



Annual Financial Report

For Year Ended June 30, 2024



VIRGINIA STATE UNIVERSITY
ANNUAL FINANCIAL REPORT 2023- 2024

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING AND INTERNAL CONTROLS

The information in this Annual Financial Report, including the accompanying basic financial statements, notes, management's discussion and analysis, and other information, is the responsibility of Virginia State University executive management. Responsibility for the accuracy of the financial information and fairness of its presentation, including all disclosures, rests with the management of the University. Management believes the information is accurate in all material respects and fairly presents the University's revenues, expenses, and changes in net position, as well as its overall financial position. This report was prepared in accordance with generally accepted accounting principles for public colleges and universities in the United States of America, as prescribed by the Governmental Accounting Standards Board. Management is responsible for the objectivity and integrity of all representations herein. The Annual Financial Report includes all disclosures necessary for the reader of this report to gain a broad understanding of the University's operations for the year ended June 30, 2024.

The administration is responsible for establishing and maintaining the University's system of internal controls. Key elements of the University's system of internal controls include: careful selection and training of administrative personnel; organizational structure that provides appropriate division of duties; thorough and continuous monitoring, control, and reporting of operating budgets versus actual operating results; well communicated written policies and procedures; annual self-assessments led by the Controller's Office; and an internal audit function. Although there are inherent limitations to the effectiveness of any system of accounting controls, management believes that the University's system provides reasonable, but not absolute, assurances that assets are safeguarded from unauthorized use, or disposition, and accounting records are sufficiently reliable to permit preparation of financial statements and appropriate accountability for assets and liabilities.

The Audit and Compliance Committee of the Virginia State University Board of Visitors reviews the University's accounting practices. The Board meets with external independent auditors annually to review the Annual Financial Report and results of audit examinations. The Committee also meets with internal auditors and University financial officers quarterly. These meetings include a review of the scope, quality, and results of the internal audit program.

The Auditor of Public Accounts (APA), the office of the Commonwealth of Virginia's auditors, has audited these annual financial statements and their report appears on pages 119-123. Additionally, the APA has issued a separate report on internal control over financial reporting and on compliance and other matters resulting in the issuance of internal control and compliance findings they consider worthy of management's attention. The University has implemented policies and procedures for the adequate and timely resolution of such issues. No material weaknesses were found on internal control matters by the APA for the fiscal year ended June 30, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

(Unaudited)

INTRODUCTION

Virginia State University (VSU) is an agency of the Commonwealth of Virginia and is governed by a fifteen member Board of Visitors. The Commonwealth has the authority to exercise oversight over the University. The University has two major divisions, the Academic Colleges and the Cooperative Extension and Agricultural Research Services. The University is a component unit of the Commonwealth and is included in the Commonwealth's Annual Comprehensive Financial Report (ACFR).

University Accomplishments in Fiscal Year 24:

1. **VIRGINIA STATE UNIVERSITY VA** – May 22, 2024 - Virginia State University is proud to announce that its online Registered Nurse (RN) to Bachelor of Science (BSN) program has earned a five-year accreditation from the Commission on Collegiate Nursing Education (CCNE). This is a historic milestone for VSU, as it marks the first time in the University's history that its nursing program has been nationally accredited.
2. **VIRGINIA STATE UNIVERSITY VA** – April 2, 2024 – Virginia State University is proud to announce that its College of Business has been approved to offer a new Master of Business (MBA) program by the State Council of Higher Education of Virginia (SCHEV). When the new graduate degree program goes into effect for Fall 2024, VSU will be the first public Historically Black College or University (HBCU) in Virginia to offer an MBA in Business Administration.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis provides an overview of the financial position and results of activities of Virginia State University for the fiscal year ended June 30, 2024. Prepared by management, the overview should be read in conjunction with the financial statements and footnotes that follow this section. Comparative information for the fiscal year ended June 30, 2023 has been provided where applicable. The financial statements were prepared in accordance with applicable pronouncements and statements of the Governmental Accounting Standards Board (GASB), which establishes principles and standards for external reporting for colleges and universities.

The University's financial report includes three financial statements and related notes:

1. The Statement of Net Position (SNP)
2. The Statement of Revenues, Expenses, and Changes in Net Position (SRECNP)
3. The Statement of Cash Flows (SCF)

These principles require the financial statements be prepared with resources classified for accounting and reporting purposes into the following net position categories: Current Assets, Noncurrent Assets, and Deferred Outflows of Resources; Current Liabilities, Noncurrent Liabilities and Deferred Inflows of Resources.

Please note, the University's foundations identified as discrete component units under GASB Statement 39, *Determining Whether Certain Organizations are Component Units* and GASB 61 *The Financial Reporting Entity: Omnibus*, are reported in the component unit column of the financial statements, and this Management Discussion and Analysis excludes reference to the discrete foundations, except where specifically noted. Alternately, the amounts reported by the foundation identified as blended, are included with the amounts reported by the University. GASB 80 *Blending Requirements for Certain Component Units* was used to reevaluate the University's blended foundation. See Note 1.A. for details regarding the University's foundations.

STATEMENT OF NET POSITION

The Statement of Net Position (SNP) presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources of the University. Net position is the difference between the total assets and deferred outflows of resources less liabilities and deferred inflows of resources. It is one indicator of the current financial condition of the University, while the changes in net position suggest whether the overall financial condition of the University has improved or worsened during the year. Categories of the SNP are generally measured using current values. One notable exception is capital assets, which are stated at historical cost less an allowance for depreciation. For fiscal year 2024, the University's total net position increased by \$55.5 million or 13.6% over the previous fiscal year.

Total assets and deferred outflows of resources increased by \$60.5 million or 10.1% when compared to last year. Current assets decreased by \$24.9 million or 32.2% during fiscal year 2024. Current assets are comprised of cash and cash equivalents, securities lending, accounts and loans receivable, due from the commonwealth, due from affiliates, prepaid expenses, and investment receivable. The decrease was mainly due to a decrease of \$35.2 million in cash and cash equivalents, primarily driven by an increase in auxiliary expenditures and funding of future economic development. This decrease was offset by an increase of \$1.7 million in funds due from the commonwealth which were primarily related to the replacement of Harris Hall and for equipment purchased through the Equipment Trust Fund. There were also increases in accounts and loans receivable of \$4.9 million, prepaid expenses of \$1.1 million, and due from component units of \$2.6 million. Please see the Statement of Net Position section below for additional details. Total deferred outflows of resources increased by \$7.5 million, almost entirely due to a increase in pension related outflows of \$7.1 million.

Noncurrent assets increased by \$77.9 million or 15.2% during fiscal year 2024. Noncurrent assets are comprised of restricted cash and cash equivalents, state appropriations available, investments, notes receivable, other postemployment benefits (OPEB), capital assets net of depreciation, and other noncurrent assets. State appropriations available increased by \$8.3 million, mainly due to additional appropriations for various capital projects and campus maintenance. Capital Assets also increased by \$68 million, primarily as a result of construction in progress for Harris Hall and an increase for right-to-use assets. Investments decreased by \$8.6 million due to market performance and liquidations to fund various University incentives. Restricted cash increased by \$5.7 million, due to the reclassing of reimbursable grants from restricted to unrestricted cash in fiscal year 2024.

During fiscal year 2024, total liabilities and deferred inflows of resources increased by \$5 million or 2.6%. Total liabilities are comprised of current and noncurrent liabilities. Current liabilities increased by \$5.3 million or 10.9% during fiscal year. Current liabilities include accounts payable and other accrued liabilities, due to affiliates, unearned revenues, retainage payable, obligations under securities lending, deposits held in custody, the current portion of long-term liabilities, and other current liabilities. The increase in current liabilities was primarily the result of increases in accounts payable and accrued liabilities of \$3.2 million and retainage payable of \$2.9 million, offset by deposits held in custody of \$482 thousand and unearned revenue of \$896 thousand. Total deferred inflows of resources decreased by \$6.0 million as a result of a decreases in pension related inflows of \$4.4 million and OPEB related inflows of \$1.5 million.

Noncurrent liabilities increased by \$5.6 million or 4.5% during fiscal year 2024. Noncurrent liabilities consist of noncurrent portion of long-term liabilities (bonds, notes payable, pension, OPEB, compensated absences, Federal Perkins loans, leases payable and SBITA's).

A summary of the University's assets, deferred outflows of resources, liabilities, and deferred inflows of resources and net position at June 30, 2024 and 2023 follows:

Summary of the Statement of Net Position	Year Ended June 30,		Increase/(Decrease)	
	2024	2023 (restated)	Amount	Percent
Assets:				
Current assets	\$ 52,455,204	\$ 77,378,865	\$(24,923,661)	(32.2)%
Noncurrent assets:				
Restricted cash and cash equivalents	34,840,018	29,146,350	5,693,668	19.5%
State appropriations available	90,329,189	81,991,082	8,338,107	10.2%
Investments	69,043,407	77,623,734	(8,580,327)	(11.1)%
Other postemployment benefits (OPEB)	2,737,527	2,407,736	329,791	13.7%
Capital assets, net	387,300,026	319,315,781	67,984,245	21.3%
Refundable advance to affiliate	5,000,000	-	5,000,000	100.0%
Notes Receivable	173,535	1,025,624	(852,089)	(83.1)%
Total noncurrent assets	589,423,702	511,510,307	77,913,395	15.2%
Total assets	641,878,906	588,889,172	52,989,734	9.0%
Deferred outflows of resources	19,214,994	11,720,392	7,494,602	63.9%
Total assets & deferred outflows of resources	661,093,900	600,609,564	60,484,336	10.1%
Liabilities:				
Current liabilities	53,910,074	48,592,163	5,317,911	10.9%
Noncurrent liabilities	131,687,469	126,063,862	5,623,607	4.5%
Total liabilities	185,597,543	174,656,025	10,941,518	6.3%
Deferred inflows of resources	11,785,418	17,745,250	(5,959,832)	(33.6)%
Total liabilities & deferred inflows of resources	197,382,961	192,401,275	4,981,686	2.6%
Net position:				
Net investment in capital assets	317,248,978	253,789,736	63,459,242	25.0%
Restricted:				
Nonexpendable	12,330,801	11,431,583	899,218	7.9%
Expendable	129,990,860	120,646,647	9,344,213	7.7%
Unrestricted	4,140,300	22,340,323	(18,200,023)	(81.5)%
Total net position	\$ 463,710,939	\$ 408,208,289	\$ 55,502,650	13.6%

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

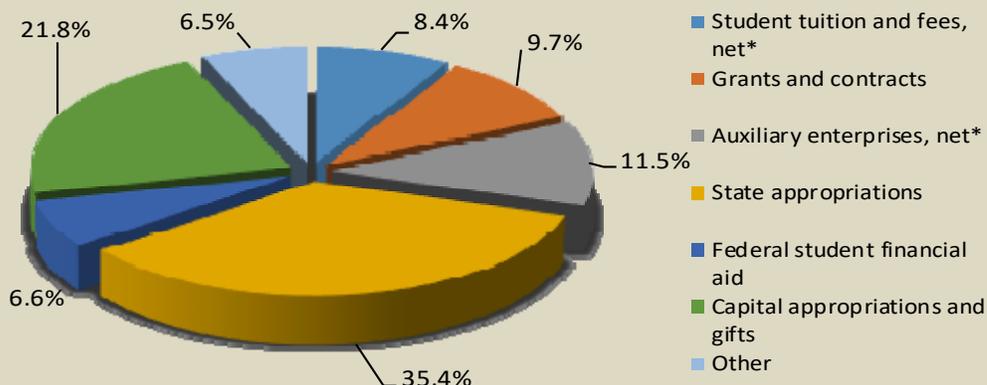
The Statement of Revenues, Expenses, and Changes in Net Position present the University's results of activities for the fiscal year. Presented below is a summarized statement of the University's Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2024 and 2023.

Summary of the Statement of Revenues, Expenses and Changes in Net Position	Year Ended June 30,		Increase/(Decrease)	
	2024	2023 (restated)	Amount	Percent
Operating revenues	\$ 89,794,821	\$ 67,275,195	\$ 22,519,626	33.5%
Operating expenses	243,149,058	191,408,509	51,740,549	27.0%
Operating income/(loss)	(153,354,237)	(124,133,314)	(29,220,923)	(23.5%)
Nonoperating revenues/(expenses):				
State appropriations	105,626,884	89,498,451	16,128,433	18.0%
Federal student aid	19,778,909	15,587,233	4,191,676	26.9%
Other nonoperating revenues/(expenses)	17,451,272	36,709,474	(19,258,202)	(52.5%)
Net nonoperating revenues/(expenses)	142,857,065	141,795,158	1,061,907	0.7%
Income/(loss) before other revenues	(10,497,172)	17,661,844	(28,159,016)	159.4%
Other revenues:				
Capital grants and gifts	1,878,753	4,121,678	(2,242,925)	(54.4%)
State Appropriations revenue - capital projects	10,886,684	75,598,731	(64,712,047)	(85.6%)
Additions/(reductions) to permanent endowments	768,515	551,297	217,218	39.4%
VCBA 21st Century bond reimbursement program	52,465,870	18,017,970	34,447,900	191.2%
Total other revenues	65,999,822	98,289,676	(32,289,854)	(32.9%)
Total increase/(decrease) in net position	55,502,650	115,951,520	(60,448,870)	(52.1%)
Net position, beginning of year as restated (Note 1B)	408,208,289	292,256,769	115,951,520	39.7%
Net position, end of year	\$ 463,710,939	\$ 408,208,289	\$ 55,502,650	13.6%

As shown in the table above, there was an increase in net position of \$55.5 million in fiscal year 2024 as opposed to an increase of \$116 million in the previous year's statement as restated. The net operating loss increased by \$29.2 million or 23.5% over fiscal year 2023. Net non-operating revenues and expenses increased by \$1.1 million or 0.7% and total other revenues decreased by \$32.3 million or 32.9%, in fiscal year 2024. Revenues and expenses will be discussed in further detail in the following sections.

A summary of the University's revenues for the years ended June 30, 2024 and 2023 appears below:

For the year ended June 30, 2024



Summary of Revenues

For the years ended June 30, 2024 and 2023

	2024	2023 (restated)	Increase/(Decrease)	
			Amount	Percent
Operating revenues:				
Student tuition and fees, net*	\$ 25,080,027	\$ 20,838,317	\$ 4,241,710	20.4%
Grants and contracts	29,073,770	19,865,905	9,207,865	46.4%
Auxiliary enterprises, net*	34,331,123	25,683,663	8,647,460	33.7%
Other operating revenues**	1,309,901	887,310	422,591	47.6%
Total operating revenues	89,794,821	67,275,195	22,519,626	33.5%
Nonoperating revenues/(expenses):				
State appropriations	105,626,884	89,498,451	16,128,433	18.0%
Federal student financial aid	19,778,909	15,587,233	4,191,676	26.9%
Other revenues/(expenses) net**	17,451,272	36,709,474	(19,258,202)	(52.5%)
Total nonoperating revenues	142,857,065	141,795,158	1,061,907	0.7%
Other revenues/(expenses):				
Capital grants and gifts	1,878,753	4,121,678	(2,242,925)	(54.4%)
Additions to permanent endowment	768,515	551,297	217,218	39.4%
Other capital revenues	63,352,554	93,616,701	(30,264,147)	(32.3%)
Total other revenues/(expenses)	65,999,822	98,289,676	(32,289,854)	(32.9%)
Total revenues	\$ 298,651,708	\$ 307,360,029	\$ (8,708,321)	(2.8%)

* Net of scholarship allowance

** Other includes: other operating revenues; other non-operating revenues, net of non-operating expenses.

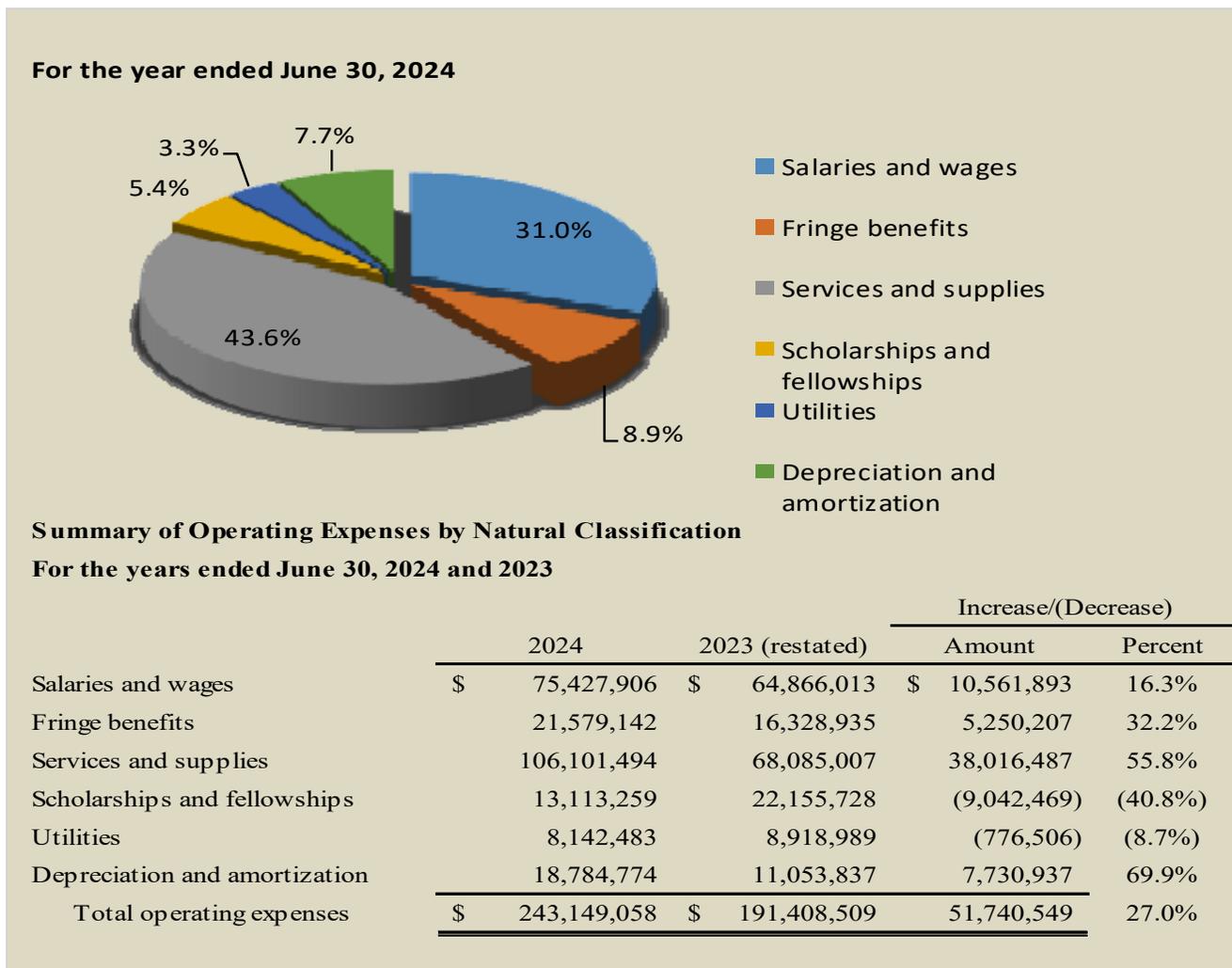
Total operating revenues increased by \$22.5 million or 33.5%, as compared to the prior year. As shown in the chart above, there were increases in student tuition and fees of \$4.2 million, grants and contracts of \$9.2 million, and auxiliary enterprises of \$8.6 million. Other operating revenues also increased by \$423 thousand.

For the fiscal year, total non-operating revenues increased by \$1.1 million or 0.7%. The primary cause for the increase in non-operating revenues was an increase of \$16.1 million in state appropriations, primarily associated with operating appropriations. Federal student financial aid increased by \$4.2 million. This was offset by a decrease of \$19.3 million in other nonoperating revenues, mainly due to increases in investment income of \$4.2 million, offset by a decrease in gifts of \$875 thousand and Covid-19 related funding of \$17.8 million.

Other revenues decreased by \$32.3 million. This was mainly due to a decrease in appropriations of \$64.7 million for ongoing capital projects, offset by an increase in reimbursements for the 21st Century Bond program of \$34.4 million. Capital grants and gifts also decreased by \$2.2 million.

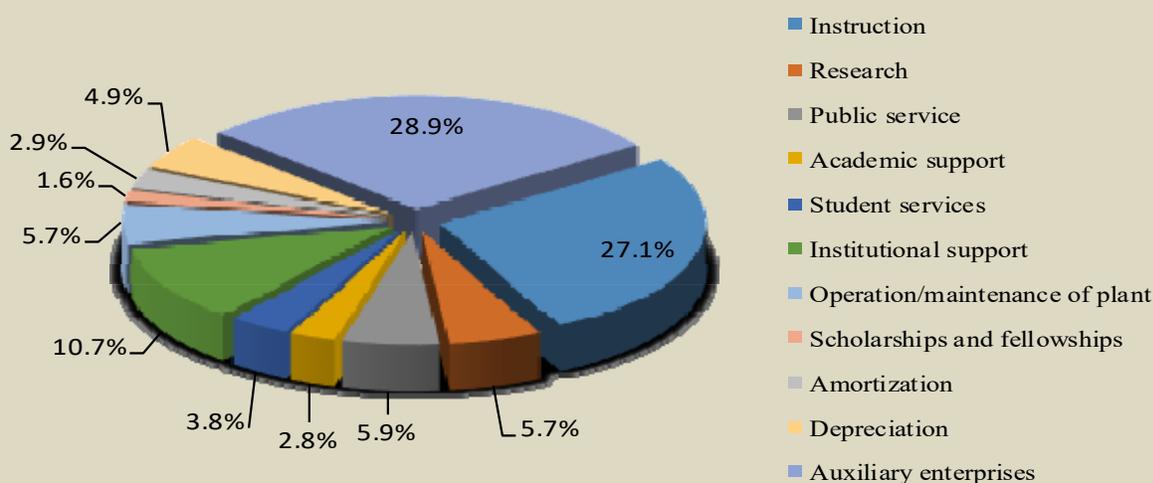
SUMMARY OF EXPENSES

Total operating expenses increased by \$51.7 million in fiscal year 2024 compared to the previous fiscal year. This represents a 27% increase. Comparative summaries of the University’s operating expenses by both natural classification and function for the years ended June 30, 2024 and 2023 appear below:



The total increase in operating expenses was primarily attributable to increases in salaries and wages of \$10.6 million, fringe benefits of \$5.3 million, and supplies and services of \$38 million. These were offset by decreases in scholarships and fellowships of \$9.0 million and utilities of \$777 thousand.

For the year ended June 30, 2024



**Summary of Operating Expenses by Function
For the years ended June 30, 2024 and 2023**

	2024	2023 (restated)	Increase/(Decrease)	
			Amount	Percent
Operating expenses:				
Instruction	\$ 65,889,157	\$ 48,357,993	\$ 17,531,164	36.3%
Research	13,903,664	8,718,316	5,185,348	59.5%
Public service	14,464,370	9,196,841	5,267,529	57.3%
Academic support	6,900,428	7,381,077	(480,649)	(6.5%)
Student services	9,198,046	6,838,758	2,359,288	34.5%
Institutional support	26,063,123	29,282,402	(3,219,279)	(11.0%)
Operation/maintenance of plant	13,806,426	11,863,895	1,942,531	16.4%
Scholarships and fellowships	3,850,971	15,363,416	(11,512,445)	(74.9%)
Amortization	6,939,997	1,393,645	5,546,352	398.0%
Depreciation	11,844,777	9,660,192	2,184,585	22.6%
Auxiliary enterprises	70,288,099	43,351,974	26,936,125	62.1%
Total operating expenses	\$ 243,149,058	\$ 191,408,509	\$ 51,740,549	27.0%

By function, instruction increased by \$17.5 million as a result of increases in salaries and wages of \$3.8 million, fringe benefits of \$2.5 million, and services and supplies of \$11.2 million. Research increased by \$5.2 million as a result of increases in salaries and wages of \$781 thousand, fringe benefits of \$408 thousand, and services and supplies of \$3.8 million. Public service increased by \$5.3 million as a result of increases in salaries and wages of \$2.1 million, fringe benefits of \$157 thousand, and services and supplies of \$3.0 million. Academic support decreased by \$481 thousand as a result of a decrease in services and supplies of \$1.5 million, offset by increases in salaries and wages of \$689 thousand, fringe benefits of \$312 thousand. Student services increased by \$2.4 million primarily due to increases of \$1.2 million in salaries and wages, \$474 thousand in fringe benefits, and services and supplies of \$688 thousand. Institutional support decreased by \$3.2 million due to a decrease in services and supplies of \$3.8 million, offset by an increase in fringe benefits of \$618 thousand. Scholarships and fellowships decreased by \$11.5 million due to increases in tuition discounting. Auxiliary enterprises expenses increased by \$26.9 million, primarily as a result of increases in salaries and wages of \$1.1 million, services and supplies of \$21.6 million and scholarships and fellowships of \$2.5 million. Amortization increased by \$5.5 million as a result of the lease of additional student housing.

STATEMENT OF CASH FLOWS

The Statement of Cash Flows (SCF) is concerned with the flow of cash in and out of the University. The SCF shows changes in the Statement of Net Position (SNP) accounts and the income affect for cash and cash equivalents. GASB principles define four major categories of cash flows: cash flows from operating activities, cash flows from noncapital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities. In addition, it captures both the current operating results and the accompanying changes in the SNP. These cash flows are crucial to funding the operation of the University.

Statement of Cash Flows	Year Ended June 30,		Increase/(Decrease)	
	2024	2023 (restated)	Amount	Percent
Cash flows from:				
Operating activities	\$ (151,655,485)	\$ (122,055,387)	\$ (29,600,098)	(24.3%)
Noncapital financing activities	123,286,954	136,505,547	(13,218,593)	(9.7%)
Capital and related financing activities	(17,508,645)	1,087,331	(18,595,976)	(1,710.2%)
Investing activities	16,361,528	(21,775,938)	38,137,466	(175.1%)
Net increase/(decrease) in cash and cash equivalents	(29,515,648)	(6,238,447)	(23,277,201)	373.1%
Cash and cash equivalents, beginning of year	79,022,492	85,260,939	(6,238,447)	(7.3%)
Cash and cash equivalents, end of year	\$ 49,506,844	\$ 79,022,492	\$ (29,515,648)	(37.4%)

From fiscal year 2023 to fiscal year 2024 the University's SCF shows a \$29.5 million decrease in cash and cash equivalents. There was a \$29.6 million increase in net cash used by operating activities in fiscal year 2024. This mainly resulted from increases in cash used for payments to employees of \$11.9 million, payments for fringe benefits of \$3.7 million, and payments to suppliers of \$40.0 million. These were offset by an increase in cash generated from tuition and fees of \$3.9 million, an increase in cash from grants and contracts of \$10.1 million, and an increase in cash generated from auxiliary enterprises of \$6.9 million.

Cash provided by noncapital financing activities decreased by \$13.2 million. This was primarily a result of a decrease in other nonoperating revenue of \$21.2 million, offset by increases in state appropriations of \$2.6 million, and Federal student financial aid of \$4.2 million.

There was a decrease of \$18.6 million increase in cash used by capital and related financing activities in fiscal year 2024. This was mainly from a net increase in capital appropriations of \$13.5 million, and an increase in proceeds from the VCBA 21st Century bond reimbursement program of \$38.5 million dollars, offset by a \$35.3 million increase in cash used for the purchase of capital assets, a \$19.0 million decrease in proceeds from bond issuance, a \$7.9 million increase in principal paid on debt, and a \$5.0 million advance to VSUREF.

The last major category on the statement of cash flow is investing activities. In total, net cash used by investing activities decreased by \$38.1 million. There was a \$36.1 million increase in proceeds from the sale of investments in fiscal year 2024 versus fiscal year 2023, as well as a decrease of \$1.1 million in cash used for the purchase of investments and an increase of \$1.0 million in investment income.

CAPITAL AND DEBT ACTIVITIES

The University continues to invest in capital assets in accordance with its master plan, modernizing its current and older facilities, purchasing new equipment, and building new facilities.

Capital assets, net of depreciation and amortization, increased by \$68.0 million in fiscal year 2024. Capital purchases were \$86.8 million. Depreciation and amortization expenses for the year totaled \$18.8 million.

Proper management of University resources, and the replacement and renewal of capital assets, requires the prudent use of debt to finance projects. University bonds are issued pursuant to Section 9(c) and Section 9(d) of Article X of the Constitution of Virginia. These bonds are backed by the full faith, credit and taxing power of the Commonwealth. The use of debt to finance capital projects is managed in accordance with the University's debt policy.

As of June 30, 2024, the University had \$80.9 million in outstanding long-term debt. This debt consists of \$42.3 million of general obligation bonds, \$25.1 million of notes payable, \$11.9 million for leases payable, and \$1.6 million for SBITAs payable. Long-term debt overall increased by \$1.1 million, primarily due to an increase in leases payable, offset by debt payments made throughout the year and various bond refunds.

FUTURE ECONOMIC OUTLOOK:

The long-term outlook for Virginia State University (VSU) remains positive. VSU continues to make the necessary changes to ensure the long-term viability of the University. The University's efficiency measures and strategic goals and objectives outline realistic targets for long term growth and stability to ensure that VSU will continue on its pathway to prominence.

The University takes a conservative approach towards budgeting enrollment. As such, actual enrollment continues to exceed budgeted enrollment. The University has recently reported its third straight year of a record number of first-time students. Retention and graduation rates continue to be strong when compared to similar institutions. The University continues to implement strategies to further increase retention and graduation rates.

The University continues to receive state appropriations to help it realize its mission. Over the past five years, the University has received increased State support for the newly created Virginia College Affordability Network (VCAN) Scholarship. The VCAN Scholarship is funded by the State and provides free tuition funding to Pell-eligible first-year students who live within 40 miles radius of the University.

Maintaining low tuition and fee rates continue to be a major priority for the University, as reflected in its most recent Strategic Plan, *Preeminence with a Purpose*. The University seeks to maintain low tuition rates since the majority of its students rely on some form of financial aid such as scholarships, grants, or student loans. The University continues to maintain one of the lowest tuition and fee rates in the Commonwealth of Virginia.

Prudent financial practices also play a key role in the continued success and viability of the University. The University has established appropriate reserve targets to cover future debt service needs and to protect the University against unexpected expenditures and losses. Reserve targets are fully funded for the year ending June 30, 2024. The University utilizes the Composite Financial Index (CFI) to assess its financial viability each year. The CFI serves as an additional means of confirmation that the amount of resources that the University directs towards its mission are well within sustainable levels. Lastly, the University carries a level of debt that is consistent with its policies and mission. The majority of such debt is backed by revenue-producing capital projects (i.e. Residence Hall fees paid by students).

Virginia State University

FINANCIAL STATEMENTS





STATEMENT OF NET POSITION

As of June 30, 2024 (with comparative financial information as of June 30, 2023)

	2024		2023 (restated)	
	Virginia State University	Component Units	Virginia State University	Component Units
ASSETS & DEFERRED OUTFLOWS OF RESOURCES				
Current assets:				
Cash and cash equivalents (Note 2)	\$ 14,666,826	\$ 11,754,864	\$ 49,876,142	\$ 9,270,130
Cash and cash equivalents - Securities Lending (Note 2)	1,280,494	-	3,653,281	
Accounts and loans receivable, net of allowance (Note 3)	16,238,950	-	11,307,580	542,535
Investment receivable (Note 3)	2,359,462	-	-	-
Due from the Commonwealth (Note 3)	8,875,027	-	7,176,828	
Due from Affiliates	4,848,535	56,108	2,251,429	102,172
Prepaid expenses	4,185,910	-	3,113,605	11,106
Notes receivable, net of allowance (Note 3)	-	85,167	-	-
Total current assets	52,455,204	11,896,139	77,378,865	9,925,943
Noncurrent assets:				
Restricted cash and cash equivalents (Note 2)	34,840,018	2,377,102	29,146,350	2,236,349
Restricted investments (Note 2)	8,013,876	27,000	6,978,334	27,000
Endowment investments (Note 2)	42,965,226	29,845,118	41,173,726	28,868,647
State appropriation available	90,329,189	-	81,991,082	
Notes receivable, net of allowance (Note 3)	173,535	-	1,025,624	
Refundable advance to affiliate (Note 1)	5,000,000	-	-	
Other postemployment benefits (OPEB)	2,737,527	-	2,407,736	
Other long-term investments (Note 2)	18,064,305	-	29,471,674	
Other noncurrent	-	1,718,654	-	93,067
Non depreciable capital assets (Note 4)	106,815,868	560,681	59,411,577	542,828
Depreciable and amortizable assets, net (Note 4)	280,484,158	3,785,298	259,904,204	4,285,936
Total noncurrent assets	589,423,702	38,313,853	511,510,307	36,053,827
Total assets	641,878,906	50,209,992	588,889,172	45,979,770
Deferred outflows of resources: (Note 1.O)				
Pension related	15,408,703	-	8,320,660	-
Other postemployment benefits (OPEB) related	3,668,627	-	2,737,032	-
Loss on refunding of debt	137,664	-	662,700	-
Total deferred outflows of resources	19,214,994	-	11,720,392	-
Total assets and deferred outflows of resources	661,093,900	50,209,992	600,609,564	45,979,770
LIABILITIES & DEFERRED INFLOWS OF RESOURCES				
Current liabilities:				
Accounts payable and accrued liabilities (Note 5)	26,932,238	115,305	23,778,903	380,209
Due to Affiliates	55,993	348,535	102,057	1,251,544
Unearned revenue	3,965,022	29,862	4,860,845	211,384
Retainage payable	3,593,014	-	690,112	-
Obligations under securities lending	1,280,494	-	3,653,281	-
Deposits held in custody of others	2,378,071	5,932,586	2,860,091	5,673,830
Long-term liabilities-current portion (Notes 6 and 7)	15,687,777	1,215,000	12,615,541	1,160,000
Other current liabilities	17,465	-	31,333	38,567
Total current liabilities	53,910,074	7,641,288	48,592,163	8,715,534
Long-term liabilities - noncurrent (Notes 6 and 7)	131,687,469	10,492,292	126,063,862	9,313,157
Total liabilities	185,597,543	18,133,580	174,656,025	18,028,691

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

STATEMENT OF NET POSITION

As of June 30, 2024 (with comparative financial information as of June 30, 2023) (continued)

	2024		2023 (restated)	
	Virginia State University	Component Units	Virginia State University	Component Units
Deferred inflows of resources: (Note 1.O)				
Pension related	5,549,032	-	9,903,907	-
Other postemployment benefits related	4,696,341	-	6,196,828	-
Gain on refunding of debt	1,540,045	-	1,644,515	-
Total deferred inflows of resources	11,785,418	-	17,745,250	-
Total liabilities and deferred inflows of resources	\$ 197,382,961	\$ 18,133,580	\$ 192,401,275	\$ 18,028,691
NET POSITION				
Net investment in capital assets	\$ 317,248,978	\$ (4,412,795)	\$ 253,789,736	\$ (5,084,483)
Restricted for:				
Nonexpendable:				
Scholarships and fellowships	8,435,389	20,624,778	7,598,372	19,560,959
Instruction	3,323,139	-	3,311,105	-
Other	572,273	-	522,106	-
Expendable:				
Scholarships and fellowships	37,190,788	12,050,778	34,983,568	9,515,976
Instruction	4,295,687	-	3,770,747	-
Capital projects	81,787,579	-	77,080,323	-
Other	6,716,806	-	4,812,009	-
Unrestricted	4,140,300	3,813,651	22,340,323	3,958,627
Total net position	\$ 463,710,939	\$ 32,076,412	\$ 408,208,289	\$ 27,951,079

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2024 (with comparative financial information for the year ended June 30, 2023)

	2024		2023 (restated)	
	Virginia State University	Component Units	Virginia State University	Component Units
Operating revenues:				
Student tuition and fees (net of scholarship allowance of \$21,822,308 and \$21,610,578 for 2024 and 2023, respectively)	\$ 25,080,027	\$ -	\$ 20,838,317	\$ -
Federal grants and contracts	27,665,263	-	18,669,208	-
State and local grants and contracts	1,408,507	-	1,196,697	-
Auxiliary enterprises (net of scholarship allowance of \$30,900,802 and \$26,635,490 for 2024 and 2023, respectively)	34,331,123	-	25,683,663	-
Other operating revenues	1,309,901	2,167,638	887,310	4,262,655
Total operating revenues	89,794,821	2,167,638	67,275,195	4,262,655
Operating expenses: (Note 9)				
Instruction	65,889,157	-	48,357,993	-
Research	13,903,664	-	8,718,316	-
Public service	14,464,370	-	9,196,841	-
Academic support	6,900,428	-	7,381,077	-
Student services	9,198,046	-	6,838,758	-
Institutional support	26,063,123	3,728,700	29,282,402	4,188,921
Operation and maintenance of plant	13,806,426	-	11,863,895	-
Scholarships and fellowships	3,850,971	912,813	15,363,416	969,407
Amortization	6,939,997	-	1,393,645	-
Depreciation	11,844,777	482,784	9,660,192	476,646
Auxiliary enterprises	70,288,099	-	43,351,974	-
Total operating expenses	243,149,058	5,124,297	191,408,509	5,634,974
Operating income/(loss)	(153,354,237)	(2,956,659)	(124,133,314)	(1,372,319)
Nonoperating revenues/(expenses):				
State appropriations (Note 8)	105,626,884	-	89,498,451	-
Gifts	2,665,927	3,453,352	3,540,667	5,224,088
Investment income/(expense)	7,781,199	3,551,912	3,604,014	3,733,238
Interest on indebtedness	(1,670,657)	(458,323)	(1,208,507)	(535,227)
Federal student financial aid	19,778,909	-	15,587,233	-
Other nonoperating revenues	13,491,458	1,011,302	35,549,484	9,667
Other nonoperating expenses	(4,816,655)	(476,251)	(4,776,184)	(484,919)
Net nonoperating revenues/(expenses)	142,857,065	7,081,992	141,795,158	7,946,847
Income/(loss) before other revenues	(10,497,172)	4,125,333	17,661,844	6,574,528
Other revenues/(expenses):				
Capital grants and gifts	1,878,753	-	4,121,678	-
State appropriations revenue - capital projects	10,886,684	-	75,598,731	-
Additions to permanent endowments	768,515	-	551,297	-
VCBA 21st Century bond reimbursement program	52,465,870	-	18,017,970	-
Total other revenues/(expenses)	65,999,822	-	98,289,676	-
Increase/(decrease) in net position	55,502,650	4,125,333	115,951,520	6,574,528
Net position, beginning of year as previously restated	402,223,445	27,951,079	290,368,196	21,376,551
Adjustments (Note 1B)	5,984,844	-	1,888,573	-
Net position, end of year	\$ 463,710,939	\$ 32,076,412	\$ 408,208,289	\$ 27,951,079

The accompanying notes to the financial statements are an integral part of this statement

STATEMENT OF CASH FLOWS

For the year ended June 30, 2024 (with comparative financial information for the year ended June 30, 2023)

	2024	2023 (restated)
Cash flows from operating activities:		
Tuition and fees	\$ 23,595,532	\$ 19,730,168
Grants and contracts	26,790,048	16,714,268
Auxiliary enterprises	32,430,939	25,571,799
Departmental sales and services, and other revenues	1,309,903	887,310
Payments to employees	(75,170,789)	(63,304,850)
Payments for employee fringes and pension benefits	(27,025,905)	(23,372,020)
Payments to suppliers	(106,956,651)	(66,946,756)
Payments for utilities	(8,142,483)	(8,918,989)
Payments for scholarships and fellowships	(13,113,259)	(22,155,728)
Collection of loans from students	852,089	-
Other payments	(5,742,889)	(1,021,130)
Direct lending receipts	37,486,293	45,126,975
Direct lending disbursements	(37,486,293)	(45,126,975)
Funds held in custody of others - receipts	4,224,805	3,681,851
Funds held in custody of others - disbursements	(4,706,825)	(2,921,310)
Net cash provided/(used) by operating activities	<u>(151,655,485)</u>	<u>(122,055,387)</u>
Cash flows from noncapital financing activities:		
State appropriations	91,665,856	89,033,587
Gifts	4,214,671	3,018,107
Federal student financial aid	19,778,909	15,587,233
Other nonoperating revenue	7,627,518	28,866,620
Net cash provided/(used) by noncapital financing activities	<u>123,286,954</u>	<u>136,505,547</u>
Cash flows from capital financing activities:		
Capital appropriations	16,509,605	3,049,889
Capital gifts and grants	1,864,186	4,136,245
VCBA 21st Century bond reimbursement program	50,767,671	12,234,585
Interest paid on capital debt, leases, and installments	(2,058,207)	(858,159)
Principal paid on capital debt, leases, and installments	(18,897,470)	(11,044,323)
Principal received on capital debt, leases, and installments	5,901,579	24,870,320
Refundable advance	(5,000,000)	-
Purchase of capital assets	(66,596,009)	(31,301,226)
Net cash provided/(used) by capital financing activities	<u>(17,508,645)</u>	<u>1,087,331</u>
Cash flows from investing activities:		
Investment income	3,469,398	2,466,697
Proceeds from sales and maturities of investments	37,964,375	1,882,992
Purchase of investments	(25,072,245)	(26,125,627)
Net cash provided/(used) by investing activities	<u>16,361,528</u>	<u>(21,775,938)</u>
Net increase/(decrease) in cash	<u>(29,515,648)</u>	<u>(6,238,447)</u>
Cash and cash equivalents - beginning of the year	79,022,492	85,260,939
Cash and cash equivalents - end of year	<u>\$ 49,506,844</u>	<u>\$ 79,022,492</u>

STATEMENT OF CASH FLOWS

As of June 30, 2024 (with comparative financial information as of June 30, 2023) (continued)

	2024	2023 (restated)
Reconciliation of Net Operating Loss to Net cash used by Operating		
Activities:		
Operating income/(loss)	\$ (153,354,237)	\$ (124,133,314)
Adjustments to reconcile net cash used by operating activities:		
Depreciation and Amortization expense	18,784,774	11,053,837
Changes in assets & deferred outflows and liabilities & deferred inflows:		
Receivables	(10,653,600)	(2,780,312)
Prepaid items	(1,072,305)	(2,230,406)
Other post employment benefits asset (OPEB)	(329,791)	424,246
Accounts payable	789,511	4,063,270
Unearned revenue	(743,820)	(2,603,008)
Other liabilities	(13,868)	(9,460)
Long term liabilities	(315,246)	866,551
Net loans	852,089	-
Pension liability	8,014,018	9,924,669
Other post employment benefits liability (OPEB)	744,010	(633,861)
Deferred outflows of resources from pension and other postemployment benefits	(8,019,638)	1,904,437
Deferred inflows of resources from pension and other postemployment benefits	(5,855,362)	(18,662,576)
Funds held in custody for others - net	(482,020)	760,540
Net cash provided/(used) by operating activities	\$ (151,655,485)	\$ (122,055,387)
Noncash investing, capital and financing activities:		
Change in fair value of investments	3,427,836	1,137,317
Change in accounts receivable related to non-operating income	(10,050,873)	(78,782,524)
Change in accounts payable related to non-operating expense	(2,317,760)	(4,985,678)
Amortization of bond premium/discount and gain/loss on debt refunding	944,324	959,916
Right-to-use assets acquired through the assumption of a liability	14,564,798	4,247,026
VRS and VaLORS Special Revenue Allocation	895,282	2,058,648

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



NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The University is a component unit of the Commonwealth of Virginia and is included in the Annual Comprehensive Financial Report (ACFR) of the Commonwealth. These basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB) applicable to colleges and universities. They are prepared for and at the direction of the Commonwealth of Virginia for inclusion in the Commonwealth's ACFR, which includes all agencies, boards, commissions, and authorities associated with the Commonwealth and over which the Commonwealth exercises, or has the ability to exercise, oversight authority. In addition, the University has two discrete component units and a blended component unit included in the basic financial statements.

The Virginia State University Foundation (VSUF) is a legally separate discrete component unit of the University and was organized as a tax-exempt charitable and educational organization in 1968. The purpose of this foundation is to accept contributions from individual donors and to safeguard, invest, and distribute the funds as designated by the donors, or the Foundation's Board of Trustees, for the benefit of the University, its students, alumni, and educational community in support of the University's mission. For the year ended June 30, 2024, the VSUF distributed \$1,272,619 to the University for both restricted and unrestricted purposes. In addition, during fiscal year 2024, the VSUF divested \$3,500,000 from funds that had been transferred from the University, and invested in the foundation endowment portfolio to be used to purchase properties identified by the University as part of their expansion efforts. Once the VSUF purchases the identified property, it would then be transferred to the University from the VSUF. During 2024, two properties had been purchased on behalf of the University for a total of \$1,706,151, but had not been transferred as of June 30, 2024. Subsequent to year end, VSUF purchased an additional six properties on behalf of the University for a total of \$1,779,471. Separate financial statements for the VSUF can be obtained by writing Virginia State University Foundation c/o Vice President of External Relations, Storum Hall, Post Office Box 9071 Petersburg, VA 23806.

Additionally, the Virginia State University Real Estate Foundation (VSUREF) is a legally separate, discrete component unit of the University and was organized as a tax-exempt charitable and educational organization in 2002. Operations began in August 2003. The VSUREF operates on a December 31st year end, and is incorporated into the University's June 30th year end financial statements. The purpose of the Real Estate Foundation is to construct and manage the University Apartments at Ettrick (UAE), a 504-bedroom dormitory facility for the University, in support of the University's mission. On December 18, 2023, the Foundation and University entered into a Deed of Lease for the Project. Under this Deed of Lease, the Foundation is the landlord and the University is the tenant, and allows the University to use the building for student housing and in effect charge the students rent. The initial term of the lease is four (4) years and either (8) months, commencing on December 1, 2023 and terminating on June 30, 2028 and will automatically renew and continue for consecutive two (2) year terms if neither party has given timely notice of termination. Under the terms of the Deed of Lease, the University will pay the Foundation base rent of \$10 for the term of the lease, which is due and payable in one installment after the Deed of Lease has been fully executed. The rent is based on a triple net lease with the University being responsible for certain obligations, costs, payments, and reimbursements as detailed in the Deed of Lease. On September 14, 2023, the Foundation and the University entered into a Memorandum of Agreement ("MOA") as a result of their desire to cooperatively work together on select economic development strategies related to initiatives which may include the acquisition, development, ownership, and operation of related estate ventures to meet critical goals and demands of the University. During fiscal year 2024, the University provided \$5,000,000 to the VSUREF to fund the cost associated with actionable Economic Development Projects. The University will fund an Economic Development Account to be held by the foundation to be accounted for and used for the express purpose of advance funding of

the Economic Development Projects. Financial statements for the VSUREF can be acquired by writing the VSU Vice President of Finance, Post Office Box 9213, Petersburg, VA 23806.

Although the University does not control the timing or amount of receipts from either the VSUF or the VSUREF, the majority of the resources or income thereof that both foundations hold and invest is restricted to the activities of the University by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of the University, the VSUF and the VSUREF are considered component units of the University and are discretely presented in the University's financial statements.

The condensed component unit financial summary presented below, and subsequent notes, comply with the Governmental Accounting Standards Board (GASB) presentation format. Both VSU Foundation and VSU Real Estate Foundation follow the Financial Accounting Standards Board (FASB) presentation format in their audited financial statements. Consequently, reclassifications have been made to convert their statements to the GASB format.

Because these discretely presented component units are consolidated in the financial statements, a financial summary for each entity is presented below:

Condensed Statement of Net Position			
As of June 30, 2024			
	VSU Foundation	VSU Real Estate Foundation	Total
Assets:			
Current assets:	\$ 7,903,686	\$ 3,992,453	\$ 11,896,139
Noncurrent assets:			
Restricted cash and cash equivalents	-	2,377,102	2,377,102
Investments	31,590,772	-	31,590,772
Capital assets, net	-	4,345,979	4,345,979
Total noncurrent assets	31,590,772	6,723,081	38,313,853
Total assets & deferred outflows of resources	39,494,458	10,715,534	50,209,992
Liabilities:			
Current liabilities	6,275,325	1,365,963	7,641,288
Noncurrent liabilities	-	10,492,292	10,492,292
Total liabilities & deferred inflows of resources	6,275,325	11,858,255	18,133,580
Net position:			
Net investment in capital assets	-	(4,412,795)	(4,412,795)
Restricted:			
Nonexpendable	20,624,778	-	20,624,778
Expendable	12,050,778	-	12,050,778
Unrestricted	543,577	3,270,074	3,813,651
Total net position	\$ 33,219,133	\$ (1,142,721)	\$ 32,076,412

**Condensed Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2024**

	VSU		
	VSU	Real Estate	
	Foundation	Foundation	Total
Operating revenues	\$ -	\$ 2,167,638	\$ 2,167,638
Operating expenses	2,966,741	2,157,556	5,124,297
Operating income/(loss)	<u>\$ (2,966,741)</u>	<u>\$ 10,082</u>	<u>\$ (2,956,659)</u>
Nonoperating revenues/(expenses):			
Other nonoperating revenues/(expenses)	6,366,252	715,740	7,081,992
Net nonoperating revenues/(expenses)	<u>6,366,252</u>	<u>715,740</u>	<u>7,081,992</u>
Income/(loss) before other revenues	<u>3,399,511</u>	<u>725,822</u>	<u>4,125,333</u>
Total increase/(decrease) in net position	3,399,511	725,822	4,125,333
Net position, beginning of year	<u>29,819,622</u>	<u>(1,868,543)</u>	<u>27,951,079</u>
Net position, end of year	<u><u>\$ 33,219,133</u></u>	<u><u>\$ (1,142,721)</u></u>	<u><u>\$ 32,076,412</u></u>

In 2015, the Virginia State University Research Foundation (VSURF) commenced operations, and is included as a blended component unit in the University's financial statements. The purpose of the VSURF is to support the University's objectives for research, public service, economic and technological development. As a representative of the University, VSURF exemplifies the same spirit of entrepreneurship and focuses on the applications of engineering, science and technology to develop new ideas, methods and opportunities. In its capacity, the Foundation will provide several services related to Intellectual Property Management, Technology Transfer and Commercialization, and the Office of Sponsored Research & Programs.

The VSURF, like the University, operates on a June 30th year end, and as a blended component unit, their financial information is combined with the University's and reported in the financial statements in one column. For a copy of the VSURF financial statements, send a written request to Virginia State University Research Foundation, Post Office Box 9005, Petersburg, Va. 23806.

Because the reporting entities' financial information is combined in the financial statements, a financial summary for each entity, and in total, is shown below:

**Condensed Statement of Net Position
As of June 30, 2024**

	Virginia State University	VSU Research Foundation	Total
Assets:			
Current assets	\$ 51,417,681	\$ 1,037,523	\$ 52,455,204
Noncurrent assets:			
Restricted cash and cash equivalents	34,840,018	-	34,840,018
State appropriations available	90,329,189	-	90,329,189
Investments	69,043,407	-	69,043,407
Capital assets, net	387,300,026	-	387,300,026
Other	7,911,062	-	7,911,062
Total noncurrent assets	<u>589,423,702</u>	-	<u>589,423,702</u>
Deferred outflow of resources	<u>19,214,994</u>	-	<u>19,214,994</u>
Total assets & deferred outflows of resources	<u>660,056,377</u>	<u>1,037,523</u>	<u>661,093,900</u>
Liabilities:			
Current liabilities	53,909,241	833	53,910,074
Noncurrent liabilities	131,687,469	-	131,687,469
Deferred inflow of resources	<u>11,785,418</u>	-	<u>11,785,418</u>
Total liabilities & deferred inflows of resources	<u>197,382,128</u>	<u>833</u>	<u>197,382,961</u>
Net position:			
Net investment in capital assets	317,248,978	-	317,248,978
Restricted:			
Nonexpendable	12,330,801	-	12,330,801
Expendable	129,369,057	621,803	129,990,860
Unrestricted	<u>3,725,414</u>	<u>414,886</u>	<u>4,140,300</u>
Total net position	<u>\$ 462,674,250</u>	<u>\$ 1,036,689</u>	<u>\$ 463,710,939</u>

Condensed Statement of Revenues, Expenses and Changes in Net Position
For the year ended June 30, 2024

	Virginia State University	VSU Research Foundation	Total
Operating revenues	\$ 89,702,821	\$ 92,000	\$ 89,794,821
Operating expenses	243,127,943	21,115	243,149,058
Operating income/(loss)	<u>\$ (153,425,122)</u>	<u>\$ 70,885</u>	<u>\$ (153,354,237)</u>
Nonoperating revenues/(expenses):			
State appropriations	105,626,884	-	105,626,884
Federal student financial aid	19,778,909	-	19,778,909
Other nonoperating revenues/(expenses)	17,451,272	-	17,451,272
Net nonoperating revenues/(expenses)	<u>142,857,065</u>	<u>-</u>	<u>142,857,065</u>
Income/(loss) before other revenues and reductions	<u>(10,568,057)</u>	<u>70,885</u>	<u>(10,497,172)</u>
Other revenues:			
Capital grants and gifts	1,878,753	-	1,878,753
State appropriations Capital Projects	10,886,684	-	10,886,684
Additions/(reductions) to permanent endowments	768,515	-	768,515
21st Century Bonds Reimbursement Program	52,465,870	-	52,465,870
Total other revenues	<u>65,999,822</u>	<u>-</u>	<u>65,999,822</u>
Total increase/(decrease) in net position	55,431,765	70,885	55,502,650
Net position, beginning of year as restated	401,257,641	965,804	402,223,445
Adjustments (Note 1B)	5,984,844	-	5,984,844
Net position, end of year	<u>\$ 462,674,250</u>	<u>\$ 1,036,689</u>	<u>\$ 463,710,939</u>

Note: The major source of revenue for the VSU Research Foundation is grant revenue, and operating expenses are fully comprised of research related expenses with no depreciation or amortization

Condensed Statement of Cash Flows
For the year ended June 30, 2024

	Virginia State University	VSU Research Foundation	Total
Cash flows from:			
Operating activities	\$ (151,725,537)	\$ 70,052	\$ (151,655,485)
Noncapital financing activities	123,286,954	-	123,286,954
Capital and related financing activities	(17,508,645)	-	(17,508,645)
Investing activities	16,361,528	-	16,361,528
Net increase/(decrease) in cash and cash equivalents	<u>(29,585,700)</u>	<u>70,052</u>	<u>(29,515,648)</u>
Cash and cash equivalents, beginning of year	78,104,547	917,945	79,022,492
Cash and cash equivalents, end of year	<u>\$ 48,518,847</u>	<u>\$ 987,997</u>	<u>\$ 49,506,844</u>

B. Basis of Presentation

The University’s accounting policies conform to generally accepted accounting principles, as prescribed by the Governmental Accounting Standards Board (GASB). In recent years, several substantial GASB standards were issued, and the applicable requirements for VSU have been implemented.

GASB Pronouncement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, simplifies the structure of the hierarchy of generally accepted accounting principles (GAAP). The GAAP hierarchy sets forth what constitutes GAAP for all state and local governments. This Standard establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance governmental entities must apply.

The following GASB statements of standards became effective in fiscal year 2024: Statement No. 99, Omnibus 2022, (paragraphs 4 through 10 only), and Statement No. 100, Accounting Changes and Error Corrections (an amendment of GASB Statement No. 62). GASB Statement No. 100 enhances the requirements for accounting changes and error corrections. It aims to provide more understandable, reliable, and comparable information for decision-making and accountability. Accounting changes include changes in principles, estimates, and the reporting entity, while error corrections involve mathematical mistakes, misapplication of principles, or misuse of facts. The statement requires retrospective restatement of prior periods for changes in principles and error corrections, along with detailed note disclosures describing the nature and impact of the changes.

In addition to the statements of standards noted above, also effective in fiscal year 2024 was GASB Implementation Guide 2021-1, Implementation Guidance Update—2021, section 5.1, indicating that institutions should capitalize assets whose individual acquisition costs are less than the institution’s capitalization threshold for an individual asset if those assets in the aggregate are significant. The definition of “significance” is subjective to the entity and open to reasonable interpretation based on contributing factors. The University considered in its analysis such factors as type and annual spend of equipment purchases, total and proportion of purchases capitalized at the individual asset threshold, and useful lives of the types of equipment purchased, among other factors. To reflect the impact of accumulated depreciation associated with the longest useful life of the assets involved, a look-back period of five years for all equipment purchases was utilized in implementing this new procedure for the 2024 financial statements. As a result, a beginning balance adjustment was made to beginning net position. In addition, the University recognized a grand total of \$10.6 million in gross aggregate assets and offsetting accumulated depreciation of \$4.6 million. See the capital assets footnote (Note 4) for details regarding current year additions and reductions and table below for restatements due to the change in accounting principle.

	June 30, 2023	June 30, 2022
Net Position – Beginning of year, as previously restated	402,223,445	290,368,196
Change in Accounting Principle	<u>5,984,844</u>	<u>1,888,573</u>
Net Position – End of year, as restated	<u><u>408,208,289</u></u>	<u><u>292,256,769</u></u>

C. Basis of Accounting

The University’s financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability has been incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated as well.

D. Cash Equivalents

The University considers all highly liquid investments with an original maturity of ninety days, or less, to be cash equivalents. Funds invested through the state non-arbitrage program (SNAP) and portions of the funds invested in the State Securities Lending Program are considered cash equivalents.

E. Prepaid Expenses

Prepaid expenses represent University library books, memberships, subscriptions, postage, system maintenance agreements, service agreements, and licenses that were paid in advance as of June 30, 2024.

F. Capital Assets

Capital assets consisting of land, buildings, equipment, infrastructure assets, improvements other than buildings, inexhaustible works of art, intangible assets, and construction-in-progress are stated at appraised historical cost or actual cost, where determinable. Purchased or constructed capital assets are reported at actual cost or estimated historical cost. Donated capital assets are reported at acquisition value on the date of acquisition. Library materials are valued using purchase price for library acquisitions and are capitalized if the annual composite amount is \$5,000 or greater. Buildings and infrastructure are capitalized when the cost is \$100,000 or greater. Building renovations are capitalized when cost is \$100,000 or greater, and the asset value significantly increases or the useful life is significantly extended. Equipment is capitalized when the acquisition cost is \$5,000 or greater, and the estimated useful life is greater than one year. Expenses for construction-in-progress are capitalized as they are incurred. Intangible assets are capitalized when the acquisition cost is \$100,000 or greater.

Depreciation is calculated using the straight-line method over the estimated useful life as follows:

Buildings	30-60 years
Infrastructure assets	15-20 years
Equipment	2-10 years
Intangible assets – computer software	5-10 years
Library books	5 years
Other improvements	20 years

Capital assets also include intangible and right-to-use assets for building, subscription-based software as defined under GASB Statement No.'s 87 and 96. These right-to-use assets are amortized straight-line over the lives of their related underlying agreements.

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 payment 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.

G. Net Position

Net investment in capital assets represents the net value of capital assets (property, plant and equipment) less the debt incurred to acquire or construct the asset. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt are included in this component.

Resources restricted by outside sources are distinguished from unrestricted resources allocated for specific purposes by action of the Board of Visitors. Externally restricted resources may be utilized only in accordance with

the purposes established by the source of such resources and are in contrast with unrestricted resources, of which the governing board retains full control to use in achieving the institutional purpose.

Restricted net position can be expendable or nonexpendable. Nonexpendable restricted net position are endowments and similar type funds where the donor(s) or some other outside source has 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, which may either be expended or added to principal. Expendable restricted net position are resources which the University is legally or contractually obligated to spend in accordance with the restrictions imposed by external parties.

Unrestricted net position are resources derived primarily from state appropriations, sales and services of educational departments, student tuition and fees, auxiliary enterprises fees and revenues, and gifts. Auxiliary enterprises are self-supporting activities that provide services for students, faculty, and staff. These unrestricted resources are used for transactions relating to the educational and general operations of the University and at the discretion of the governing board to meet current expenses.

When an expense has been incurred that can be paid using either restricted or unrestricted resources, the University's policy is first to apply the expense toward restricted resources and then toward unrestricted. Restricted funds remain classified as such until restrictions have been satisfied.

H. Unearned Revenue

Unearned revenue represents revenues collected, but not earned as of June 30, 2024. This consists primarily of student tuition and fees received in advance of the academic term and advance payments from grant and contract sponsors.

I. Accrued Compensated Absences

The amount of leave earned, but not taken by 12-month faculty and salaried employees is recorded as a liability on the Statement of Net Position. The amount reflects all unused vacation leave, overtime leave, compensatory leave, sabbatical leave, and the amount payable upon termination under the Commonwealth of Virginia's sick leave payout policy as of June 30, 2024. The applicable share of employer-related taxes payable on eventual termination payments is also included.

J. Revenue and Expense Classifications

Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship allowance; (2) federal, state, and nongovernmental grants and contracts; and (3) sales and services of auxiliary enterprises, net of scholarship allowance.

Non-operating revenues include activities that have the characteristics of non-exchange transactions such as gifts and other revenue sources that are defined as non-operating revenues by GASB Statement 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Funds Accounting*, and GASB Statement 34 *Basic Financial Statements – and Management's Discussion and Analysis*, such as state appropriations, investment income, and federal student financial aid.

For 2024, "non-operating revenue" includes COVID-19 related Federal funding. The University received a total of \$2.9 million in COVID-19 related funding. This was a part of funds received for COVID Relief, Education Stabilization-Student and Institutional Aid and HBCU Funding. These funds were used to give emergency aid to students and also used for other expenses incurred due to the pandemic.

Non-operating expenses include interest on debt related to the purchase of capital assets and investment expenses. All other expenses are classified as operating expenses.

K. Discounts, Premiums, and Bond Issuance Costs

Bonds payable on the Statement of Net Position are reported net of related premiums and discounts, which are amortized as revenue or expense over the life of the bond. Bond issuance costs are expensed as incurred, due to the implementation of GASB Statement 65 *Items Previously Reported as Assets and Liabilities*.

L. Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, 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. The scholarship allowance is reported using the alternative method as recommended by the National Association of College and University Business Officers (NACUBO). The alternative method is a simple proportionality algorithm that computes scholarship allowance on a University-wide basis by allocating the amounts applied to student accounts and the cash payment to students, excluding payments for services, on the ratio of total aid to the aid not considered third-party aid.

M. Federal Title IV Programs

The University participates in the following federally funded programs: Federal Pell Grant (PELL); Federal Supplemental Educational Opportunity Grant (SEOG); Federal Direct Subsidized and Unsubsidized; Federal Parent Loan for Undergraduate and Graduate Students (PLUS); Federal College Work Study (CWS).

N. Comparative Data

The University presents its financial information on a comparative basis. The basic financial statements include certain prior year summarized comparative information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, the prior-year information should be read in conjunction with the University's financial statements as of and for the year ended June 30, 2023, from which the summarized information was derived. It is noted that certain prior period amounts from fiscal year 2023 were restated for conformity with the fiscal year 2023 Implementation Guide 2021-1, *Aggregate Assets*. Those changes resulted in the restatement of beginning net position, detailed in Note 1B, above.

O. Deferred Outflows and Deferred Inflows of Resources

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

For the University, gains on retirement of debt are classified as deferred inflows of resources and losses are reported as deferred outflows of resources. Each year these amounts are amortized and included as a component of interest expense based on the life of the debt. Changes in net pension liability and OPEB liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. In addition, employer contributions subsequent to the measurement date of the net pension liability are also reported as deferred outflows of resources.

P. Pensions

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' Retirement System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' Retirement System

(VaLORS) Retirement Plan; and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's fiduciary net 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. See Note 11 for additional information on the VRS and VaLORS pension plans.

Q. Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees or participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Group Life Insurance program OPEB and the additions to/deductions from the VRS Group Life Insurance Program OPEB's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 12 Other Post-Employment Benefits for additional plan information.

R. State Employee Health Insurance Credit Program

The Virginia Retirement System (VRS) State Employee Health Insurance Credit Program is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The State Employee Health Insurance Credit Program was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The State Employee Health Insurance Credit Program is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired state employees. For purposes of measuring the net State Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the State Employee Health Insurance Credit Program OPEB, and the State Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) State Employee Health Insurance Credit Program; and the additions to/deductions from the VRS State Employee Health Insurance Credit Program's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 12 Other Post-Employment Benefits for additional plan information.

S. VRS Disability Insurance Program

The Virginia Retirement System (VRS) Disability Insurance Program (Virginia Sickness and Disability Program) is a single employer plan that is presented as a multiple-employer, cost-sharing plan. The Disability Insurance Program was established pursuant to §51.1-1100 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Disability Insurance Program is a managed care program that provides sick, family and personal leave and short-term and long-term disability benefits for State Police Officers, state employees, and VaLORS employees. For purposes of measuring the net Disability Insurance Program OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the Disability Insurance Program OPEB, and Disability Insurance Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Disability Insurance Program OPEB Plan and the additions to/deductions from the VRS Disability Insurance Program OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 12 Other Post-Employment Benefits for additional plan information.

T. Line of Duty Act Program

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer, cost-sharing plan. The Line of Duty Act Program was established pursuant to §9.1-400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The Line of Duty Act Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net Line of Duty Act Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/deductions from the VRS Line of Duty Act Program OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. See Note 12 Other Post-Employment Benefits for additional plan information.

U. Pre-Medicare Retiree Healthcare Plan

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

V. Leases and Subscription-Based Information Technology Arrangements (SBITA)

Leases and SBITAs in-scope under GASB Statement No.'s 87 and 96 are required to be reported on the Statement of Net Position. Leases are classified as in-scope under Statement No. 87 if the agreement is valued at greater than \$50,000 and is longer than 12 months in duration. SBITAs are also classified as in-scope under Statement No. 96 if the agreement is valued at greater than \$50,000 and is longer than 12 months in duration. Agreements falling below these thresholds are recognized as outflows of resources (expenses) during the period in which the related payments occur. In-scope situations in which the University acts as the Lessee are recorded as leases/SBITAs payable at the discounted present value of the fixed payment streams stipulated by the related agreement. A coordinating 'right-to-use' intangible asset is recorded and amortized straight-line over the life of the related agreement.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et seq., *Code of Virginia*, all State funds of the University are held by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of State funds. Cash deposits held by the University are maintained in accounts that are covered by Federal Depository Insurance Corporation (FDIC) up to \$250,000. At June 30, 2024, the amount of uncollateralized deposits exceeded the amounts insured by the Federal Deposit Insurance Corporation (FDIC) by \$477,819. In accordance with the GASB Statement 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds*, definition of cash and cash equivalents, cash represents cash with the Treasurer of Virginia, cash on hand, and cash deposits including certificates of deposit and temporary investments with original maturities of three months or less. The Virginia State Non-Arbitrage Program (SNAP) offers a professionally-managed money market mutual fund, which provides issuers with a temporary pooled investment vehicle for proceeds pending expenditure, and with record keeping, depository and arbitrage rebate calculation services. SNAP is in compliance with all of the standards of GASB

Statement No.79 and elects to report its investments for financial reporting at amortized cost. At June 30, 2024, the carrying amount of cash and cash equivalents was \$49,506,844.

B. Investments - Credit Risk, Custodial Credit Risk, and Interest Rate Risk

Pursuant to Section 23.1-1301, *Code of Virginia*, the Board of Visitors of Virginia State University has the broad authority to manage the funds of the University. In doing so, the Board created an “Investment Policy” which governs the investment of the University’s pooled endowed funds and sets forth the responsibilities of the University, its investment advisors, and external managers. The University’s Endowment consists of gifts, Board-designated endowments, and funds connected with the Title III Endowment Challenge Grant Program. It is the intent of the Board that these funds be invested with a long-term approach aimed at generating sustainable levels of income to support the academic mission of the University. In order to do so, the University adheres to the guidelines set forth by the Uniform Prudent Management of Institutional Funds Act, *Code of Virginia* Section 64.2-1100 et seq., to evaluate common deposit and investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. The following disclosures are made in accordance with GASB Statement 40 *Deposit and Investment Risk Disclosures*. As an element of interest rate risk, this statement requires certain disclosures of investments with fair values that are highly sensitive to changes in interest rates. Deposit and investment policies related to the risks identified in this statement must be disclosed. GASB Statement 40 also modifies disclosures required by GASB Statement 3 *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*.

As of June 30, 2024, the University had investments with the following investment managers:

Spider Management Group	\$44,225,525
Truist	\$23,313,322
Virginia State University Foundation	\$1,504,560
Total investments	\$69,043,407

The University also participates in the Commonwealth’s security lending program. 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. Information related to the credit risk of these investments and securities lending transactions held in the General Account is available on a statewide level in the Commonwealth of Virginia’s ACFR. VSU reported \$1,280,494 of cash and cash equivalents for the Securities Lending Program for fiscal year 2024.

The University has invested a portion of its investment funds with Virginia State University Foundation (VSUF). The funds are to be invested by the Foundation in accordance with their investment policy and to be held in an account separate from their pooled funds. VSUF tracks the earnings and losses on these funds and adjusts the balance accordingly, and is required to return the fair market value of the funds at the time the University requests the funds.

C. Fair Value Measurement

The following disclosures are made in accordance with GASB Statement 72 *Fair Value Measurement and Application*. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government’s financial position. Furthermore, all investment income, including changes in the fair value of investments (unrealized gains and losses), is reported as nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

In the chart below, SNAP Investments are reported using the net asset value per share, which is calculated on an amortized cost basis that provides a NAV per share that approximates fair value. Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Investments:	Not Applicable to Fair Value Measurement	Quoted Prices	Significant	Significant	Investments Measured at Net Asset Value (NAV)	Credit	Rating
		in Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)			
Cash	\$ 24,492,797	\$ -	\$ -	\$ -	\$ -	-	Not rated
STIF (SNAP)	25,014,047	-	-	-	-	-	AAAm
STIF	21,740	-	-	-	-	-	Not applicable
Stocks	-	1,310,401	-	-	-	-	Not applicable
Exchange Traded Securities and Closed End Funds	-	7,195,816	-	-	-	-	Not applicable
Mutual Funds	-	16,215,879	-	-	-	-	Not rated
Hedge Funds	-	74,046	-	-	-	-	Not rated
Unitized Investment Pool (Spider)	-	-	-	-	44,225,525	-	Not applicable
Total	\$ 49,528,584	\$ 24,796,142	\$ -	\$ -	\$ 44,225,525		

The Richmond Fund, managed by the Spider Management Group, creates a strategic mix of asset classes in order to preserve principal and build long-term capital. Diversification is the core tenant of the Richmond Fund, which invests across asset classes broadly categorized as public equity, private equity/venture capital, multi-strategy/credit, and real assets.

The following chart provides information on the availability of the investment funds:

Investment Type	Redemption Frequency	Redemption Notice Period	Percentage Redemption
Unitized Investment Pool (Spider)	Quarterly	60 days	Up to 10%
Unitized Investment Pool (Spider)	Quarterly	30 days	Up to 5%

D. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. The University does not invest directly in fixed income securities, but rather holds shares of mutual funds which target specific types of fixed income instruments. Doing so allows the University to construct a fixed-income portfolio which carries prudent levels of interest rate risk by targeting and maintaining an average duration congruent with the investment objectives of the University. As of June 30, 2024, approximately \$4.7 million of mutual funds are subject to interest rate risk; while the maturities vary, most have longer maturities to further diversify the portfolio.

E. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Section 2.2.-4501 of the Code of Virginia authorizes the investment of local funds held by the University in obligations of the Commonwealth; federal government; other states or political subdivisions thereof; Virginia political subdivisions; the International Bank for Reconstruction and Development; the Asian Development Bank; and the African Development Bank. In addition, the University may invest in prime quality commercial paper rated Prime 1 by Moody’s Investment Service or A-1 by Standard and Poor’s, Incorporated. The University may also invest in overnight term or open repurchase agreements and money market funds. The University does not hold

rated debt securities directly but rather constructs a balanced fixed-income mutual fund portfolio which assumes levels of credit risk appropriate with its risk and return objectives.

F. Custodial Credit Risk

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the endowment funds will not be able to recover the value of the investments that are in possession of an outside party. The University does not have a formal investment policy for custodial arrangements. At June 30, 2024, the University endowment funds were held at the custodial banks, the Spider Management Group, and Truist. All investments, for which custodial credit risk is applicable, are registered and held in the name of the University and, therefore, the University does not have this risk.

Custodial credit risk for cash is the risk that in the event of the failure of the counterparty, the cash held in deposit with the outside party will not be fully recoverable. At June 30, 2024, VSURF had uncollateralized deposits exceeding the amounts insured by the Federal Deposit Insurance Corporation (FDIC) of \$737,997.

G. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government or university in a single issuer. The University does not have a formal policy to reduce concentration of credit risk; however, all of the University's investments were held in various instruments and stocks and were not exposed to this risk.

H. Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of investment or deposit. The University does not have a policy limiting foreign investments. The University does not have any investments directly exposed to foreign currency risk.

I. VSUF – Cash and Investments

The investments of the VSUF consist primarily of equity securities and mutual funds. All investments are stated at fair value as reported by investment managers and reflect readily determinable market prices. All investments are considered available for sale. The amount of cash and investments held by the VSUF at June 30, 2024, was \$37,607,529.

At June 30 2024, the VSUF had \$29,845,118 in total investments. These investments are classified as follows: \$29,308,579 as Level 1; \$ -0- as Level 2; \$536,539 as Level 3.

J. VSUREF - Cash and Investments

The investments of the VSUREF consist primarily of U.S. government money market funds. All investments are stated at fair value as reported by investment managers and reflect readily determinable market prices. All investments are considered available for sale. Cost is determined based on the initial purchase price of each individual investment. The amount of cash and investments held by the VSUREF at December 31, 2023 was \$6,369,555.

At December 31, 2023, the VSUREF had \$(448,518) related to a derivative interest rate swap agreement. This investment is classified as Level 2.

2.1 DONOR RESTRICTED ENDOWMENTS

Investments of the university's endowment funds are pooled and consist primarily of gifts and bequests, the use of which is restricted by donor imposed limitations. The Uniform Prudent Management of Institutional Funds Act, Code of Virginia Title 64.2, Chapter 11, permits the spending policy adopted by the Board of Visitors to appropriate an amount of realized and unrealized endowment appreciation as the Board determines to be prudent. The payout percentage is reviewed and adjusted annually as deemed prudent.

The University, at fiscal year 2024 year-end, had a net appreciation of \$7,577,061 which is available to be spent and is reported in the Statement of Net Position in the following categories: Restricted Expendable for Scholarships and Fellowships - \$3,176,945, Restricted Expendable for Instruction - \$3,335,990, and Restricted Expendable for Other - \$1,064,126.

3. ACCOUNTS AND NOTES RECEIVABLE

A. Accounts Receivable

Accounts receivable is shown net of allowance for doubtful accounts in the accompanying Statement of Net Position.

Accounts Receivable at June 30, 2024	
University:	
Student tuition and fees	\$ 8,341,463
Federal, state and private grants and contracts	10,639,402
Multi-purpose center	119,300
Auxiliary enterprises	10,355
Third party receivables - students	753,571
Other receivables	261,030
Gross accounts receivable	20,125,121
Less: Allowance for doubtful accounts	(3,935,697)
Net accounts receivable	16,189,424
Research Foundation:	
Gross accounts receivable	49,526
Less: Allowance for doubtful accounts	-
Net accounts receivable	49,526
Total net accounts receivable	\$ 16,238,950

B. Due from the Commonwealth

Receivables due from the Commonwealth represent reimbursements due for equipment purchases made by the University under the Equipment Trust Fund and bond reimbursement programs. On a reimbursement basis, the Equipment Trust Fund program provides State-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment.

The details for the receivables due from the Commonwealth are as follows:

Due from the Commonwealth at June 30, 2024	
21 Century Bond Reimbursement - Demolish Daniel Gym and Replace Harris Hall	\$ 8,729,178
21 Century Bond Reimbursement - Waterproof Camp Bld Detail Plan	6,016
21 Century Bond Reimbursement - Maintenance Reserve	13,879
21 Century Bond Reimbursement - Infrastructure Campus Safety	86,498
21 Century Bond Reimbursement - Construct Administrative Building Detail Planning	10,848
21 Century Bond Reimbursement - Improve Heating AC and Ventiliation	27,235
21 Century Bond Reimbursement - Improve and Replace Tech Infrastructure	1,373
Total due from the Commonwealth	<u>\$ 8,875,027</u>

C. Notes Receivable

Notes receivable are shown net of an allowance for doubtful accounts in the accompanying Statement of Net Position.

At June 30, 2024, notes receivable consisted of the following:

Notes Receivable at June 30, 2024	
Notes receivable:	
Federal student loans	\$ 1,191,522
Less: Allowance for doubtful accounts	<u>(1,017,987)</u>
Total notes receivable	<u>\$ 173,535</u>

D. Investment Receivable

At June 30, 2024, the University recognized investment receivables totaling \$2,359,462 which consists of proceeds from investment sales initiated before year-end but settled after June 30. These amounts are expected to be collected within 30 days.

4. CAPITAL ASSETS

A summary of changes in the various capital asset categories for the year ending June 30, 2024, is presented as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Nondepreciable capital assets:				
Land	\$ 19,996,324		\$ -	\$ 19,996,324
Inexhaustible works of art and historical treasures	119,000	-	-	119,000
Construction in progress	39,296,253	58,998,973	(11,594,682)	86,700,544
Total nondepreciable capital assets	59,411,577	58,998,973	(11,594,682)	106,815,868
Depreciable and amortizable capital assets:				
Buildings	392,702,095	8,527,087	-	401,229,182
Equipment *	51,539,837	10,012,570	(387,368)	61,165,039
Infrastructure (includes Improvements other than buildings)	31,489,108	1,840,485	-	33,329,593
Library books	20,374,790	9,756	(464)	20,384,082
Intangible Assets:				
Computer Software	3,347,006	-	(3,347,006)	-
Right-to-use subscription assets	6,190,201	-	-	6,190,201
Leases	-	18,974,830	-	18,974,830
Total depreciable and amortizable capital assets	505,643,037	39,364,728	(3,734,838)	541,272,927
Less accumulated depreciation for:				
Buildings	168,479,065	6,970,075	-	175,449,140
Equipment *	32,190,661	4,045,658	(387,368)	35,848,951
Infrastructure (includes Improvements other than buildings)	-	-	-	-
Library books	19,409,522	743,208	-	20,152,730
Library books	20,283,053	85,836	(464)	20,368,425
Less accumulated amortization for:				
Computer Software	3,347,006	-	(3,347,006)	-
Right-to-use subscription assets	2,029,526	2,013,721	-	4,043,247
Leases	-	4,926,276	-	4,926,276
Total accumulated depreciation and amortization	245,738,833	18,784,774	(3,734,838)	260,788,769
Net depreciable and amortizable capital assets	259,904,204	20,579,954	-	280,484,158
Total	\$ 319,315,781	\$ 79,578,927	\$ (11,594,682)	\$ 387,300,026
*GASB's Implementation Guide 2021-1 required restatement of beginning net position.				

Net capital assets of the VSUREF consist of \$542,828 for land and \$3,803,152 (net of accumulated depreciation of \$11,522,276) for buildings, land improvements, and equipment as of December 31, 2023.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following at June 30, 2024:

Employee salaries, wages, and fringe benefits payable	\$ 5,580,002
Matured interest payable	69,050
Vendor and supplier accounts payable	<u>21,283,186</u>
Total	<u>\$ 26,932,238</u>

6. LONG-TERM LIABILITIES

The University's noncurrent liabilities consist of long-term debt (further described in Note 7) and other noncurrent liabilities. A summary of changes in noncurrent liabilities for the year ending June 30, 2024 is presented as follows:

	Beginning			Ending		
	Balance	Additions	Reductions	Balance	Current	Noncurrent
Long-term debt:						
General obligations revenue bonds	\$ 51,006,374	\$ 5,376,543	\$ (14,055,458)	\$ 42,327,459	\$ 7,990,000	\$ 34,337,459
Notes payable	25,278,338	-	(227,435)	25,050,903	275,000	24,775,903
Total long-term debt	76,284,712	5,376,543	(14,282,893)	67,378,362	8,265,000	59,113,362
Other noncurrent liabilities:						
Net pension liability *	40,788,913	7,329,143	-	48,118,056	-	48,118,056
OPEB Liability *	10,853,622	533,603	-	11,387,225	215,159	11,172,066
Accrued compensated absences	5,729,445	2,572,941	(2,888,188)	5,414,198	1,976,724	3,437,474
Federal Perkins loan contributions	1,521,882	-	-	1,521,882	-	1,521,882
Leases Payable	-	14,564,799	(2,620,676)	11,944,123	3,709,311	8,234,812
Subscription based IT arrangements	3,500,830	-	(1,889,430)	1,611,400	1,521,583	89,817
Total other noncurrent liabilities	62,394,692	25,000,486	(7,398,294)	79,996,884	7,422,777	72,574,107
Total long-term liabilities	<u>\$ 138,679,404</u>	<u>\$ 30,377,029</u>	<u>\$ (21,681,187)</u>	<u>\$ 147,375,246</u>	<u>\$ 15,687,777</u>	<u>\$ 131,687,469</u>

* Reflects net change

A summary of future principal and interest requirements for lease agreement liabilities for fiscal years as of June 30, 2024, are as follows:

Maturity	Principal	Interest	Total
2025	\$ 3,709,311	\$ 513,865	\$ 4,223,176
2026	2,291,589	352,357	2,643,946
2027	1,386,286	279,849	1,666,135
2028	1,455,449	206,744	1,662,193
2029	1,527,155	129,969	1,657,124
2030 - 2034	1,574,333	49,458	1,623,791
Total	\$ 11,944,123	\$ 1,532,242	\$ 13,476,365

A summary of future principal and interest requirements of subscriptions-based information technology agreement liabilities for fiscal years as of June 30, 2024, are as follows:

Maturity	Principal	Interest	Total
2025	\$ 1,521,583	\$ 94,969	\$ 1,616,552
2026	60,921	9,460	70,381
2027	28,896	2,355	31,251
2028	-	-	-
Total	\$ 1,611,400	\$ 106,784	\$ 1,718,184

7. LONG-TERM INDEBTEDNESS

A. Bonds Payable

The University's bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. All of the bonds at the University are Section 9(c) bonds. These bonds are backed by the full faith, credit and taxing power of the Commonwealth, and are issued to finance capital projects which, when completed, will generate revenue to repay the debt.

A summary of future principal and interest requirements of bonds payable for fiscal years as of June 30, 2024, are as follows:

General obligation revenue bonds:	Interest Rate	Maturity	Total
Constr Two Res Halls - S2024-2007B Ref Portion, Series 2013B	5.0%	2025	\$ 1,783,000
Constr Dining Hall - S2024-2006B Ref Portion, Series 2013B	5.0%	2026	616,000
Constr Residence Halls - S2024-2006B Ref Portion, Series 2013B	5.0%	2026	2,392,000
Constr Res Halls - S2024-2007A Ref Portion, Series 2013B	5.0%	2027	408,000
Construct Two Residence Halls-2007B Ref Portion, Series 2015B	5.0%	2027	3,622,618
Construct Gateway Res Hall Phase II, Ref (2011A Ref) Series 2020B	0.55% -1.41%	2031	17,590,000
Construct Quad Phase II, Ref (2011A Ref) Series 2020B	0.55% -1.41%	2031	15,390,000
Add unamortized premium			525,841
Total bonds payable			<u>\$ 42,327,459</u>

Aggregate annual maturities of bonds payable for fiscal years after 2024 are:

Maturity	Principal	Interest	Total
2025	\$ 7,990,000	\$ 776,017	\$ 8,766,017
2026	8,054,866	581,439	8,636,305
2027	6,651,752	377,356	7,029,108
2028	4,685,000	237,744	4,922,744
2029	4,740,000	188,082	4,928,082
2030 - 2034	9,680,000	199,940	9,879,940
Add unamortized premium (net of discount)	525,841	-	525,841
Total	<u>\$ 42,327,459</u>	<u>\$ 2,360,578</u>	<u>\$ 44,688,037</u>

B. Notes Payable

In prior years, the University participated in the Virginia College Building Authority (VCBA) Pooled Bond Program to fund the renovation of Rogers Stadium and the Student Village Housing Renovation Project. The University last participated in the Virginia College Building Authority (VCBA) Pooled Bond Program in 2023 to fund the Renovation and Expansion of the Student Union Building. At June 30, 2024, the outstanding reported balance was \$25,050,903 for the VCBA notes payable.

A summary of future principal and interest requirements of the VCBA notes payable for the fiscal years as of June 30, 2024, are as follows:

Virginia College Building Authority Notes Payable:	Interest		
	Rate	Maturity	Total
VSU Roger Stadium Proj-12A Ref Taxable (05A Ref) Series 2021B	0.48-0.50%	2025	\$ 180,000
VSU Student Village Hsg. - 12A Ref Taxable (05A Ref) Series 2021B	0.48-0.50%	2025	95,000
VSU Pooled Bonds-Roger's Stadium-2005A, Ref Portion, Series 2014B	4.0%	2026	190,000
VSU Pooled Bonds-Student Village Hsg-2005A, Ref Portion, Series 2014B	4.0%	2026	95,000
VSU Pooled Bonds-Student Union Building Series 2023A	4.0% - 5.0%	2048	22,345,000
Add unamortized premium (net of discount)			2,145,903
Total notes payable			<u>\$ 25,050,903</u>

Aggregate annual maturities of notes payable for fiscal years after 2024 are:

Maturity	Principal	Interest	Total
2025	\$ 275,000	\$ 1,013,610	\$ 1,288,610
2026	830,000	993,625	1,823,625
2027	575,000	959,925	1,534,925
2028	600,000	930,550	1,530,550
2029	635,000	899,675	1,534,675
2030-2034	3,685,000	3,976,625	7,661,625
2035-2039	4,735,000	2,929,375	7,664,375
2040-2044	5,915,000	1,741,500	7,656,500
2045-2049	5,655,000	463,500	6,118,500
Add unamortized premium:	2,145,903	-	2,145,903
Total	<u>\$ 25,050,903</u>	<u>\$ 13,908,385</u>	<u>\$ 38,959,288</u>

C. New Refunded and Defeasance Debt

During 2024, the Commonwealth of Virginia on behalf of its public universities, issued \$118,080,000 of General Obligations Refunding Bonds, Series 2024B (the "Bonds"). The Bonds were issued to provide debt service savings by refunding bonds issued under Article X, Section 9(c) of the Constitution of Virginia. A portion of the bonds were issued to finance one or more 9(c) projects at this institution as follows:

New Refunded Debt – Bonds – (Construct Dining Hall – Series 2006B)

The sale of these bonds completed by the Treasury Board on February 14, 2024, enabled the University to advance refund \$632,972 of Series 2006B Construct Dining Hall 9(c) bonds. The net proceeds of \$637,746 (after payment of underwriter's fees and other issuance costs) will be used to pay interest, redemption premium and maturity value of the refunded bonds to their call date. This defeasance reduced total combined debt service payments over the remaining years of the debt by \$14,007 resulting in an economic gain of \$13,497 discounted at the rate of 2.87%.

New Refunded Debt – Bonds (Construct Residence Halls – Series 2007A)

The sale of these bonds completed by the Treasury Board on February 14, 2024, enabled the University to advance refund \$424,599 of Series 2007A Construct Residence Hall 9(c) bonds. The net proceeds of \$427,666 (after payment of underwriter's fees and other issuance costs) will be used to pay interest, redemption premium and maturity value of the refunded bonds to their call date. This defeasance reduced total combined debt service

payments over the remaining years of the debt by \$13,222 resulting in an economic gain of \$12,585 discounted at the rate of 2.87%.

New Refunded Debt – Bonds (Construct Residence Halls – Series 2006B)

The sale of these bonds completed by the Treasury Board on February 14, 2024, enabled the University to advance refund \$2,454,574 of Series 2006B Construct Residence Hall 9(c) bonds. The net proceeds of \$2,476,545 (after payment of underwriter’s fees and other issuance costs) will be used to pay interest, redemption premium and maturity value of the refunded bonds to their call date. This defeasance reduced total combined debt service payments over the remaining years of the debt by \$50,937 resulting in an economic gain of \$49,061 discounted at the rate of 2.87%.

New Refunded Debt – Bonds (Construct Two Residence Halls – Series 2007B)

The sale of these bonds completed by the Treasury Board on February 14, 2024, enabled the University to advance refund \$1,811,811 of Series 2007B Construct Two Residence Halls 9(c) bonds. The net proceeds of \$1,824,643 (after payment of underwriter’s fees and other issuance costs) will be used to pay interest, redemption premium and maturity value of the refunded bonds to their call date. This defeasance reduced total combined debt service payments over the remaining years of the debt by \$27,320 resulting in an economic gain of \$26,682 discounted at the rate of 2.87%.

Defeased Debt

In previous years, the Commonwealth of Virginia, on behalf of the University, issued bonds for which the proceeds were deposited into an irrevocable trust with an escrow agent to provide for all future debt service on the refunded bonds. Accordingly, the trust account assets and the related liability for the defeased bonds are not reflected in the University’s financial statements. At June 30, 2024, there were no defeased bonds outstanding.

D. Foundation Debt

The VSUREF refinanced and paid off the Series 2006 bonds and obtained \$20,330,000 in Series 2008 bonds of which \$8,758,776 in principal remains at December 31, 2023. The Series 2008 bonds are collateralized by the rental property and equipment. Also, the VSUREF is required to maintain a debt service reserve. The contractual interest rates are variable.

The Series 2008 bonds mature on July 1, 2031, and the VSUREF has agreed to prepayment terms of the principal to the Trustee with payments remaining due as follows:

Maturity	Principal
2024	\$ 1,215,000
2025	1,275,000
2026	1,340,000
2027	1,405,000
2028	1,475,000
Thereafter	2,084,705
Total	\$ 8,794,705

In conjunction with the refinancing of the bonds, loan costs of \$124,371 were incurred and are being amortized over the life of the debt. Amortization expense for both the year ended December 31, 2023 and 2022 was \$5,528 and \$5,528.

The VSUREF had entered into an interest rate swap agreement as part of the provisions of the Series 2006 bond agreement. When the VSUREF issued the 2008 Series bonds the original swap contract was satisfied and a new interest rate swap agreement was obtained. Per the terms of the 2008 swap agreement, the VSUREF pays a fixed rate of interest of 4.12%. The interest rate swap agreements qualify as derivative financial instruments and are used to mitigate the effect of interest rate fluctuations. The VSUREF accounts for the interest rate swaps as fair value hedges whereas other liabilities in the accompanying statements of financial position with the offsets recorded as expenses.

The fair value of these contracts was \$448,518 and \$559,910 at December 31, 2023 and 2022 respectively. This is the amount the VSUREF would have to pay to settle the interest rate swaps as of these respective dates.

In conjunction with the bond issuance, the University signed a support agreement with the VSUREF stating that the project will be an equal part of the student housing program, provide preferential treatment to provide 95% occupancy if the debt service coverage ratio is less than 1.2 to 1, and limit additional housing projects.

8. 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 a biennium.

The following is a summary of state appropriations received by the University for the year ended June 30, 2024:

Virginia State University:	
Original legislative appropriation:	
Education and general programs	\$ 62,777,316
Higher education student financial assistance	23,547,221
Supplemental adjustments:	
State grants and scholarships	3,107,866
Fiscal year 2024 Approp-Tech Talent	305,824
Fiscal year 2024 Approp-Affordable Access	1,521,000
Fiscal year 2024 Approp-Pell Initiative	326,000
VIVA interlibrary loan allocation	2,275
Fiscal year 2024 central appropriation distribution	2,547,809
Capital outlay fee - fiscal year 2024	(773,577)
VCBA debt service appropriations	(108,886)
Fiscal year 2024 credit card rebates	83,911
Fiscal year 2024 interest earnings	175,679
Year-end cash reversion	(464,538)
Reappropriation of fiscal year 2023 E&G carry forward	2,182,379
	<u>95,230,279</u>
Cooperative Extension and Agricultural Research Services:	
Original legislative appropriation:	
Education and general programs	7,310,969
Supplemental adjustments:	
Fiscal year 2024 Approp Increase-Agy 234	1,786,289
Fiscal year 2024 central appropriation distribution	215,982
Year-end cash reversion	(2,134,986)
Reappropriation of fiscal year 2023 E&G carry forward	3,218,351
	<u>10,396,605</u>
Total state appropriations	\$ 105,626,884

9. EXPENSES BY NATURAL CLASSIFICATION

The following table shows a classification of operating 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.

Natural Classification as of June 30, 2024	Salaries & Wages	Fringe Benefits	Services & Supplies	Scholarships & Fellowships	Utilities	Amortization & Depreciation	Total
Instruction	\$ 32,228,012	\$ 9,292,852	\$ 23,561,256	\$ 627,301	\$ 179,736	\$ -	\$ 65,889,157
Research	5,047,361	1,472,081	6,862,039	352,500	169,683	-	13,903,664
Public Service	6,566,440	1,298,147	6,394,013	152,446	53,324	-	14,464,370
Academic Support	4,166,316	1,161,652	1,541,028	-	31,432	-	6,900,428
Student Services	4,946,642	1,388,584	2,793,226	4,503	65,091	-	9,198,046
Institutional Support	15,403,682	4,749,132	5,302,853	176,729	430,727	-	26,063,123
Operations & Maintenance of Plant	955,495	326,980	9,564,330	-	2,959,621	-	13,806,426
Scholarships & Fellowships	-	-	216,089	3,634,882	-	-	3,850,971
Amortization	-	-	-	-	-	6,939,997	6,939,997
Depreciation	-	-	-	-	-	11,844,777	11,844,777
Auxiliary Enterprises	6,113,958	1,889,714	49,866,660	8,164,898	4,252,869	-	70,288,099
Total	\$ 75,427,906	\$ 21,579,142	\$ 106,101,494	\$ 13,113,259	\$ 8,142,483	\$ 18,784,774	\$ 243,149,058

10. COMMITMENTS

As of June 30, 2024, the University was a party to construction and other contracts totaling \$120,094,677 of which \$54,348,337 was still outstanding.

11. RETIREMENT PLANS

A. Virginia Retirement System – Pension Plan

Plan Description

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

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Same as Plan 1.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
<p>Eligible Members Members are in Plan 1 if their membership date is before July 1, 2010, they were vested</p>	<p>Eligible Members Members are in Plan 2 if their membership date is from July 1, 2010, to December 31,</p>	<p>Eligible Members Members are in the Hybrid Retirement Plan if their membership date is on or</p>

<p>as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election VRS Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.</p> <p>The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p>	<p>2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election Same as Plan 1.</p>	<p>after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Full-time permanent, salaried state employees*. • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members Some members are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Members of the Virginia Law Officers' Retirement System (VaLORS). <p>Those members eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>
<p>Retirement Contributions State members, excluding state elected officials, and optional retirement plan participants, contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are</p>

<p>tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.</p>		<p>based on a percentage of the employee’s creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <u>Defined Benefit Component:</u> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><u>Defined Contributions Component:</u></p>

		<p>Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>
<p>Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p>

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

<p>Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.</p>	<p>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.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>VaLORS: Not applicable. Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>VaLORS: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>VaLORS: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

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

<p>any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><u>Eligibility:</u> For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year following the unreduced retirement eligibility date.</p> <p><u>Exceptions to COLA Effective Dates:</u> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or 	<p>to 2%), for a maximum COLA of 3%.</p> <p><u>Eligibility:</u> Same as Plan 1</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1</p>	<p>Not applicable.</p> <p><u>Eligibility:</u> Same as Plan 1 and Plan 2.</p> <p><u>Exceptions to COLA Effective Dates:</u> Same as Plan 1 and Plan 2.</p>
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<p>misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</p> <ul style="list-style-type: none"> • The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. <p>The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</p>		
<p>Disability Coverage For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>	<p>Disability Coverage For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p> <p>Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.</p>	<p>Disability Coverage State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <u>Defined Benefit Component:</u></p>

<p>previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>		<p>Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> Hybrid Retirement Plan members are ineligible for ported service. <p><u>Defined Contribution Component:</u> Not applicable.</p>
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Contributions

The contribution requirement for active employees is governed by § 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency’s contractually required employer contribution rate for the fiscal year ended June 30, 2024, was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rate which were based on actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were \$7,499,248 and \$6,176,291 for the years ended June 30, 2024, and June 30, 2023, respectively. Contributions from the University to the VaLORS Retirement Plan were \$362,771 and \$260,185 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$73.0 million to the VRS State plan and \$6.6 million to VaLORS. These special payments were authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and are classified as special employer contributions. The University’s proportionate share for the VRS State Employee Retirement Plan and for the VaLORS Retirement Plan are reflected in the Other Nonoperating Revenue line.

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

At June 30, 2024, the University reported a liability of \$45,767,019 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$2,351,037 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The University’s 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, 2023, relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2023, the University’s proportion of the VRS State Employee Retirement Plan was 0.90454% as compared to 0.85346% at June 30, 2022. At June 30, 2023, the University’s proportion of the VaLORS Retirement Plan was 0.36342% as compared to 0.32468% at June 30, 2022.

For the year ended June 30, 2024, the University recognized pension expense of \$3,921,846 for the VRS State Employee Retirement Plan and \$542,105 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2022, and June 30, 2023, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

State Employee Retirement Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,445,448	\$ 1,322,062
Net difference between projected and actual earnings on pension plan investments	-	3,203,077
Change in assumptions	604,610	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,338,702	923,733
Employer contributions subsequent to the measurement date	7,499,248	-
Total	<u>\$ 14,888,008</u>	<u>\$ 5,448,872</u>

VaLORS Retirement Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 51,938	\$ -
Net difference between projected and actual earnings on pension plan investments	-	100,160
Change in assumptions	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	105,986	-
Employer contributions subsequent to the measurement date	362,771	-
Total	<u>\$ 520,695</u>	<u>\$ 100,160</u>

\$7,862,019 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

State Retirement Plan Year Ended June 30:		VaLORS Retirement Plan Year Ended June 30:	
2025	\$(434,284)	2025	\$ 84,066
2026	\$(1,486,455)	2026	\$(125,890)
2027	\$ 3,744,766	2027	\$ 95,924
2028	\$ 115,861	2028	\$ 3,664
2029	\$0	2029	\$0

Actuarial Assumptions

The total pension liability for the VRS State Employee Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5 percent
Salary increases, including Inflation	3.5 percent – 5.35 percent
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-retirement:

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

Post-retirement:

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

Post-disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

The total pension liability for the VaLORS Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5 percent
Salary increases, including inflation	3.5 percent – 4.75 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation

Mortality rates:

Pre-retirement:

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

Post-retirement:

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

Post-disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020 except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net Pension Liability

The net pension liability (NPL) is calculated separately for each plan and represents that particular plan's total pension liability determined in accordance with GASB Statement No. 67, less that plan's fiduciary net position. As of June 30, 2023, NPL amounts for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan are as follows (amounts expressed in thousands):

	State Employee Retirement Plan	VaLORS Retirement Plan
Total Pension Liability	\$ 28,411,528	\$ 2,577,980
Plan Fiduciary Net Position	<u>23,351,827</u>	<u>1,931,061</u>
Employers' Net Pension Liability (Asset)	<u>\$ 5,059,701</u>	<u>\$ 646,919</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 82.19%	 74.91%

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

Long-Term Expected Rate of Return

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

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi - Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	Expected arithmetic nominal return**		8.25%

* The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the 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, 2023, on, all agencies are assumed to continue to contribute 102% 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%)
Virginia State University's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	\$76,266,536	\$45,767,019	\$20,241,273

The following presents the University's proportionate share of the VaLORS 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%)
Virginia State University's proportionate share of the VaLORS Employee Retirement Plan Net Pension Liability	\$3,594,249	\$2,351,037	\$1,335,469

Pension Plan Fiduciary Net Position

Detailed information about the VRS State Employee Retirement Plan's Fiduciary Net Position or the VaLORS Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Report*. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

At June 30, 2024, the University reported a payable of \$395,338 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

B. Optional Retirement Plans

Full-time faculty and certain administrative staff may participate in one of two other retirement plans: 1) DCP and 2) Teacher Insurance and Annuity Association/College Retirement Equity Fund. These are fixed-contribution programs where the retirement benefits received are based upon the total of employer and employee contributions, plus investment returns. Individual contracts issued under these plans provide full and immediate vesting of both the University and the participants' contributions.

For employees who became members of the respective plans prior to July 1, 2010, there is an employer required contribution of 10.4 percent. Annual pension costs under these plans totaled \$556,841 for the year ended June 30, 2024. Contributions to these retirement programs were calculated using the base salary amount of \$5,354,236.

For employees who became members of the respective plans on or after July 1, 2010, there is an employer required contribution of 8.5 percent and an employee required contribution of 5 percent. Annual pension costs under these plans totaled \$577,952 for the year ended June 30, 2024. Contributions to these retirement programs were calculated using the base salary amount of \$6,799,438.

C. Deferred Compensation

On a voluntary basis, University 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 matched dollar amount 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 \$136,270 for fiscal year 2024.

12. OTHER POSTEMPLOYMENT BENEFITS

As well as providing voluntary and involuntary termination benefits, the University participates in postemployment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System. These programs include the Group Life Insurance Program, Virginia Sickness and Disability Program, Retiree Health Insurance Credit Program, and Line of Duty Act Program.

The University also participates in the Pre-Medicare Retiree Healthcare Plan, sponsored by the Commonwealth and administered by the Department of Human Resources Management. Below are the detailed descriptions for each program. Additional information related to all Other Postemployment Benefit (OPEB) plans is available at the state-wide level in the Commonwealth’s Annual Comprehensive Financial Report (ACFR).

A. Virginia Retirement System - Group Life Insurance Program (GLI)

Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond

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

Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

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

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

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

Contributions

The contribution requirements for the Group Life Insurance Program are governed by § 51.1-506 and § 51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X

40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer’s contractually required employer contribution rate for the year ended June 30, 2024, was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Program from the University were \$376,304 and \$301,344 for the years ended June 30, 2024, and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in Other Nonoperating Revenue line of our financial Statements.

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

At June 30, 2024, the University reported a liability of \$2,863,601 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The University’s 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, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the University’s proportion was 0.23877% as compared to 0.22525% at June 30, 2022.

For the year ended June 30, 2024, the University recognized GLI OPEB expense of \$110,787. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Virginia State University's GLI Plan		
Difference between expected and actual experience	\$ 286,004	\$ 86,924
Net difference between projected and actual earnings on GLI OPEB program investments	-	115,075
Change in assumptions	61,211	198,401
Changes in proportionate share	209,116	183,365
Employer contributions subsequent to the measurement date	376,304	-
Total	\$ 932,635	\$ 583,765

\$376,304 reported as deferred outflows of resources related to the GLI OPEB resulting from the University’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, 2025. Other amounts reported as deferred outflows of resources and deferred

inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30		
FY 2025	\$	(34,519)
FY 2026	\$	(129,315)
FY 2027	\$	45,106
FY 2028	\$	34,860
FY 2029	\$	56,434
Thereafter	\$	-

Actuarial Assumptions

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5 percent
Salary increases, including inflation –	
General state employees	3.5 percent – 5.35 percent
Teachers	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.0 percent
Locality – General employees	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees	3.5 percent – 4.75 percent
Investment rate of return	6.75 percent, net of investment expenses, including inflation

Mortality rates – General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Largest 10 Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – Largest 10 Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net GLI OPEB Liability

The net OPEB Liability (NOL) for the Group Life Insurance Program represents the program’s total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	3,907,052
Plan Fiduciary Net Position	<u>2,707,739</u>
GLI Net OPEB Liability (Asset)	<u>1,199,313</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	69.30%

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

Long-Term Expected Rate of Return

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

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	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi - Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	Expected arithmetic nominal return**		8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the 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, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Sensitivity of the University’s 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%)
VSU's proportionate share of the Group Life Insurance Program Net OPEB Liability	\$ 4,244,751	\$ 2,863,601	\$ 1,746,931

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, 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

At June 30, 2024, the University reported \$41,455 in payables to the VRS Group Life Insurance OPEB Plan.

B. Virginia Retirement System – Health Insurance Credit Program (HIC)

Plan Description

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

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

STATE EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
<p>Eligible Employees</p> <p>The State Employee Retiree Health Insurance Credit Program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS, and JRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS, and JRS.
<p>Benefit Amounts</p> <p>The State Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • At Retirement – For State employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • Disability Retirement – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher. <p>For State police officer employees with a non-work-related disability who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP) the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher.</p> <p>For State police officers with a work-related disability, there is no benefit provided under the State Employee Retiree Health Insurance Credit Program if the premiums are being paid under the Virginia Line of Duty Act. However, they may receive the credit for premiums paid for other qualified health plans.</p>
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual’s premium amount. • Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for the Health Insurance Credit as a retiree.

Contributions

The contribution requirement for active employees is governed by § 51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency’s contractually required employer contribution rate for the year ended June 30, 2024, was 1.12% of covered employee compensation for employees in the VRS State Employee Health Insurance Credit Program. This rate was the approved General Assembly rate which was based on an actuarially determined rate from an

actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Health Insurance Credit Program were \$784,238 and \$656,733 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$8.5 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share is reflected in the Other Nonoperating Revenue line of our financial statements.

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

At June 30, 2024, the University reported a liability of \$5,632,379 for its proportionate share of the VRS State Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS State Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2023 and the total VRS State Employee Health Insurance Credit Program OPEB Liability used to calculate the Net VRS State Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The University’s proportion of the Net VRS State Employee Health Insurance Credit Program OPEB Liability was based on VSU’s actuarially determined employer contributions to the VRS State Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating state employers. At June 30, 2023, VSU’s proportion of the VRS State Employee Health Insurance Credit Program was 0.68552% as compared to 0.64664% at June 30, 2022.

For the year ended June 30, 2024, the University recognized VRS State Employee Health Insurance Credit Program OPEB expense of \$879,542. Since there was a change in proportionate share between measurement dates, a portion of the VRS State Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to the VRS State Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Virginia State University's HIC Plan		
Difference between expected and actual experience	\$ 132	\$ 359,794
Net difference between projected and actual earnings on State HIC OPEB program investments	14,700	-
Change in assumptions	133,094	-
Changes in proportionate share	384,739	303,596
Employer contributions subsequent to the measurement date	784,238	0
Total	\$ 1,316,903	\$ 663,390

\$784,238 reported as deferred outflows of resources related to the State Employee HIC OPEB resulting from VSU'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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the State Employee HIC OPEB will be recognized in the State Employee HIC OPEB expense in future reporting periods as follows:

Year ended June 30	
FY 2025	\$ (58,954)
FY 2026	\$ (80,663)
FY 2027	\$ (19,191)
FY 2028	\$ 15,571
FY 2029	\$ 12,512
Thereafter	\$ -

Actuarial Assumptions

The total State Employee HIC OPEB liability for the VRS State Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5 percent
Salary increases, including inflation –	
General state employees	3.5 percent – 5.35 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees	4.0 percent
Investment rate of return	6.75 percent, net of plan investment expenses, including inflation

Mortality rates – General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – JRS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 Amount Weighted General Disabled Rates projected generationally

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net State Employee HIC OPEB Liability

The net OPEB Liability (NOL) for the State Employee Health Insurance Credit Program represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net

position. As of June 30, 2023, NOL amounts for the VRS State Employee Health Insurance Credit Program are as follows (amounts expressed in thousands):

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

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

Long-Term Expected Rate of Return

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

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	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi - Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	<u>100.00%</u>		<u>5.75%</u>
		Inflation	<u>2.50%</u>
		* Expected arithmetic nominal return	<u>8.25%</u>

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total State Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the University for the VRS State Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 108% of the actuarially determined contribution rate. From July 1, 2023, on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the State Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total State Employee HIC OPEB liability.

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

The following presents VSU’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 VSU’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%)
VSU's proportionate share of the VRS State Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 6,360,129	\$ 5,632,379	\$ 5,008,330

State Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS State Employee Health Insurance Credit Program’s Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, 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

At June 30, 2024, the University reported \$35,782 in payables to the Health Insurance Credit Program OPEB Plan.

C. Virginia Retirement System – Line of Duty Program (LODA)

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
<p>Eligible Employees</p> <p>The eligible employees of the LODA Program include paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the VRS, SPORS, or VaLORS.</p>
<p>Benefit Amounts</p> <p>LODA provides death and health insurance benefits for eligible individuals:</p> <ul style="list-style-type: none">• <u>Death</u> – The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:<ul style="list-style-type: none">○ \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.○ \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.○ An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.• <u>Health Insurance</u> – The LODA program provides health insurance benefits.<ul style="list-style-type: none">○ The health insurance benefits are managed through the Virginia Department of Human Resources Managements (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by § 9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer’s contractually required employer contribution rate for the LODA Program for the year ended June 30, 2024, was \$830.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the University were \$14,958 and \$8,864 for the years ended June 30, 2024 and June 30, 2023, respectively.

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

At June 30, 2024, the University reported a liability of \$267,761 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023 and the total LODA OPEB Liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. Virginia State 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, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the University’s proportion was 0.06679% as compared to 0.06820% at June 30, 2022.

For the year ended June 30, 2024, the University’s LODA OPEB expense of 29,468. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, Virginia State University reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Virginia State University's LODA Plan		
Difference between expected and actual experience	\$ 14,283	\$ 50,419
Net difference between projected and actual earnings on LODA OPEB program investments	-	783
Change in assumptions	59,473	55,214
Changes in proportionate share	10,504	44,039
Employer contributions subsequent to the measurement date	14,958	-
Total	\$ 99,218	\$ 150,455

\$14,958 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, 2025.

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

Year ended June 30	
FY 2025	\$ (7,744)
FY 2026	\$ (7,720)
FY 2027	\$ (9,460)
FY 2028	\$ (11,688)
FY 2029	\$ (4,892)
Thereafter	\$ (24,691)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.50 percent
Salary increases, including inflation –	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
Medical cost trend rates assumption –	
Under age 65	7.00 percent – 4.75 percent
Ages 65 and older	5.25 percent – 4.75 percent
Year of ultimate trend rate –	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.86%, including inflation*

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

Mortality rates – General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020.

Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality rates – Largest 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 in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Mortality rates – Non- Largest 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 in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

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

Net LODA OPEB Liability

The net OPEB liability (NOL) for the Line of Duty Act Program (LODA) represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the Line of Duty Act Program (LODA) is as follows (amounts expressed in thousands):

	<u>Line of Duty Act Program</u>
Total LODA OPEB Liability	\$ 406,211
Plan Fiduciary Net Position	5,311
LODA Net OPEB Liability (Asset)	<u>400,900</u>
 Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	 1.31%

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.86%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

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

The following presents the University’s proportionate share of the net LODA OPEB liability using the discount rate of 3.86%, as well as what the University’s proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower 2.86% or one percentage point higher 4.86% than the current rate:

	1.00% Decrease (2.86%)	Current Discount Rate (3.86%)	1.00% Increase (4.86%)
Covered employer's proportionate share of the total LODA net OPEB Liability	\$ 300,223	\$ 267,761	\$ 240,298

Sensitivity of the Covered 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 University’s proportionate share of the net LODA OPEB liability using health care trend rate of 7.00% decreasing to 4.75%, as well as what the University’s proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	1.00% Decrease (6.00% decreasing to 3.75%)	Health Care Trend Rates (7.00% decreasing to 4.75%)	1.00% Increase (8.00% decreasing to 5.75%)
Covered employer's proportionate share of the total LODA net OPEB Liability	\$ 227,070	\$ 267,761	\$ 318,183

LODA OPEB Plan Fiduciary Net Position

Detailed information about the Line of Duty Act Program (LODA) Fiduciary Net Position is available in the separately issued VRS 2023 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

D. Virginia Retirement System – Virginia Sickness & Disability Program (VSDP)

Plan Description

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

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

VSDP PLAN PROVISIONS	
Eligible Employees	<p>The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999 to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none">• Full-time and part-time permanent salaried state employees covered under VRS, SPORS, and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).• State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.• Public college and university faculty members who elect the VRS defined benefit plan. They may participate in VSDP or their institution’s disability program, if offered. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.
Benefit Amounts	<p>The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:</p> <ul style="list-style-type: none">• Leave – Sick, family and personal leave. Eligible leave benefits are paid by the employer.• Short-Term Disability – The program provides a short-term disability benefit beginning after a seven-calendar-day waiting period from the first day of disability. The benefit

provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.

- **Long-Term Disability (LTD)** – The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.
- **Income Replacement Adjustment** – The program provides for an income replacement adjustment to 80% for catastrophic conditions.
- **VSDP Long-Term Care Plan** – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

Disability Insurance Program (VSDP) Plan Notes:

- Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.
- A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up to five years of VSDP benefits.
- Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.

Cost-of-Living Adjustment (COLA)

- During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.
 - Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
 - Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).
- For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.

- 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS, and VaLORS Plans, with a maximum COLA of 4.00%.
- For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.
 - 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS, and VaLORS Plans, with a maximum COLA of 4.00%.

Contributions

The contribution requirements for the Disability Insurance Program (VSDP) are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the Disability Insurance Program (VSDP) for the year ended June 30, 2024, was 0.61% of covered employee compensation. This rate was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the Disability Insurance Program (VSDP) from the University were \$331,791 and \$265,439 for the years ended June 30, 2024, and June 30, 2023, respectively.

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

At June 30, 2024, VSU reported a liability (asset) of \$(2,737,527) for its proportionate share of the Net VSDP OPEB Liability (Asset). The Net VSDP OPEB Liability (Asset) was measured as of June 30, 2023, and the total VSDP OPEB liability used to calculate the Net VSDP OPEB Liability (Asset) was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. Virginia State 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the University's proportion was 0.86664% as compared to 0.81576% at June 30, 2022.

For the year ended June 30, 2024, VSU recognized VSDP OPEB expense of \$64,103. Since there was a change in proportionate share between measurement dates, a portion of the VSDP OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, the University reported deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Virginia State University's VSDP Plan		
Difference between expected and actual experience	\$ 197,306	\$ 376,665
Net difference between projected and actual earnings on VSDP OPEB program investments	-	75,057
Change in assumptions	9,392	30,103
Changes in proportionate share	104,959	163,978
Employer contributions subsequent to the measurement date	331,791	-
Total	\$ 643,448	\$ 645,803

\$331,791 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB will be recognized in VSDP OPEB expense in future reporting periods as follows:

Year ended June 30	
FY 2025	\$ (125,315)
FY 2026	\$ (151,954)
FY 2027	\$ 5,836
FY 2028	\$ (17,673)
FY 2029	\$ (7,932)
Thereafter	\$ (37,109)

Actuarial Assumptions

The total VSDP OPEB liability was based on an actuarial valuation as of June 30, 2022, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

Inflation	2.5 percent
Salary increases, including	
inflation – General state employees	3.5 percent – 5.35 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
Investment rate of return	6.75 percent, net of investment expenses, including inflation

Mortality rates – General State Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – SPORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality rates – VaLORS Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was

based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Net VSDP OPEB Liability (Asset)

The net OPEB asset (NOA) for the Disability Insurance Program (VSDP) represents the program’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOA amounts for the Disability Insurance Program (VSDP) are as follows (amounts expressed in thousands):

	Virginia Sickness and Disability Program
Total VSDP OPEB Liability	\$ 318,901
Plan Fiduciary Net Position	<u>634,779</u>
VSDP Net OPEB Liability (Asset)	\$ <u>(315.878)</u>
Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability	199.05%

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

Long-Term Expected Rate of Return

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

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
	** Expected arithmetic nominal return		8.25%

* The above allocation provides a one-year return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total VSDP OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2023, the rate contributed by the University to the VSDP OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 109% of the actuarially determined contribution rate. From July 1, 2023, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the VSDP OPEB Program's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total VSDP OPEB liability.

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

The following presents VSU’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%)
VSU's proportionate share of the total VSDP Net OPEB Liability (Asset)	\$ (2,533,418)	\$ (2,737,527)	\$ (2,917,454)

VSDP OPEB Fiduciary Net Position

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

At June 30, 2024, the University reported \$13,621 in payables to the Disability Insurance Program (VSDP) OPEB Plan.

E. Department of Human Resource Management – Pre-Medicare Retiree Healthcare (PMRH)

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

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

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

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

- You are a terminating state employee who participates in one of the qualified Optional Retirement Plans, and
- Your last employer before termination was the Commonwealth of Virginia, and

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

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

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

This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 3,551 retirees and 92,780 active employees in the program as of June 30, 2023. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

Actuarial Assumptions and Methods

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2023 (one year prior to the end of the fiscal year). The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 7.75 percent for medical and pharmacy and 4.00 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.00 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2023 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years
Discount Rate	3.65%
Projected Salary Increases	5.35% to 3.5 % based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 7.75% to 4.50% Dental: 4.00%

Year of Ultimate Trend	2033
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement:	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2023.

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

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

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

The trend rates were updated based on economic conditions as of June 30, 2023. Additionally, the discount rate was increased from 3.54 percent to 3.65 percent based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date of June 30, 2023.

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

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

At June 30, 2024, Virginia State University reported a liability of \$2,623,484 for its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$351.9 million. The Pre-Medicare Retiree Healthcare OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023. The University’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, 2023, Virginia State University’s

proportion was 0.74548% as compared to 0.71160% at June 30, 2022. For the year ended June 30, 2024, the University recognized Pre-Medicare Retiree Healthcare OPEB expense of (\$1,395,113). At June 30, 2024, Virginia State University reported deferred outflows of resources and deferred inflows of resources related to Pre-Medicare Retiree Healthcare from the following sources:

Virginia State University's PMRH Plan	Deferred	
	Outflows	Deferred Inflows
Difference between actual and expected experience	\$ 67,297	\$ 634,188
Changes in assumptions	-	1,606,312
Changes in proportion	401,137	412,428
Subtotal	468,434	2,652,928
Amounts associated with transactions subsequent to the measurement date	207,989	-
Total	<u>\$ 676,423</u>	<u>\$ 2,652,928</u>

Deferred outflows of resources related to the Pre-Medicare Retiree Healthcare OPEB resulting from amounts associated with transactions subsequent to the measurement date were \$207,989. These amounts will be recognized as a reduction of the total OPEB liability in the fiscal year ending June 30, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pre-Medicare Retiree Healthcare OPEB will be recognized in the Pre-Medicare Retiree Healthcare OPEB expense as follows:

Year ended June 30	
FY 2025	\$ (1,058,343)
FY 2026	\$ (632,931)
FY 2027	\$ (374,497)
FY 2028	\$ (151,211)
FY 2029	\$ (32,494)
Thereafter	\$ -

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 3.65 percent, 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 (2.65 percent) or one percentage point higher (4.65 percent) than the current rate:

	1% Decrease	Current	1% Increase
	2.65%	Rate 3.65%	4.65%
OPEB liability	2,778,578	2,623,484	2,475,449

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 7.75 percent decreasing to 4.50 percent, 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 (6.75 percent decreasing to 3.50 percent) or one percentage point higher (8.75 percent decreasing to 5.50 percent) than the current rate:

	1% Decrease (6.75% decreasing to 3.50%)	Trend Rate (7.75% decreasing to 4.50%)	1% Increase (8.75% decreasing to 5.50%)
OPEB liability	2,386,630	2,623,484	2,898,253

13. CONTINGENCIES

The University is a party to various legal actions and other claims in the normal course of business. While the final outcomes cannot be determined at this time, legal counsel and management are of the opinion that a liability, if any, for these legal actions will not have a material effect on the University’s financial position.

14. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft, or damage to and destruction of assets; errors, and omissions; non-performance of duty, injuries to employees; and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The State employee health care and worker’s compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management.

Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth’s insurance plans is available at the statewide level in the ACFR.

15. SUBSEQUENT EVENTS

On September 13, 2024, the Board of Visitors of Virginia State University (the “Board”) requested that the Virginia Treasury Board sell and issue bonds or bond anticipation notes (the “Bonds”) in an aggregate principal amount not to exceed \$95,465,000. The Bonds were authorized to finance all or a portion of the costs of the new student housing project, together with financing expenses (each such borrowing, an “Individual Project Borrowing,” and collectively, the “Project Borrowings”). The specific amount of each Individual Project Borrowing was to be identified by the State Treasurer at the time of issuance.

On June 1, 2025, the University participated in the sale of the Commonwealth of Virginia’s General Obligation Bonds, Series 2025A, issued pursuant to Article X, Section 9(c) of the Constitution of Virginia. The University received \$74,167,975 in bond proceeds to finance construction of its new student housing facility.

16. PUBLIC-PRIVATE PARTNERSHIPS (GASB 94)

The University is a party to a limited number of public-private partnerships (PPP). A PPP is an arrangement in which the University contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as a building or capital asset, for a period of time. The partnerships convey the right to use University's building for food service and book store operations. These buildings are owned by the University and included as part of the capital assets reported on the Statement of Net Position. The University earns commissions from direct sales from these partnerships. These are received as a variable payment based on the amount of sales. In fiscal year 2024, the University earned catering commissions of \$220,654 and bookstore commissions of \$419,419. At the end of the contract, the University resumes control of all buildings/spaces being used by the operators.

In addition, the University is party to a partnership which conveys the right to manage and operate the University's Multipurpose Center to include oversight of the sale of commercial rights, advertising, sponsorship, and premium seating. The nonfinancial assets are owned by the University and included as part of the capital assets reported on the Statement of Net Position. The operator made a one-time contribution at the commencement of the agreement which is valued at \$100,000 in fiscal year 2023. At the end of the agreement, the University resumes control of all nonfinancial assets being used by the operator.

Required Supplementary Information (RSI)

A. Virginia Retirement System - Pension Plan

Schedule of Virginia State University's (VSU) Share of Net Pension Liability:

Schedule of VSU's Share of Net Pension Liability						
VRS State Employee Retirement Plan						
For the Fiscal Years Ended June 30, 2015 through 2024*						
	VSU's Proportion of the Net Pension Liability (Asset)	VSU's Proportionate Share of the Net Pension Liability (Asset)	VSU's Covered Payroll	VSU's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	
2024	0.90454%	\$ 45,767,019	\$ 42,712,939	107.15%	82.19%	
2023	0.85346%	\$ 38,733,600	\$ 38,738,859	99.99%	83.26%	
2022	0.85987%	\$ 31,189,460	\$ 37,180,228	83.89%	86.44%	
2021	0.88722%	\$ 64,277,826	\$ 37,498,180	171.42%	72.15%	
2020	0.91411%	\$ 57,769,307	\$ 37,288,802	154.92%	75.13%	
2019	0.91079%	\$ 49,307,000	\$ 36,008,933	136.93%	77.39%	
2018	0.90659%	\$ 52,833,000	\$ 34,960,267	151.12%	75.33%	
2017	0.91023%	\$ 59,991,000	\$ 36,705,760	163.44%	71.29%	
2016	0.96796%	\$ 59,264,000	\$ 36,576,480	162.03%	72.81%	
2015	0.97741%	\$ 54,719,000	\$ 35,675,558	153.38%	74.28%	

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

Schedule of VSU's Share of Net Pension Liability
 VaLORS Employee Retirement Plan
 For the Fiscal Years Ended June 30, 2015 through 2024*

	VSU's Proportion of the Net Pension Liability (Asset)	VSU's Proportionate Share of the Net Pension Liability (Asset)	VSU's Covered Payroll	VSU's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.36342%	\$ 2,351,037	\$ 1,057,663	222.29%	74.91%
2023	0.32468%	\$ 2,055,313	\$ 1,150,274	178.68%	74.41%
2022	0.30857%	\$ 1,609,761	\$ 1,075,352	149.70%	78.18%
2021	0.27998%	\$ 2,191,930	\$ 1,006,695	217.74%	65.74%
2020	0.24755%	\$ 1,718,082	\$ 844,031	203.56%	68.31%
2019	0.21711%	\$ 1,353,000	\$ 770,337	175.64%	69.56%
2018	0.21657%	\$ 1,421,000	\$ 1,080,200	131.55%	67.22%
2017	0.19813%	\$ 1,534,000	\$ 768,997	199.48%	61.01%
2016	0.19707%	\$ 1,400,000	\$ 718,727	194.79%	62.64%
2015	0.22780%	\$ 1,535,000	\$ 875,321	175.36%	63.05%

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

Schedule of Employer Contributions:

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

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 7,499,248	\$ 7,499,248	\$ -	\$ 51,862,019	14.46%
2023	\$ 6,176,291	\$ 6,176,291	\$ -	\$ 42,712,939	14.46%
2022	\$ 5,601,639	\$ 5,601,639	\$ -	\$ 38,738,859	14.46%
2021	\$ 5,376,261	\$ 5,376,261	\$ -	\$ 37,180,228	14.46%
2020	\$ 5,069,754	\$ 5,069,754	\$ -	\$ 37,498,180	13.52%
2019	\$ 5,041,446	\$ 5,041,446	\$ -	\$ 37,288,802	13.52%
2018	\$ 4,857,605	\$ 4,857,605	\$ -	\$ 36,008,933	13.49%
2017	\$ 4,716,140	\$ 4,716,140	\$ -	\$ 34,960,267	13.49%
2016	\$ 4,951,607	\$ 4,951,607	\$ -	\$ 36,705,760	13.49%
2015	\$ 4,509,880	\$ 4,509,880	\$ -	\$ 36,576,480	12.33%

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

Date	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 362,771	\$ 362,771	\$ -	\$1,474,679	24.60%
2023	\$ 260,185	\$ 260,185	\$ -	\$1,057,663	24.60%
2022	\$ 251,910	\$ 251,910	\$ -	\$1,150,274	21.90%
2021	\$ 235,502	\$ 235,502	\$ -	\$1,075,352	21.90%
2020	\$ 217,547	\$ 217,547	\$ -	\$1,006,695	21.61%
2019	\$ 209,995	\$ 209,995	\$ -	\$ 844,031	24.88%
2018	\$ 162,156	\$ 162,156	\$ -	\$ 770,337	21.05%
2017	\$ 227,382	\$ 227,382	\$ -	\$1,080,200	21.05%
2016	\$ 144,879	\$ 144,879	\$ -	\$ 768,997	18.84%
2015	\$ 126,999	\$ 126,999	\$ -	\$ 718,727	17.67%

Notes to Required Supplementary Information:

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the VRS – State Employee Retirement Plan 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 following changes in actuarial assumptions were made for the VaLORS Retirement Plan effective June 30, 2022, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021.

Changes to the actuarial assumption 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

B. Virginia Retirement System - Group Life Insurance Program (GLI)

Schedule of Virginia State University's Share of Net GLI OPEB Liability:

The schedules below are intended to show information for 10 years. Since 2024 is the seventh year for this presentation, only six other years of data are available. However, additional years will be included as they become available.

Schedule of Virginia State University's Share of Net OPEB Liability Group Life Insurance Plan (GLI) For the Fiscal Years Ended June 30, 2018 through 2024*					
Date	Employer's proportion of the net GLI OPEB Liability (Asset)	Employer's proportionate share of the net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability
2024	0.23877%	\$2,863,601	\$55,804,444	5.13%	69.30%
2023	0.22525%	\$2,712,227	\$46,823,519	5.79%	67.21%
2022	0.22561%	\$2,626,713	\$47,468,704	5.53%	67.45%
2021	0.23807%	\$3,972,999	\$49,850,962	7.97%	52.64%
2020	0.24097%	\$3,921,224	\$48,763,846	8.04%	52.00%
2019	0.24455%	\$3,714,000	\$46,663,846	7.96%	51.22%
2018	0.24194%	\$3,640,000	\$45,274,615	8.04%	48.86%

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

Schedule of Employer Contributions

**Schedule of Virginia State University's Employer Contributions
Group Life Insurance OPEB Plan
For the Years Ended June 30, 2018 through 2024**

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	376,304	376,304	-	69,685,926	0.54%
2023	301,344	301,344	-	55,804,444	0.54%
2022	252,847	252,847	-	46,823,519	0.54%
2021	256,331	256,331	-	47,468,704	0.54%
2020	259,225	259,225	-	49,850,962	0.52%
2019	253,572	253,572	-	48,763,846	0.52%
2018	242,652	242,652	-	46,663,846	0.52%

Notes to Required Supplementary Information:

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees

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

Teachers

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

SPORS Employees

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

VaLORS Employees

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

JRS Employees

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

Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers - General Employees

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

Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70

Withdrawal Rates	Decreased rates
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers – Hazardous Duty Employees

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

C. Virginia Retirement System – Health Insurance Credit Program (HIC)

Schedule of Virginia State University’s Share of Net HIC OPEB Liability:

The schedules below are intended to show information for 10 years. Since 2024 is the seventh year for this presentation, only six other years of data are available. However, additional years will be included as they become available.

**Schedule of Virginia State University's Share of Net OPEB Liability
Health Insurance Credit Program (HIC)
For the Fiscal Years Ended June 30, 2018 through 2024***

Date	Employer's proportion of the net HIC OPEB Liability (Asset)	Employer's proportionate share of the net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability
2024	0.68552%	\$5,632,379	\$58,636,875	9.61%	25.46%
2023	0.64664%	\$5,297,099	\$47,469,643	11.16%	21.52%
2022	0.64573%	\$5,453,452	\$47,880,804	11.39%	19.75%
2021	0.67734%	\$6,218,022	\$49,447,521	12.57%	12.02%
2020	0.69304%	\$6,397,253	\$48,372,564	13.22%	10.56%
2019	0.68828%	\$6,279,000	\$46,941,007	13.38%	9.51%
2018	0.69039%	\$6,286,000	\$45,652,500	13.77%	8.03%

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

Schedule of Employer Contributions:

Schedule of Virginia State University's Employer Contributions Health Insurance Credit - State For the Years Ended June 30, 2018 through 2024					
Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	784,238	784,238	-	70,021,250	1.12%
2023	656,733	656,733	-	58,636,875	1.12%
2022	531,660	531,660	-	47,469,643	1.12%
2021	536,265	536,265	-	47,880,804	1.12%
2020	578,536	578,536	-	49,447,521	1.17%
2019	565,959	565,959	-	48,372,564	1.17%
2018	544,888	544,888	-	46,941,007	1.16%

Notes to Required Supplementary Information:

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees:

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

SPORS Employees:

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

VaLORS Employees:

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

JRS Employees:

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

D. Virginia Retirement System – Line of Duty Program (LODA)

Schedule of Virginia State University’s Share of Net LODA OPEB Liability:

The schedules below are intended to show information for 10 years. Since 2024 is the seventh year for this presentation, only six other years of data are available. However, additional years will be included as they become available.

**Schedule of Virginia State University's Share of Net OPEB Liability
Line of Duty Act Program (LODA)
For the Fiscal Years Ended June 30, 2018 through 2024***

Date	Employer's proportion of the net LODA OPEB Liability (Asset)	Employer's proportionate share of the net LODA OPEB Liability (Asset)	Covered-Employee Payroll **	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability
2024	0.06679%	\$267,761	\$1,366,430	19.60%	1.31%
2023	0.06820%	\$258,107	\$1,259,886	20.49%	1.87%
2022	0.06773%	\$298,684	\$1,119,368	26.68%	1.68%
2021	0.06751%	\$282,743	\$1,205,727	23.45%	1.02%
2020	0.06836%	\$245,266	\$1,254,257	19.55%	0.79%
2019	0.09588%	\$300,000	\$1,064,798	28.17%	0.60%
2018	0.08943%	\$235,000	\$1,004,688	23.39%	1.30%

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

Schedule of Employer Contributions:

Schedule of Virginia State University's Employer Contributions Line of Duty Act Program (LODA) For the Years Ended June 30, 2018 through 2024					
Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll*	Contributions as a % of Covered-Employee Payroll*
2024	14,958	14,958	-	1,557,817	0.96%
2023	8,864	8,864	-	1,366,430	0.65%
2022	9,393	9,393	-	1,259,886	0.75%
2021	9,325	9,325	-	1,119,368	0.83%
2020	9,175	9,175	-	1,205,727	0.76%
2019	9,175	9,175	-	1,254,257	0.73%
2018	10,213	10,213	-	1,064,798	0.96%

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

Notes to Required Supplementary Information:

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

General State Employees:

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

SPORS Employees:

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

VaLORS Employees:

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

Employees In The Largest Ten Locality Employers With Public Safety Employees

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

Employees In The Non- Largest Ten Locality Employers With Public Safety Employees

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

E. Virginia Retirement System – Virginia Sickness & Disability Program (VSDP)

Schedule of Virginia State University's Share of Net VSDP OPEB Liability (Asset):

The schedules below are intended to show information for 10 years. Since 2024 is the seventh year for this presentation, only six other years of data are available. However, additional years will be included as they become available.

Schedule of Virginia State University's Share of Net OPEB Liability Disability Insurance Program (VSDP) For the Fiscal Years Ended June 30, 2018 through 2024*

Date	Employer's proportion of the net VSDP OPEB Liability (Asset)	Employer's proportionate share of the net VSDP OPEB Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net VSDP OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total VSDP OPEB Liability
2024	-0.86664%	(\$2,737,527)	\$43,514,590	-6.29%	199.05%
2023	-0.81576%	(\$2,407,736)	\$35,973,770	-6.69%	195.90%
2022	-0.82153%	(\$2,831,982)	\$36,317,869	-7.80%	229.01%
2021	-0.84500%	(\$1,864,817)	\$36,425,968	-5.12%	181.88%
2020	-0.87592%	(\$1,718,513)	\$35,715,161	-4.81%	167.18%
2019	-0.87127%	(\$1,963,000)	\$34,119,091	-5.75%	194.74%
2018	-0.86221%	(\$1,771,000)	\$32,547,879	-5.44%	186.63%

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

Schedule of Employer Contributions:

Schedule of Virginia State University's Employer Contributions					
Virginia Sickness and Disability Program (VSDP)					
For the Years Ended June 30, 2018 through 2024					
Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	331,791	331,791	-	54,391,967	0.61%
2023	265,439	265,439	-	43,514,590	0.61%
2022	219,440	219,440	-	35,973,770	0.61%
2021	221,539	221,539	-	36,317,869	0.61%
2020	225,841	225,841	-	36,425,968	0.62%
2019	221,434	221,434	-	35,715,161	0.62%
2018	225,186	225,186	-	34,119,091	0.66%

Notes to Required Supplementary Information:

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

General State Employees:

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

SPORS Employees:

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

VaLORS Employees:

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

F. Department of Human Resources – Pre-Medicare Retirees Healthcare (PMRH)

Schedule of Virginia State University’s Total Pre-Medicare Retirees OPEB Liability:

The schedule below is intended to show information for 10 years. Since 2024 is the seventh year for this presentation, only six other years of data are available. However, additional years will be included as they become available.

Schedule of Virginia State University's Share of Net OPEB Liability Pre-Medicare Retiree Healthcare (PMRH) For the Fiscal Years Ended June 30, 2018 through 2024*				
Date	Employer's proportion of the collective total OPEB liability	Employer's proportionate share of the collective total OPEB liability	Employer's covered-employee payroll	Employer's Proportionate Share of the collective total OPEB liability as a percentage of its covered-employee payroll
2024	0.74548%	\$2,623,484	\$54,433,973	4.82%
2023	0.71160%	\$2,586,189	\$47,449,717	5.45%
2022	0.72006%	\$3,232,304	\$42,343,647	7.63%
2021	0.73902%	\$4,203,725	\$44,201,621	9.51%
2020	0.75714%	\$5,140,080	\$42,875,774	11.99%
2019	0.74417%	\$7,483,712	\$42,372,852	17.66%
2018	0.74677%	\$9,699,722	\$40,874,410	23.73%

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

Notes to Required Supplementary Information:

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%
- Retiree Participation - rate remaining at 35%

Retiree participation was based on a blend of recent experience and the prior year assumptions. The trend rates were updated based on economic conditions as of June 30, 2023. Additionally, the discount rate was increased from 3.54% to 3.65% based on the Bond Buyers GO 20 Municipal Bond Index as of June 30, 2023.



Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

August 28, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Virginia State University

Makola Abdullah
President, Virginia State University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of **Virginia State University** (University), a component unit of the Commonwealth of Virginia, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the University as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections and GASB Implementation Guide No. 2021-1 Question 5.1, related to capitalizing groups of assets. Our opinions are not modified with respect to this matter.

Other Matter

Report on Summarized Comparative Information

We have previously audited the University's June 30, 2023, financial statements, and we expressed an unmodified audit opinion on the respective financial statements in our report dated September 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived, except where revised due to the implementation of the change in accounting principle discussed in Note 1.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 2 through 10; the Schedule of Virginia State University's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information on pages 102 through 105; the Schedule of Virginia State University's Share of Net OPEB Liability (Asset), the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information for the Health Insurance Credit, Group Life Insurance, Disability Insurance and Line of Duty programs on pages 105 through 117; the Schedule of Virginia State University's Share of Total OPEB Liability and the Notes to the Required Supplementary Information for the Pre-Medicare Retiree Healthcare program on page 118 through 119. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the section titled "Management's Responsibility for Reporting and Internal Controls" but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated August 28, 2025, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part

of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

AVC/vks

VIRGINIA STATE UNIVERSITY BOARD OF VISITORS

As of June 30, 2024

Dr. Valerie Brown

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Vice Rector

Dr. Christine M. Darden

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Mr. Edward Owens

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Dr. Leonard Githinji, Faculty Representative

Ms. Yania Campbell, Student Representative

VIRGINIA STATE UNIVERSITY ADMINISTRATIVE OFFICERS

As of June 30, 2024

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President

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Provost/Vice President for Academic Affairs

Dr. Alexis Brooks-Walter

Vice President for Student Affairs & Enrollment Management

Mr. Kevin Davenport

Senior Vice President for Finance & Administration/Chief Financial Officer

Mrs. Tonya S. Hall

Vice President for External Relations

Mrs. Shawri King-Casey

Vice President for Institutional Integrity and Compliance