.01760% as compared to 0.01860% at June 30, 2023.

For the year ended June 30, 2025, the University recognized VSDP OPEB expense of $47,061. Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

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

	VSDP Deferred Outflows of Resources	VSDP Deferred Inflows of Resources
Differences between expected and actual experience	$58,327	$143,492
Changes in assumptions	-	62,205
Net difference between projected and actual earnings on VSDP OPEB plan investments	1,712	4,234
Changes in proportionate share and differences between Employer contributions and proportionate share of contributions	84,242	19,653
Employer contributions subsequent to the measurement date	107,642	-
Total	**$251,923**	**$229,584**

$107,642 reported as deferred outflows of resources related to the VSDP OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as an adjustment of the Net VSDP OPEB Liability (Asset) in the Fiscal Year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB will be recognized in VSDP OPEB expense in future reporting periods as follows:

For the fiscal year ending	
June 30, 2026	$(59,154)
June 30, 2027	3,224
June 30, 2028	(11,398)
June 30, 2029	(9,815)
June 30, 2030	1,884
Thereafter	(10,044)
Total	$(85,303)

Actuarial Assumptions

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

Inflation	2.5%
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 OPEB plan investment expense, 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.

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 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.

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

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

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

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

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

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

Net VSDP OPEB Liability (Asset)

The net OPEB asset (NOA) for the Disability Insurance Program (VSDP) represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOA amounts for the Disability Insurance Program (VSDP) are as follows (amounts expressed in thousands):

	VSDP OPEB Plan
Total VSDP OPEB Liability	$ 339,007
Plan Fiduciary Net Position	692,870
VSDP Net OPEB Liability (Asset)	**$(353,863)**
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	204.38%

The total VSDP OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net OPEB asset is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

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

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

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
University's proportionate share of the Virginia Sickness and Disability Program Net OPEB Liability (Asset)	$(1,214,870)	$(1,304,483)	$(1,383,846)

VSDP OPEB Fiduciary Net Position

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

Payables to the Disability Insurance Program (VSDP) OPEB Plan
Each fiscal year, the University records accrued benefits payable using data from payrolls that cross fiscal years. A portion of the accrued benefits payable calculation can be attributed to the VSDP Program OPEB Plan. As of June 30, 2025, the University's VSDP Program payables were $5,700. These amounts are included in Accounts Payable on the Statement of Net Position.

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 fiscal year 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

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

LINE OF DUTY ACT PROGRAM (LODA) PLAN PROVISIONS
Eligible Employees The eligible employees of the Line of Duty Act Program (LODA) are paid employees and volunteers in hazardous duty positions in Virginia localities as well as 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).
Benefit Amounts The Line of Duty Act Program (LODA) provides death and health insurance benefits for eligible individuals: • **<u>Death</u>** – The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: o $100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after. o $25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. The benefit will be $75,000 for approved presumptive deaths occurring on or after January 1, 2025. o 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. • **<u>Health Insurance</u>** – The Line of Duty Act program provides health insurance benefits. o 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 Line of Duty Act Program (LODA) 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 Line of Duty Act Program (LODA) for the year ended June 30, 2025, was $1,015.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the Line of Duty Act Program (LODA) from the University were $13,195 and $9,130 for the years ended June 30, 2025 and June 30, 2024, respectively.

Line of Duty Act Program (LODA) OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB
At June 30, 2025, the University reported a liability of $238,376 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB liability used to calculate the Net LODA OPEB

Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The University's proportion of the Net LODA OPEB Liability was based on the University's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the University's proportion was 0.06057% as compared to 0.06679% at June 30, 2023.

For the year ended June 30, 2025, the University recognized LODA OPEB expense of $23,022. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

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

	LODA Deferred Outflows of Resources	LODA Deferred Inflows of Resources
Differences between expected and actual experience	$8,294	$58,228
Net difference between projected and actual earnings on	-	788
Changes in assumptions	43,942	48,010
Changes in proportionate share	22,966	117,548
Employer contributions subsequent to the measurement date	13,195	-
Total	**$88,397**	**$224,574**

$13,195 reported as deferred outflows of resources related to the LODA OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

For the fiscal year ending	
June 30, 2026	$(11,037)
June 30, 2027	(14,466)
June 30, 2028	(18,885)
June 30, 2029	(20,704)
June 30, 2030	(21,261)
Thereafter	(63,019)
Total	$(149,372)

Actuarial Assumptions

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

Inflation	2.50%
Salary increases, including inflation	
-General state employees	N/A
-SPORS employees	N/A
-VaLORS employees	N/A
-Locality employees	N/A

Year of ultimate trend rate	
Under age 65	Fiscal year ended 2034
Age 65 and older	Fiscal year ended 2034
Investment rate of return	3.97%, including inflation*
Medical Cost Trend Rate Assumptions	
Under age 65	7.25% – 4.25%
Age 65 and older	6.50% – 4.25%

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% 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.

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 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.

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 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.

Mortality rates – Largest Ten 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.

Mortality rates – Non-Largest Ten 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 for general state employees in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. 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

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

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

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

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

The actuarial assumptions used for public safety employees in the largest ten locality employers in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

The actuarial assumptions used for public safety employees in the non-largest ten locality employers in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net LODA OPEB Liability
The net OPEB liability (NOL) for the Line of Duty Act Program (LODA) represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the Measurement Date of June 30, 2024, NOL amounts for the Line of Duty Act Program (LODA) are as follows (amounts expressed in thousands):

	LODA OPEB Program
Total LODA OPEB Liability	$398,395
Plan Fiduciary Net Position	4,841
LODA Net OPEB Liability (Asset)	**$393,554**
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%

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

Discount Rate
The discount rate used to measure the total LODA OPEB liability was 3.97%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

Sensitivity of the University's Proportionate Share of the Net LODA OPEB Liability to Changes in the Discount Rate
The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.97%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 2.97% or one percentage point higher 4.97% than the current rate:

	1.00% Decrease (2.86%)	Current Discount Rate (3.86%)	1.00% Increase (4.86%)
University's proportionate share of the Line of Duty Act Program Net OPEB Liability	$264,258	$238,376	$216,120

Sensitivity of the University'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 covered employer's proportionate share of the net LODA OPEB liability using health care trend rate of 7.25% decreasing to 4.25%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	1.00% Decrease (6.25% decreasing to 3.25%)	Health Care Trend Rates (7.25% decreasing to 4.25%)	1.00% Increase (8.25% decreasing to 5.25%)
University's proportionate share of the Line of Duty Act Program Net OPEB Liability	$203,065	$238,376	$281,704

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

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 enrolled no later than 31 days from your retirement date.

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

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

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

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

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

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

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

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2024 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years
Discount Rate	3.93%
Projected Salary Increases	5.35% to 3.50% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 7.50% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2034

Mortality rates
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, June 30, 2024.

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

Spousal Coverage – rate remained at 20 percent

Retiree Participation – rate remained at 35 percent

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

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

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

Pre-Medicare Retiree Healthcare OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources
At June 30, 2025, the employer reported a liability of $2,382,348 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of $356.5 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2024. The covered employer's proportion of the Pre-Medicare Retiree Healthcare OPEB liability was based on each employer's calculated healthcare premium contributions, as a percentage of the total employer's calculated healthcare premium contributions for all participating employers. At June 30, 2024, the University's proportion was 0.66826% as compared to 0.67805% at June 30, 2023. For the year ended June 30, 2025, the University recognized Pre-Medicare Retiree Healthcare OPEB expense of $(879,678).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$47,758	$286,807
Changes in assumptions	46,714	838,351
Changes in proportion	7,445	415,641
Amounts associated with transactions subsequent to the measurement date	216,720	-
Total	**$318,637**	**$1,540,799**

$216,720 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 will be recognized as a reduction of the total OPEB Liability in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pre-Medicare Retiree Healthcare OPEB will be recognized in the Pre-Medicare Retiree Healthcare OPEB expense as follows:

For the fiscal year ending	Amount
June 30, 2026	$(710,742)
June 30, 2027	(455,656)
June 30, 2028	(240,846)
June 30, 2029	(20,034)
June 30, 2030	(11,604)
Total	$(1,438,882)

Sensitivity of the University's Proportionate Share of the OPEB Liability to Changes in the Discount Rate
The following presents the University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using the discount rate of 3.93%, as well as what the University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	1.00% Decrease (2.93%)	Current Discount Rate (3.93%)	1.00% Increase (4.93%)
University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB Liability	$2,527,344	$2,382,348	$2,244,899

Sensitivity of the University's Proportionate Share of the OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability using healthcare cost trend rate of 7.50% decreasing to 4.50%, as well as what the University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (6.50% decreasing to 3.50%) or one percentage point higher (8.50% decreasing to 5.50%) than the current rate:

	1.00% Decrease (6.50% decreasing to 3.50%)	Trend Rate (7.50% decreasing to 4.50%)	1.00% Increase (8.50% decreasing to 5.50%)
University's proportionate share of the Pre-Medicare Retiree Healthcare OPEB Liability	$2,165,211	$2,382,348	$2,634,225

NOTE 17. RISK MANAGEMENT AND EMPLOYEE HEALTH CARE PLANS

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; nonperformance of duty; injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth. 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, boiler and machinery, as well as air and watercraft plans. The University pays premiums to the Commonwealth for the aforementioned insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the *Commonwealth's Annual Comprehensive Financial Report*.

NOTE 18. CONTINGENCIES

Grants and Contracts

The University has received federal grants for specific purposes that are subject to review and audit by grantor agencies. Claims against these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the outlay of resources for allowable purposes. Any disallowance resulting from a federal audit may become a liability of the University.

In addition, the University is required to comply with the various federal regulations issued by the Office of Management and Budget. Failure to comply with certain system requirements of these regulations may result in questions concerning the allowance of related direct and indirect charges pursuant to such agreements. As of June 30, 2025, the University estimates that no material liabilities will result from such audits or questions.

Pending Litigation

The University was not named as a defendant in any cases as of June 30, 2025.

NOTE 19. RELATED PARTY TRANSACTIONS

The UMW Foundation provides financial support to the University. The UMW Foundation is a separate entity, whose financial position is presented along with the University as required by GASB Statement 39 *Determining Whether Certain Organizations Are Component Units* and GASB Statement 61, *The Financial Reporting Omnibus.*

Pursuant to the Series 2007 bonds of the Foundation, the University entered into a long-term agreement with the Foundation. Under the terms of this agreement, the University operates and manages the 1201 William Street project (2007 Project) as part of and on an equal basis with its own academic and administrative offices and is responsible for all aspects of the operation of the 2007 Project. The University makes payments to the Foundation twice each year in the amounts necessary to satisfy the Foundation's obligations under the 2007 Project loan agreement and the Deed of Trust. Per the GASB 87, *Leases*, standard this agreement constitutes a lease. While accrued amounts due to the Foundation under this agreement are included in "Due to Foundation" on the University's *Statement of Net Position,* future payments are also included in Note 10. The accrued amount Due to Foundation at June 30, 2025 was $107,026.

Pursuant to the 2008 and 2009 bonds of the Foundation and Eagle Housing, LLC, the University entered into a lease agreement with the Foundation and Eagle Housing, LLC, a wholly-owned subsidiary of the Foundation. In addition to other terms, the agreement required a Project Revenue Fund to be established at the University to collect revenues and pay expenses of operating, maintaining, and insuring the facility. The net results of the Project Revenue Fund were transferred to the Foundation at its request. The agreement was terminated in June 2021 with the intra-entity transfer of assets from the Foundation to the University. However, amounts due from the Foundation related to this agreement totaled $1,637,538 at the end of fiscal year 2025. This is included in "Due from Foundation" on the University's *Statement of Net Position*.

In December 2009, the Foundation obtained a non-interest bearing, promissory note from the University in the amount of $1,600,000 for the purpose of purchasing properties for the ultimate ownership and use by the University. Per the agreement, the University committed to purchase the properties from the Foundation and the Foundation committed to sell the properties to the University by the maturity date. In fiscal year 2015, the loan agreement was amended, extending the maturity date to January 2025. In July 2022, the Foundation, with the approval of the University, sold the related property to a third party. As of June 30, 2025, $1,440,550 has been advanced per the agreement and is included in "Due from Foundation, noncurrent" on the University's *Statement of Net Position*.

The Academy of Technology and Innovation at the University of Mary Washington (ATI-UMW) is a Virginia College Partnership Laboratory School. The Virginia Department of Education awarded UMW $2.2 million dollars in fiscal year 2024 to address start-up costs in fiscal years 2024 and 2025. The school is a 9th-12th grade high school with a curricular focus on coding, data science, and technology and an emphasis on project-based interdisciplinary learning. Located on UMW's Stafford Campus, it is supported by Stafford County Public Schools which serves as the fiscal agent. ATI-UMW serves students from the counties of Caroline, King George, Orange, and Stafford and the City of Fredericksburg. The school is governed by a regional school board consisting of representatives from each of the localities and is also home to a professional development school supported by the UMW's College of Education. The university recorded expenses related to the ATI of $557,587.

The Foundation receives donated services and materials in support of the programs of the Foundation. Contributions that require specialized skills and are provided by individuals possessing those skills, as well as materials donated, are recorded at their fair values in the period received if those services or materials would typically need to be purchased if not provided by donation. Accordingly, the Foundation also recognizes all services received from employees of the University that directly benefit the Foundation. These services are measured at the cost recognized by the University. The Foundation recognized donated personnel costs of $1,956,853 in fiscal year 2025.

NOTE 20. AFFILIATED FOUNDATION

In accordance with GASB Statement 39, Determining Whether Certain Organizations Are Component Units, and GASB Statement 61, The Financial Reporting Omnibus, the financial statements do not include the assets, liabilities, and net assets of the University of Mary Washington Alumni Association. The purpose of this organization is to promote the welfare and support the mission of the University and to encourage an enduring relationship with the University by deepening alumni and student loyalty. This organization is a separately incorporated entity and the related financial statements are reviewed by other auditors.

The following condensed summary is based solely upon the report of another auditor at and for the year ended June 30, 2025.

University of Mary Washington Alumni Association	
Assets:	
Cash	$250
Other assets	5,966
Total assets	$6,216
Liabilities and net assets:	
Other liabilities	$0
Net assets	6,216
Total liabilities and net assets	$6,216

The revenues and expenditures of the Alumni Association, determined as if in consolidation with the University, were $686,169 and $729,723 respectively, for the year ended June 30, 2025.

NOTE 21. UMW FOUNDATION FOOTNOTE DISCLOSURES

Full and complete footnotes related to the UMW Foundation can be obtained from the Foundation’s audited financial statements. Information as to the UMW Foundation’s significant accounting policies, net assets restricted by donors, endowment funds, fair value measurements, and liquidity are not presented below and can only be obtained from the Foundation’s audited financial statements.

Cash, Cash Equivalents, and Investments

The Foundation considers all investments purchased with a maturity of less than three months to be cash and cash equivalents. Cash and cash equivalents designated for investment purposes are reported with investments.

The market value of investments held by various funds at June 30, 2025 is summarized below:

UMW Foundation Investments	Market Value As of June 30, 2025
Cash and money market funds	$17,110,401
Large cap domestic	257,670
Mutual Funds:	
Domestic and exchange traded	36,566,734
Fixed income	25,050,714
International stocks	19,168,601
Investments held at cost	1,818,744
Investments measured at net asset value per share	23,744,166
Total Investments	**$123,717,030**

The Foundation receives contributions through its gift annuity program whereby in exchange for gifts of cash or securities, the Foundation promises to pay a fixed annual amount for life to the annuitant. The difference between the fair value of the assets received and the present value of the future distributions to the annuitant is recognized as contribution revenue. Upon the death of the annuitant, any balance of the amount in the split-interest account, reverts to the Foundation.

The Foundation was obligated to make annual annuity payments of $68,412 for year ended June 30, 2025.

Contributions, Pledges and Other Receivables

Contributions receivable have been discounted at a rate of 5%. The fair value adjustment for 2025 was $($20,211). No changes in the fair value measurement were attributable to instrument specific credit risk.

UMW Foundation had unconditional contributions receivable consisting of the following at June 30, 2025:

Pledges Receivable	
Pledges due within one year	$702,841
Pledges due in two to five years	1,175,972
Total receivables before discount	1,878,813
Less: discounts to net present value (using a discount rate of 5%)	(99,697)
Pledges receivable – net	**$1,779,116**

Capital Assets

A summary of capital asset categories of the UMW Foundation for the year ended June 30, 2025, is presented as follows:

Property and Equipment	
Land	$427,491
Buildings	2,193,731
Buildings improvements	585,355
Assets held for sale	15,817,784
Furniture, fixtures, vehicles, and equipment	107,540
Less Accumulated Depreciation	(1,532,548)
Total property and equipment	**$17,599,353**

One of the parcels of land held for sale was donated to the Foundation with a restricted deed, limiting the land to be used by an accredited institution of higher learning. The sale of the land will be contingent upon the Foundation securing a release from the restriction. As such, $4.1M of the assets held for sale is shown as net assets with donor restrictions on the consolidated statement of financial position at June 30, 2025. The release of restrictions is reasonably expected to be obtained during the next fiscal year and the land will be reclassified at that time.

Accounts Payable and Accrued Expenses

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

Accounts Payable	
Accounts payable and accrued expenses	$232,266
Accrued interest	29,109
Total accounts payable	**$261,375**

Long-Term Indebtedness

Bonds Payable

Series 2007 Bonds – 1201 William Street

In February 2007, the Foundation purchased a building adjacent to the University campus to be operated and managed by the University as part of its faculty offices. The acquisition was financed with tax-exempt financing through a bond pool issuance with the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia (Series 2007 Bonds). Interest on the bonds is payable at 4.00% - 4.75% over a 30-year period. The bonds are collateralized by a deed of trust and a lease agreement with the University. The bonds mature August 1, 2037. The outstanding balance at June 30, 2025 was $1,425,357.

Loans Payable

Loan from University

The loan payable to the University of Mary Washington for the purchase of real estate was established in December 2009 when the Foundation purchased certain property for ultimate ownership and use by the University. Under the agreement, the University committed to loan the Foundation up to $1,600,000 to purchase multiple specified properties. The University committed to purchase the property from the Foundation, and Foundation committed to sell the properties to the University by the maturity date. In July 2022, the Foundation, with the approval of the University, sold the related property to a third party. The balance outstanding at June 30, 2025 is $1,440,550.

Loans payable are further described below. Loans payable associated with assets held for sale are reported in short term liabilities. All balances are as of June 30, 2025 and maturity dates are calendar year:

Loans Payable	Interest Rate	Maturity	Outstanding Balance
Loan payable to University of Mary Washington, for the purchase of real estate	0.00%	2030	1,440,550
Mortgage note payable, collateralized by deed of trust	5.50%	2028	188,610
Loan payable, non-interest bearing, payable in monthly installments	3.69%	2027	12,673
Total Loans Payable			**$1,641,833**

Estimated principal payments on loans payable for future years ending June 30 are as follows:	
Fiscal Year	**Total**
2026	$15,683
2027	16,475
2028	169,125
Thereafter	1,440,550
Total	**$1,641,833**

Other long-term liabilities, current and noncurrent, include the loans and bonds above along with gift annuities payable of $302,579.

Deferred Financing Costs

Financing costs of $148,081 are amortized on a straight-line basis over the term of the related debt. Accumulated amortization at June 30, 2025 was $88,438.

Related Party Transactions

The Foundation has an agreement to give the University of Mary Washington Alumni Association (UMW AA) annually 20% of unrestricted alumni gifts, with a minimum of $50,000 each year. For 2025, the Foundation gave the Alumni Association $135,000. The Alumni Association directs all royalty revenue to the Foundation for scholarships. Under these arrangements, the Foundation had a net receivable from the UMW AA of $0 at June 30, 2025.

The Foundation receives donated services and materials in support of the programs of the Foundation. Contributions that require specialized skills and are provided by individuals possessing those skills, as well as materials donated, are recorded at their fair values in the period received if those services or materials would typically need to be purchased if not provided by donation. Accordingly, the Foundation also recognizes all services received from employees of the University that directly benefit the Foundation. These services are measured at the cost recognized by the University. The Foundation recognized donated personnel costs of $1,956,853 in fiscal year 2025.

Commitments

<u>Operating Lease Commitments</u>

The Foundation leases office space to the University. This lease is classified as an operating lease; had an initial term of one year or more; and had consistent payments over the terms of the lease. The lease does not involve intangible assets, natural resources, inventory, or assets under construction.

The following is a schedule by years of future minimum rental revenue under the leases at June 30, 2025:

Future Minimum Rental Lease Revenue	
2026	$156,038
2027	156,988
2028	157,713
2029	157,963
2030	152,975
Thereafter	1,085,498
Total	**$1,867,175**

Assets held for sale

The Foundation, made the decision to sell several groups of assets. As such, in accordance with Accounting Standards Codification ("ASC") 360, the assets and related liabilities were recorded as assets held for sale and liabilities associated with assets held for sale on the Foundation's statements. These amounts are included in capital assets, $15,817,784, with no associated long-term liabilities , on the University's Statement of Net Position.

NOTE 22. SUBSEQUENT EVENTS

Neither the University nor the Foundation had subsequent events to disclose as of the issuance of this report.

Schedule of Employer's Share of Net Pension Liability VRS State Employee Retirement Plan*

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.46%	$22,799,036	$23,813,313	95.74%	83.45%
2024	0.47%	23,967,298	22,117,275	108.36%	82.19%
2023	0.47%	21,191,245	20,296,784	104.41%	83.26%
2022	0.48%	17,576,104	21,175,118	83.00%	86.44%
2021	0.52%	37,394,333	22,739,164	164.45%	72.15%
2020	0.53%	33,762,539	22,304,690	151.37%	75.13%
2019	0.55%	29,775,000	22,705,458	131.14%	77.39%
2018	0.57%	33,217,000	22,744,510	146.04%	75.33%
2017	0.59%	38,938,000	23,305,516	167.08%	71.29%
2016	0.61%	37,469,000	23,541,763	159.16%	72.81%

**The amounts presented have a measurement date of the previous fiscal year end.*

Schedule of Employer's Share of Net Pension Liability VaLORS Retirement Plan*

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.26%	$1,665,823	$994,362	167.53%	75.70%
2024	0.26%	1,651,522	943,294	175.08%	74.91%
2023	0.28%	1,778,237	949,237	187.33%	74.41%
2022	0.26%	1,370,727	873,215	156.97%	78.18%
2021	0.26%	2,068,236	934,544	221.31%	65.74%
2020	0.26%	1,828,433	917,146	199.36%	68.31%
2019	0.27%	1,684,000	934,147	180.27%	69.56%
2018	0.23%	1,528,000	802,036	190.52%	67.22%
2017	0.20%	1,545,000	741,257	208.43%	61.01%
2016	0.18%	1,312,000	633,293	207.17%	62.64%

**The amounts presented have a measurement date of the previous fiscal year end.*

Schedule of Employer Contributions VRS State Employee Retirement Plan					
	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2025	$3,514,825	$3,514,825	$0	$28,073,681	12.52%
2024	3,443,405	3,443,405	0	23,813,313	14.46%
2023	3,198,158	3,198,158	0	22,117,275	14.46%
2022	2,934,915	2,934,915	0	20,296,784	14.46%
2021	3,061,922	3,061,922	0	21,175,118	14.46%
2020	3,074,335	3,074,335	0	22,739,164	13.52%
2019	3,014,433	3,014,433	0	22,304,690	13.51%
2018	3,067,022	3,067,022	0	22,705,458	13.51%
2017	3,076,612	3,076,612	0	22,744,510	13.53%
2016	3,243,242	3,243,242	0	23,305,516	13.92%

Schedule of Employer Contributions VaLORS Employee Retirement Plan					
	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll*
2025	$272,612	$272,612	$0	$1,108,180	24.60%
2024	244,613	244,613	0	994,362	24.60%
2023	232,050	232,050	0	943,294	24.60%
2022	207,883	207,883	0	949,237	21.90%
2021	191,234	191,234	0	873,215	21.90%
2020	201,955	201,955	0	934,544	21.61%
2019	198,192	198,192	0	917,146	21.61%
2018	196,660	196,660	0	934,147	21.05%
2017	165,363	165,363	0	802,036	20.62%
2016	130,260	130,260	0	741,257	17.57%

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

Schedule of Employer’s Share of Net OPEB Liability Health Insurance Credit Program (HIC)*

	Employer’s Proportion of the Net OPEB Liability (Asset)		Employer's Proportionate Share of the Net OPEB Liability (Asset)		Employer’s Covered Payroll	Employer’s Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
	General State Employee	VaLORS Employee	General State Employee	VaLORS Employee			
2025	0.52%	0.01%	$3,671,874	$77,734	47,967,411	7.82%	35.17%
2024	0.54%	0.01%	4,438,070	94,404	44,313,036	10.23%	25.46%
2023	0.56%	0.01%	4,550,013	102,888	43,079,107	10.80%	21.52%
2022	0.57%	0.01%	4,810,757	107,341	42,114,286	11.68%	19.75%
2021	0.61%	0.01%	5,645,462	124,665	45,293,419	12.74%	12.02%
2020	0.64%	0.01%	5,886,887	124,891	44,225,088	13.59%	10.56%
2019	0.65%	0.01%	5,918,000	127,000	44,622,908	13.55%	9.51%
2018	0.65%	0.01%	5,882,000	113,000	42,578,821	14.08%	8.03%

**The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.*

Schedule of Employer’s Share of Net OPEB Liability Group Life Insurance Plan (GLI)*

	Employer’s Proportion of the Net OPEB Liability (Asset)		Employer's Proportionate Share of the Net OPEB Liability (Asset)		Employer’s Covered Payroll	Employer’s Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
	General State Employee	VaLORS Employee	General State Employee	VaLORS Employee			
2025	0.19%	0.00%	$2,042,137	$43,521	$47,988,932	4.35%	73.41%
2024	0.19%	0.00%	2,265,263	47,973	45,443,519	5.09%	69.30%
2023	0.19%	0.00%	2,329,686	52,619	41,903,889	5.69%	67.21%
2022	0.20%	0.00%	2,318,064	51,694	41,786,111	5.67%	67.45%
2021	0.22%	0.01%	3,609,025	79,604	45,750,962	8.06%	52.64%
2020	0.22%	0.01%	3,614,647	76,481	44,225,088	8.35%	52.00%
2019	0.23%	0.01%	3,480,000	75,000	44,650,602	7.96%	51.22%
2018	0.23%	0.00%	3,407,000	65,000	42,596,928	8.15%	48.86%

**The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.*

Schedule of Employer’s Share of Net OPEB Liability (Asset) Virginia Sickness and Disability Plan (VSDP)*

	Employer’s Proportion of the Net OPEB Liability (Asset)		Employer's Proportionate Share of the Net OPEB Liability (Asset)		Employer’s Covered Payroll	Employer’s Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
	General State Employee	VaLORS Employee	General State Employee	VaLORS Employee			
2025	-0.35%	-0.02%	$(1,242,203)	$(62,280)	$20,832,636	-6.26%	204.38%
2024	-0.36%	-0.02%	(1,132,992)	(58,753)	19,035,466	-6.26%	199.05%
2023	-0.35%	-0.02%	(1,031,233)	(61,038)	26,311,967	-4.15%	195.90%
2022	-0.36%	-0.02%	(1,256,471)	(73,047)	17,559,016	-7.57%	229.01%
2021	-0.39%	-0.02%	(857,881)	(49,854)	17,802,581	-5.10%	181.88%
2020	-0.41%	-0.02%	(808,834)	(44,693)	16,823,009	-5.07%	167.18%
2019	-0.43%	-0.02%	(962,000)	(54,000)	17,797,941	-5.71%	194.74%
2018	-0.43%	-0.02%	(886,000)	(44,000)	17,030,848	-5.46%	186.63%

**The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.*

Schedule of Employer’s Share of Net OPEB Liability Line of Duty Act Program (LODA)*

	Employer’s Proportion of the Net OPEB Liability (Asset)	Employer’s Proportionate Share of the Net OPEB Liability (Asset)	Employer’s Covered-Employee Payroll**	Employer’s Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll**	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.06%	$238,376	$1,098,508	21.70%	1.22%
2024	0.07%	267,761	1,029,594	26.01%	1.31%
2023	0.08%	317,675	862,761	36.82%	1.87%
2022	0.09%	413,562	960,138	43.07%	1.68%
2021	0.09%	369,772	1,019,594	36.27%	1.02%
2020	0.09%	339,591	954,653	35.57%	0.79%
2019	0.10%	300,000	992,283	30.23%	0.60%
2018	0.07%	193,000	855,069	22.57%	1.30%

**The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.*

***The contribution 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's Share of Total OPEB Liability Pre-Medicare Retiree Health Plan*

	Employer's Proportion of the Collective Total OPEB Liability (Asset)	Employer's Proportionate Share of the Collective Total OPEB Liability (Asset)	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Collective Total OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll
2025	0.67%	$2,382,348	$44,163,807	5.39%
2024	0.68%	2,386,175	42,047,021	5.68%
2023	0.68%	2,459,358	38,847,540	6.33%
2022	0.71%	3,200,315	39,570,171	8.09%
2021	0.73%	4,158,272	40,922,827	10.16%
2020	0.75%	5,120,781	40,446,912	12.66%
2019	0.76%	7,663,672	40,847,091	18.76%
2018	0.74%	9,624,340	39,502,328	24.36%

**The amounts presented have a measurement date of the previous fiscal year end. Schedule is intended to show information for 10 years. Since 2025 is the eighth year for this presentation, only eight years of data are available. However, additional years will be included as they become available.*

Schedule of Employer Contributions

Plan	Fiscal Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll * or Employer's Covered-Employee Payroll	Contributions as a % of Covered Payroll or Covered-Employee Payroll
HIC	2025	$567,473	$567,473	$0	$50,667,154	1.12%
	2024	537,235	537,235	0	47,967,385	1.12%
	2023	496,306	496,306	0	44,313,036	1.12%
	2022	482,486	482,486	0	43,079,107	1.12%
	2021	471,680	471,680	0	42,114,286	1.12%
	2020	529,933	529,933	0	45,293,419	1.17%
	2019	519,814	519,814	0	44,225,088	1.18%
GLI	2025	238,368	238,368	0	50,716,662	0.47%
	2024	259,140	259,140	0	47,988,932	0.54%
	2023	245,341	245,341	0	45,433,519	0.54%
	2022	230,899	230,899	0	41,903,889	0.54%
	2021	225,645	225,645	0	41,786,111	0.54%
	2020	237,905	237,905	0	45,750,962	0.52%
	2019	229,970	229,970	0	44,225,088	0.52%
VSDP	2025	107,642	107,642	0	22,636,540	0.50%
	2024	127,079	127,079	0	20,832,636	0.61%
	2023	116,116	116,116	0	19,035,466	0.61%
	2022	160,503	160,503	0	26,311,967	0.61%
	2021	107,110	107,110	0	17,559,016	0.61%
	2020	110,376	110,376	0	17,802,581	0.62%
	2019	109,068	109,068	0	16,823,009	0.65%
LODA	2025	13,195	13,195	0	1,098,508	1.20%
	2024	9,130	9,130	0	1,029,951	0.89%
	2023	8,864	8,864	0	1,029,594	0.86%
	2022	11,561	11,561	0	862,761	1.34%
	2021	12,912	12,912	0	960,138	1.34%
	2020	11,998	11,998	0	1,019,594	1.18%
	2019	12,704	12,704	0	954,653	1.02%

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

**Covered Payroll is reported for the HIC, GLI, and VSDP plans. 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 more relevant measure, which is the total payroll of the employees in the OPEB plan.*

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – Virginia Retirement System Pension and OTHER POST-EMPLOYMENT BENEFIT PLANS

Changes of benefit terms

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

Changes of assumptions

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions for the Virginia Retirement System Plans 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 (N/A for LODA)	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 (N/A for LODA)	No change

Teachers (GLI)

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 (GLI, HIC, LODA, VSDP)

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy (VSDP and LODA). 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 (N/A for LODA)	No change

JRS Employees (GLI, HIC)

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 Ten Locality Employers - General Employees (GLI)

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 Ten Locality Employers - General Employees (GLI)

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 Plan2/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 Ten Locality Employers –Hazardous Duty Employees (GLI, LODA)

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 (N/A for LODA)	No change

Non-Largest Ten Locality Employers –Hazardous Duty Employees (GLI, LODA)

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 (N/A for LODA)	No change

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DEPARTMENT OF HUMAN RESOURCES MANAGEMENT PRE-MEDICARE RETIREE HEALTHCARE PLAN

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

Changes of benefit terms

There have been no changes to the benefit provisions since the prior actuarial valuation.

Changes of assumptions

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

Spousal Coverage – rate remained at 20 percent

Retiree Participation – rate remained at 35 percent

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

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

Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

July 31, 2026

The Honorable Abigail D. Spanberger
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
University of Mary Washington

Dr. Troy Paino
University of Mary Washington

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

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

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

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We did not audit the financial statements of the discretely presented component unit of the University, which is discussed in Notes 1 and 21. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit of the University, is based solely on the report of the other auditor.

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 unit of the University that were audited by another auditor upon whose report we are relying were not audited in accordance with Government Auditing Standards.

Emphasis of Matters

Change in Accounting Principle

As discussed in Note 2 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, which updates existing recognition and measurement guidance. Our opinions are not modified with respect to this matter.

Correction of 2024 Financial Statements

As discussed in Note 2 of the accompanying financial statements, the fiscal year 2024 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 3 through 13; the Schedules of Employer's Share of Net Pension Liability and the Schedules of Employer Contributions on pages 86 through 87; the Schedule of Employer's Share of Net OPEB Liability (Asset) for the Health Insurance Credit, Group Life Insurance, Disability Insurance, and Line of Duty programs on pages 88 through 89; the Schedule of Employer's Share of Total OPEB Liability on page 90; the Schedule of Employer Contributions for the Health Insurance Credit, Group Life Insurance, Disability Insurance, and Line of Duty programs on page 91; and the Notes to the Required Supplementary Information for pension and OPEB plans on pages 92 through 95. 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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 31, 2026, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

JJR/clj

UNIVERSITY OFFICIALS

Board of Visitors at June 30, 2025

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University Leadership

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and Chief Fiscal Officer

Julie R. Smith
Associate Vice President for Finance
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