

Financial Report

2024-25





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From the Executive Vice President & Chief Operating Officer

The University of Virginia demonstrated enduring strength and adaptability during Fiscal Year 2024-2025. The University navigated dynamic economic and federal landscapes as well as our own transitions in leadership. Through it all, UVA remained steadfast in advancing its mission for excellence in academics, research and patient care. UVA is a foundation built on a long tradition of prudent financial stewardship, which enables us to balance shifting conditions while continuing to invest strategically in our people, students, patients, research and communities we serve. As Thomas Jefferson reminded us, “I am not afraid of new inventions or improvements... for I am a friend to innovation, to the progress of the human mind, and to the discovery of new truths.” That same spirit continues to guide UVA today as we embrace change as an opportunity to grow stronger and serve more deeply.

UVA continued to demonstrate financial health and operational stability by sustaining our AAA credit rating and implementing a \$5.8 billion operating budget and a \$2.1 billion capital budget. The “Honor the Future” fundraising campaign surpassed all expectations, achieving a record \$6.1 billion - 18 months ahead of its original 2025 conclusion and well beyond its initial \$5 billion goal. Since the campaign’s launch in October 2019, over 900 gifts of \$1 million or more were made along with nearly 7,000 gifts of \$100,000 or more.

The University’s accomplishments are reflected in the national and global recognition we received over the past year. Forbes ranked UVA as the No. 1 Top College in Virginia for 2024–2025, while Newsweek named UVA Health the No. 1 Hospital in the Commonwealth. U.S. News & World Report recognized UVA as the No. 2 Best Value Public University in the nation, underscoring our dedication to excellence and affordability. The University’s schools also earned distinction on the global stage, with the Darden School of Business ranked the No. 1 Best Public Business School in the World by the Financial Times and the School of Law ranked No. 1 by U.S. News & World Report. These achievements speak to the strengths of our diverse academic and clinical enterprises.

Major capital projects continued to advance this year, highlighted by the launch of ten significant construction projects to include the cutting-edge Fontaine Central Energy Plant, the Karsh Institute of Democracy within the Emmet-Ivy Corridor and a new North Grounds Parking Garage. In keeping with our focus on fiscal discipline and resource stewardship, we also prioritized the renovation and repurpose of existing facilities to better support the University’s evolving programmatic needs. Extensive interior renovations and accessibility upgrades got underway for the century-old Memorial Gym. Among the year’s milestones was the grand opening of the UVA Fairfax Campus, our first all-UVA satellite location, and the National Security Data and Policy Institute. At North Fork Research Park, University leadership joined the Governor’s Office to announce the launch of the Commonwealth BioAccelerator Program, a pivotal partnership with Cville BioHub. Meanwhile, construction continues on the Paul and Diane Manning Institute of Biotechnology, a four-story, 350,000-square-foot



JENNIFER (J.J.) WAGNER DAVIS
*Executive Vice President and
Chief Operating Officer*

facility at Fontaine Research Park positioned for future growth and further investment in advancing biotechnology in the Commonwealth and beyond.

TRANSITIONS

The past year has brought leadership transitions to the University, each marking both the closure of remarkable chapters of service and the beginning of new opportunities. In June, Jim Ryan left his role as UVA’s ninth president, a position he held since 2018, and is now President Emeritus. In accordance with the University’s Continuity of Operations Plan, I briefly assumed the role of Acting President until Paul Mahoney, former dean of the Law School, was appointed by the Board of Visitors to serve as interim president. A nationwide search is underway for the University’s next leader. Earlier in 2025, Executive Vice President and Provost Ian Baucom departed, after more than a decade with UVA, to become president of Middlebury College. Brie Gertler, deputy provost and senior vice provost for academic affairs, was appointed interim executive vice president and provost.

After more than four decades of distinguished service, Colette Sheehy, senior vice president for operations and state government relations, retired from the University. A trailblazer and one of UVA’s first two women vice presidents, Colette’s leadership leaves a legacy of excellence and dedication. The University welcomed Lois Stanley, formerly vice president for campus planning and operations at Brandeis University, as her successor.

The University also appointed Mark Esser, a distinguished leader in biomedical innovation, as the inaugural chief scientific officer of the forthcoming Paul and Diane Manning Institute of Biotechnology. In addition, Nicole Hall was named senior associate vice president for student affairs and dean of students following a national search. She succeeded Cedric Rucker, who served in the role on an interim basis since 2023. Finally, the reappointment of Scott Beardsley as dean of the Darden School of Business, extending his tenure through 2029, ensures continued momentum at one of the world’s top business schools.

UVA HEALTH

UVA Health also experienced leadership changes over the past year, positioning the health system for continued growth and innovation in an evolving healthcare landscape. Following the resignation of CEO Craig Kent in February, Dr. Mitch Rosner was appointed to serve as acting executive vice president of UVA Health for the remainder of the 2024–

From the Executive Vice President and Chief Operating Officer

2025 academic year. To strengthen financial stewardship across the health system, UVA Health appointed Stephanie Schnittger as chief financial officer.

The UVA Medical Center was again recognized among Newsweek's top 50 hospitals nationwide and remains the only Level I trauma center serving the Charlottesville region. FY2025 saw the opening of a new Employee Primary Care Clinic in Charlottesville, designed to make healthcare more accessible and responsive to the needs of UVA employees. To further expand access and convenience for Virginians, a federally funded mobile care unit to serve underserved communities was launched this past year, as well as a new UVA Health primary care facility in Culpeper. A transplant clinic was opened in Wytheville, complementing existing locations across Southwest Virginia.

FINANCIAL FOUNDATIONS

The Board of Visitors approved a total operating budget of \$5.8 billion for the 2024–2025 academic year. The academic division budget of \$2.4 billion reflected a 6.8 percent year-over-year increase. The UVA Medical Center operating budget of \$3.3 billion accounted for ongoing growth in clinical volumes, workforce investments and technology modernization initiatives. UVA Wise maintained a budget of \$75.5 million, ensuring continued focus on access, affordability and regional workforce development. In response to fluctuating U.S. and global economies, the University announced targeted fiscal austerity measures to ensure long-term financial stability. Capital and major renovation projects underwent closer review to determine which could be postponed without undue disruption or financial risk.

In alignment with the state's approved compensation plan, the University provided a 3 percent merit-based salary increase and a 1.5 percent bonus for employees. The University's strong financial position was reaffirmed this year by Moody's, Standard & Poor's, and Fitch, with each renewing UVA's prestigious AAA bond rating, an achievement we have maintained since 2003. UVA's endowment remains among the five largest held by public universities and its 20-year annualized return of 9.6 percent placed ranks UVA in the top quarter of its institutional peers. The University of Virginia Investment Management Company's (UVIMCO) Long Term Pool (LTP) produced strong results in Fiscal Year 2025, earning a 12.4 percent return and contributing more than \$1.7 billion in value to advance the University's mission and priorities.

UVA conducted a comprehensive review of the Strategic Investment Fund (SIF) and implemented revised SIF spending guidelines approved by the Board of Visitors. Treasury operations also advanced under a pan-enterprise remediation plan, yielding efficiencies and savings. New federal executive orders and agency directives led to changes within the University's research enterprise. By fiscal year end, 45 grants were terminated with one partially reinstated and 12 received stop-work notices. The terminated multi-year awards totaled \$73.8 million, including \$60.2 million in anticipated future funding not yet spent or reimbursed.

ACCESS UVA

During its June meeting, the Board of Visitors approved tuition rates for the 2025-2026 academic year. These rates included a one-time tuition credit for all in-state, undergraduate students, which offset the 3 percent increase that was previously approved in December 2023. The credit will be applied to the Fall 2025 and Spring 2026 terms. The University has made significant efforts to manage operational costs

without compromising quality including strategic investments to offset costs, renegotiating contracts and increasing operational efficiencies. Through partnerships and philanthropic support, the University has been able to balance affordability, access and quality.

PHILANTHROPIC SUCCESS

Building on the momentum of the University's extraordinarily successful Honor the Future campaign, UVA celebrated its second-best year ever for philanthropic commitments. Support for research and healthcare innovation was bolstered by two anonymous \$25 million in estate gifts to advance the Paul and Diane Manning Institute of Biotechnology, now under construction at Fontaine Research Park. The family of the late David and Mary Harrison gifted \$30 million to create space within the institute to house the Harrison Family Translational Research Center in Alzheimer's and Neurodegenerative Diseases. These gifts build on the institute's foundation, which includes a \$100 million gift from the Mannings, \$150 million from UVA and \$100 million from the Commonwealth. A \$20 million commitment from the Charlottesville-based Quantitative Foundation will support the construction of a new building to expand the School of Data Science's research, scholarship and teaching capabilities, while enhancing a budding entrepreneurial environment on Grounds.

Through strategic SIF partnerships between institutional resources and private philanthropy, \$270 million in SIF funding for Bicentennial Scholarships leveraged an additional \$391 million in philanthropic support, resulting in a total of \$667 million dedicated to scholarships. Similarly, \$212 million in SIF funding for Bicentennial Professorships attracted \$316 million in matching gifts, creating a combined \$528 million in faculty support.

To further attract and support graduate students, UVA alumnus and Board of Visitors member John L. Nau III committed \$20 million to the College and Graduate School of Arts & Sciences. Matched by \$10 million from the University, the \$30 million investment will fully endow 30 graduate students and move the College's Campaign for Graduate Excellence more than halfway toward its \$150 million goal. Additionally, Tim and Jennifer Smith pledged \$5.5 million to support commerce students, expand athletics scholarships and provide financial assistance to help students fully engage in the UVA experience.

UVA Wise received the largest gift in its history: an \$11.2 million contribution from The Bill Gatton Foundation. Matched by the Bicentennial Scholars Fund for a total impact of \$15.7 million, the gift will support the college's strategic initiatives, provide scholarships, invest in athletics and name several programs and buildings on the Wise campus.

Philanthropic support for Virginia Athletics also reached new heights. A multi-million dollar anonymous donation became the largest one-time cash and largest non-capital gift in UVA football history, aimed at providing the resources needed to attract, develop and retain top talent to compete for championships. In addition, a second anonymous donor pledged to match every dollar contributed to the Football Enhancement Fund—up to \$3 million—between December 2024 and August 2025, doubling the impact of new gifts. In support of the Virginia Athletics Master Plan, the Harrison Family Foundation also made a \$25 million commitment for the Harrison Family Olympic Sports Center. The new Lockhart Family Head Men's Tennis Coach Endowed Fund was established to permanently support the University's championship men's tennis program, a first step toward a future in which UVA envisions self-sustaining operations for all Olympic sports.

From the Executive Vice President and Chief Operating Officer

ENDOWMENT AND INVESTMENTS

The University of Virginia Investment Management Company (UVIMCO) manages the University's endowment and other long-term funds with the goal of maximizing long-term, inflation-adjusted returns within an appropriate risk framework. In Fiscal Year 2025, UVIMCO's Long Term Pool (LTP) achieved a 12.4% return, contributing more than \$1.7 billion in value to the University and its affiliated foundations. As of June 30, 2025, UVIMCO's assets under management totaled \$15.5 billion in the LTP and \$100.2 million in the Short Term Pool (STP). Within the LTP, \$7.9 billion represents the Rector and Visitors' endowment, \$2.1 billion the Strategic Investment Fund (SIF), \$2.0 billion other University long-term assets and \$3.5 billion assets held by University-affiliated organizations, including the Darden School Foundation, Law School Foundation, UVA Alumni Association and Jefferson Scholars Foundation.

Over the past decade, UVIMCO's active management has generated \$840 million in additional value beyond the passive policy benchmark. The LTP has achieved annualized returns of 11.8% over five years and 9.2 percent over ten years, outperforming both its benchmark and the 8 percent target necessary to preserve the endowment's purchasing power.

CAPITAL PROJECTS

During the past fiscal year, the University advanced an ambitious capital and infrastructure agenda to support its academic, research, clinical and community missions. The Board of Visitors approved the FY2025 Major Capital Program, totaling \$2.1 billion across all three divisions, including more than \$1 billion in active construction. To address budget concerns, 12 projects were deferred for a savings of approximately \$309 million and another three projects removed from the plan, totaling an additional \$76.9 million in cost savings. Major milestones included expanding residential space for 338 second year students with the grand openings of Ramazani and Gaston Houses. The McIntire School of Commerce's Shumway Hall was completed, along with a \$16.5 million expansion to UVA Health's ultrasound facilities. The University hosted a construction ceremony for the Karsh Institute of Democracy; a core element of the University's UVA Innovates initiative. We broke ground for new graduate student housing at the Darden School of Business and an upper-class, 750-plus bed residence hall along the Emmet-Ivy Corridor.

In collaboration with the UVA Foundation, the University developed a strategic real estate acquisition and disposition plan for both the academic division and UVA Health. This effort included re-examining properties for strategic opportunities, reviewing the Foundation's asset portfolio, and establishing guiding principles and a tracking system for real estate evaluations to ensure transparency and consistency in decision-making. The University launched a comprehensive space optimization plan that resulted in strategic relocations and consolidations, including moving the School of Continuing and Professional Studies to a new location, which allowed us to repurpose Zehmer Hall as the new home for the Department of Safety and Security. The University also implemented the rollout of a new capital project manual to strengthen capital planning and delivery processes. In parallel, leadership affirmed the Climate Action Plan, advancing UVA's long-term sustainability goals.

INNOVATIONS IN TECHNOLOGY

Several major initiatives got underway this past year to bolster the University's technology infrastructure, data capabilities and cybersecurity posture. The University's first Technology Strategic Plan was developed and validated across the organization, establishing a clear roadmap for aligning technology investments with institutional priorities. In collaboration with the School of Engineering and Applied Science (SEAS), Information Technology Services (ITS) advanced a data enablement strategy to expand access to data analytics and streamline data use across schools and units. This effort included the launch of the Data Analytics Center (DAC) to support researchers across Grounds. UVA also introduced its first Generative AI platform, UVA Chat+, along with comprehensive guidelines for responsible use of AI technologies. In addition, the Device Security Initiative (DSI) was launched as a multi-year program to strengthen cybersecurity through improved network segmentation, enhanced access controls and greater visibility into system security data.

SAFE AND SECURE ENVIRONMENT

For the first time in more than a decade, the University Police Department (UPD) achieved full staffing levels, positioning it to effectively support the University's continued growth. Security staffing at the UVA Medical Center and across Grounds increased to 113 positions, expanding coverage into the concurrent jurisdiction and joint patrol area. The Rapid Response Team was fully outfitted and cross-trained alongside peer institutions, ensuring readiness for active threat and large-scale event situations. In addition, UPD revised the Student Safety Guide, creating a more accessible and user-friendly resource for all who live, work and study at UVA. The Department of Safety and Security's next step towards advancing its preparedness and response capabilities across Grounds is relocating to its new centralized headquarters in the final quarter of 2025.

The University remains positioned to thrive in a changing economic landscape. The data captured in this report reflect our balanced approach to maintain fiscal discipline while continuing to invest in the people, programs, research and care that sustain our mission and momentum. Our consistent disciplined fiscal management, forward-thinking investments, strategic partnerships, and commitment to operational excellence create a firm foundation for growth in the years ahead. The University of Virginia will continue its path of long-term stability and remarkable legacy and leadership in education, research, healthcare and public service.

Very truly yours,

Jennifer (J.J.) Wagner Davis
Executive Vice President and Chief Operating Officer

Management Responsibility



November 24, 2025

To the President and Board of Visitors of the University of Virginia:

We are pleased to submit the annual Financial Report of the University of Virginia for the year ended June 30, 2025. Management is responsible for the objectivity and integrity of the accompanying financial statements, which have been prepared in conformance with the Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and Statement No. 35, Basic Financial Statements—and Management’s Discussion and Analysis—for Public Colleges and Universities. The financial statements, of necessity, included management’s estimates and judgments relating to matters not concluded by year-end. The financial information contained elsewhere in the annual Financial Report is consistent with that included in the financial statements.

Management is responsible for maintaining the University’s system of internal control, which includes careful selection and development of employees, proper division of duties, and written accounting and operating policies and procedures augmented by a continuing internal audit program. 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, assurance that assets are safeguarded from unauthorized use or disposition and that the accounting records are sufficiently reliable to permit the preparation of financial statements that conform in all material respects with generally accepted accounting principles.

The Auditor of Public Accounts for the Commonwealth of Virginia, using the reports of independent certified public accountants for the component units, provides an independent opinion regarding the fair presentation of the financial statements of the University’s financial position. Their examination was made in accordance with generally accepted government auditing standards and included a review of the system of internal accounting controls to the extent they considered necessary to determine the audit procedures required to support their opinion. The Audit, Compliance and Risk Committee of the Board of Visitors meets periodically and privately with the independent auditors, the internal auditors and the financial officers of the University to review matters relating to the quality of the University’s financial reporting, the internal accounting controls, and the scope and results of audit examinations. The committee also reviews the scope and quality of the internal auditing program.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Augie L. Maurelli".

Augie L. Maurelli
Vice President for Finance
& Chief Financial Officer



Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

November 24, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
University of Virginia

Paul G. Mahoney
Interim President, University of Virginia

Independent Auditor's Report

Report on Financial Statements

Opinions

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

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

We did not audit the financial statements of UVA Community Health, Inc., a blended component unit of the University, or the financial statements of the aggregate discretely presented component units of the University, which are discussed in Notes 1, 15, and 16. UVA Community Health, Inc., accounts for 2.45 percent of total assets and deferred outflows; 0.68 percent of net position; and 8.98 percent of total operating, net nonoperating, and other revenues of the business-type activities of the University as of June 30, 2025. The financial statements of UVA Community Health, Inc., and the discretely presented component units of the University were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for these component units of the University, are based solely on the reports of the other auditors.

Basis for Opinions

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

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Emphasis of Matters

Change in Accounting Principle

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

Correction of 2024 Financial Statements

As discussed in Note 1 of the accompanying financial statements, the fiscal year 2024 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our 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 10 through 18; the Schedule of Employer's Share of Net Pension Liability, the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information – Virginia Retirement System Pension Plans on pages 82 through 83; the Schedule of Employer's Share of Net OPEB Liability (Asset), the Schedule of Employer Contributions, and the Notes to the Required Supplementary Information – Virginia Retirement System OPEBs on pages 84 through 86; and the Changes in Total OPEB Liability and Related Ratios and the Notes to the Required Supplementary Information – UVA Administered OPEBs on page 87. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The Supplementary Combining Schedule of Net Position on page 88 and the Supplementary Combining Schedule of Revenues, Expenses, and Changes in Net Position on page 89 are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Combining Schedule of Net Position and the Supplementary Combining Schedule of Revenues, Expenses, and Changes in Net Position are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the letter from the Executive Vice President and Chief Operating Officer on pages 3 through 5 and the transmittal letter on page 6 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 November 24, 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

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Management's Discussion & Analysis

Management's Discussion & Analysis

This discussion and analysis provides an overview of the financial position and results of activities of the University of Virginia (the University) for the year ended June 30, 2025. Comparative information for the year ended June 30, 2024, has been provided where applicable. Management has prepared this discussion, which should be read in conjunction with the financial statements and the notes that follow this section.



Academic Division

The University, a public institution of higher learning, offers a diverse range of degree programs across 12 schools, from baccalaureate to postdoctoral levels. The University is recognized internationally for the quality of its faculty and its commitment to the primary academic missions of instruction, research, public service and medical care. The University consistently ranks among the nation's top public colleges and universities, both for its excellent academic programs as well as for its affordability and value. Its emphasis on the student experience is extraordinary among major public institutions, and its dedication to new advances in research permeates all its schools and colleges.



Medical Center

The Medical Center, in conjunction with the School of Medicine and University Physician's group, is a comprehensive, integrated health system anchored by a world-class academic medical center. Flagship facilities include a Level I Trauma Center, a Level IV Neonatal Intensive Care Unit, the first National Cancer Institute-designated Comprehensive Cancer Center in Virginia, and UVA Health Children's—the top-ranked pediatric hospital in the state.

The system also includes three community hospitals, a specialty rehabilitation hospital, and an extensive network of primary and specialty care clinics serving patients across Virginia.

Grounded in excellence in patient care, research, and education, the Medical Center and its affiliates continue to drive innovation and expand access to high-quality care throughout the Commonwealth. The Medical Center consistently ranks among the top health care systems in the nation.



College at Wise

Located in southwestern Virginia, the College at Wise is a public liberal arts college that offers undergraduate degrees in 34 majors, several pre-professional programs, and a master's degree in education.

Management's Discussion and Analysis (Unaudited)

Statement of Net Position

The Statement of Net Position 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. The net position is an indicator of the prudent utilization of financial resources and the overall health of the University, while the change in net position reflects the current year's activities. Assets and liabilities are generally measured using current values. One notable exception is capital assets, which are stated at historical cost, less accumulated depreciation and amortization. Depreciation and amortization are methods of allocating the cost of a tangible or intangible asset, respectfully, over its useful life to indicate how much of an asset's value has been consumed.

The University's Statement of Net Position at June 30, 2025, and June 30, 2024, is summarized as follows:

SUMMARY OF THE STATEMENT OF NET POSITION (in thousands)	2025	2024*	INCREASE (DECREASE)	
			AMOUNT	PERCENT
Current assets	\$ 1,269,422	\$ 1,223,029	\$ 46,393	3.8%
Noncurrent assets				
Long-term investments	11,998,451	10,992,365	1,006,086	9.2%
Capital assets, net	5,937,000	5,540,140	396,860	7.2%
Other	538,264	807,706	(269,442)	(33.4%)
Total assets	19,743,137	18,563,240	1,179,897	6.4%
Deferred outflows of resources	185,205	167,483	17,722	10.6%
Total assets and deferred outflows of resources	19,928,342	18,730,723	1,197,619	6.4%
Current liabilities	925,281	762,621	162,660	21.3%
Noncurrent liabilities	4,332,150	4,311,416	20,734	0.5%
Total liabilities	5,257,431	5,074,037	183,394	3.6%
Deferred inflows of resources	293,833	297,935	(4,102)	(1.4%)
Total liabilities and deferred inflows of resources	5,551,264	5,371,972	179,292	3.3%
TOTAL NET POSITION	\$ 14,377,078	\$ 13,358,751	\$ 1,018,327	7.6%

*Amounts have been restated for error corrections and changes in accounting principle. See Note 1 for additional information.

Current Assets and Liabilities

Current assets primarily consist of cash and cash equivalents, short-term investments, and accounts receivable. Current liabilities primarily consist of accounts payable, unearned revenue and the current portion of long-term liabilities.

Current assets cover current liabilities 1.37 times, an indicator of good liquidity and the ability to weather short-term demands on working capital. Current assets cover 2.7 months of total operating expenses, excluding depreciation and amortization. For 2024-25, one month of operating expenses excluding depreciation and amortization equaled approximately \$474.1 million.

Management’s Discussion and Analysis (Unaudited)

Endowment and Other Investments

Performance. The major portion of the University’s endowment and other investments continues to be maintained in a long-term investment pool managed by the University of Virginia Investment Management Company. The return for the long-term investment pool was a gain of 12.4 percent in fiscal year 2024-25. This performance figure includes realized and unrealized gains and losses, along with cash income. Total investment gain for all funds was \$1.32 billion for the fiscal year ended June 30, 2025.

Distribution. The University uses its endowment funds to support operations by distributing endowment earnings with the objective of balancing the annual funding needed to support the endowed programs against the preservation of future purchasing power. The endowment spending-rate policy is approved by the Board of Visitors and is based on total return, not just cash earnings. For the year ended June 30, 2025, the total distribution for the University’s endowment was \$302.5 million, excluding fiduciary funds, or 4.4 percent of the market value of the endowment as of June 30, 2023, the measurement date.

Endowment investments. The total of endowment investments as of June 30, 2025 is \$7.9 billion, compared to \$7.2 billion for the year ended June 30, 2024.

Earnings from the endowment are expendable; however, a significant amount of the earnings are restricted as to use by donors or is internally designated by the University for scholarships, fellowships, professorships, and research activities.

Including endowment investments held by the nine related University-Associated Organizations reported as component units, the combined University system endowment was just under \$10.6 billion as of June 30, 2025.

Capital and Debt Activities

A critical factor in sustaining the quality of the University’s academic and research programs and residential life is the development and maintenance of its capital assets. The University continues to implement its long-range plan to modernize its older teaching and research facilities, construct new facilities, and fund major maintenance obligations.

Capital projects consist of replacement, renovation, and new construction of academic, research, and health care facilities, as well as significant investments in equipment and information systems.

Some of the largest new or ongoing projects during the year are listed as follows:

MAJOR CAPITAL PROJECTS DURING 2024-25 (in thousands)	PROJECTED COST	FY2025 ACTUAL EXPENSES
Institute of Biotechnology	\$ 350,000	\$ 54,502
Virginia Guesthouse	167,900	40,839
Ivy Corridor Student Housing	160,000	13,959
Darden Student Housing	155,000	13,502
University Hospital South 6-8 Shell Buildout	120,000	3,059
Olympic Sports Complex	75,800	41,084
Fontaine Central Energy Plant & Utilities	70,000	40,278
Other	30,050	17,418
TOTAL	\$ 1,128,750	\$ 224,641

As infrastructure and building projects were completed or otherwise acquired during the year, the University’s capital asset balances grew significantly. \$409.1 million of completed projects were added to depreciable capital assets during the fiscal year. The largest infrastructure and building projects completed or acquired during the year are listed below:

MAJOR PROJECTS COMPLETED OR ACQUIRED DURING 2024-25 (in thousands)	CAPITALIZED COST
Shumway Hall (McIntire New Academic Facility)	\$ 120,594
Physics Building Renewal	56,430
Heat Plant Conversion	35,878
Scott Stadium Endzone Board	11,901
Infusion Peter Jefferson Parkway	9,789
University Hospital Focused Ultrasound & MRI	7,328
TOTAL	\$ 241,920

Financial stewardship requires the effective management of resources, including the prudent use of debt to finance capital projects. As evidence of the University’s effective stewardship, the University has received the highest long-term and short-term debt ratings from all three major rating agencies, including Moody’s Investors Service (Aaa/P-1), Standard & Poor’s (AAA/A-1+) and Fitch Ratings, Inc. (AAA/F1+). The University of Virginia is one of only four public institutions to have achieved the highest long-term debt ratings from all three agencies. These ratings not only serve as an official recognition of the University’s financial strength, but also enables the University to obtain future debt financing at optimum pricing. In addition to issuing its own bonds, the University utilizes its commercial paper program, backed by a general revenue pledge, to provide interim financing for its capital improvements and provide a source of short-term liquidity. Outstanding commercial paper is typically converted to long-term debt financing as appropriate, within the normal course of business.

The University’s debt portfolio comprises a strategic mix of maturity structures and both variable- and fixed-rate obligations. This mix is achieved through issuing a combination of variable- and fixed-rate

Management's Discussion and Analysis (Unaudited)

debt, including commercial paper. The University also modifies its debt mix through the use of interest rate swaps in accordance with its Board-approved interest-rate risk-management policy. The University has \$3.5 billion of debt outstanding as of June 30, 2025.

Net Position

The four net-position categories represent the residual interest in the University's assets and deferred outflows of resources after liabilities and deferred inflows of resources are deducted. The University's net position on June 30, 2025, and June 30, 2024, is summarized below:

NET POSITION (in thousands)	2025	2024*	INCREASE (DECREASE)	
			AMOUNT	PERCENT
Net investment in capital assets	\$ 2,633,717	\$ 2,476,750	\$ 156,967	6.3%
Restricted				
Nonexpendable	1,537,171	1,436,450	100,721	7.0%
Expendable	4,958,444	4,754,821	203,623	4.3%
Unrestricted	5,247,746	4,690,730	557,016	11.9%
TOTAL NET POSITION	\$ 14,377,078	\$ 13,358,751	\$ 1,018,327	7.6%

*Amounts have been restated for error corrections and changes in accounting principle. See Note 1 for additional information.

Net investment in capital assets represents the University's capital assets net of accumulated depreciation and amortization and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. Capitalized assets, net of accumulated depreciation and amortization, increased by \$396.9 million and were offset by a \$239.9 million increase in debt and other long-term liabilities used to finance those capital assets, for a net change of \$157.0 million.

Restricted nonexpendable net position represents the historical value (corpus) of the University's permanent endowments, which cannot be expended due to donor restrictions. The increase in nonexpendable net position included new gifts of \$46.7 million as well as \$52.5 million in related matches from the Strategic Investment Fund.

Restricted expendable net position includes spendable earnings on permanent and quasi-endowments, gifts, grants and contracts, and loan funds that are subject to externally imposed restrictions governing their use. Restricted expendable net position increased this year primarily due to the large return on investments at UVIMCO.

Unrestricted net position includes all other activities that are both spendable and not subject to externally imposed restrictions. The majority of the University's unrestricted net position has been internally designated for the core mission activities of instruction, research, health services programs and initiatives, and capital projects that align with the University's highest priorities. Unrestricted net position increased primarily due to investment returns on unrestricted assets.



Management's Discussion and Analysis (Unaudited)

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position presents the University's results of activities for the year. Presented below is a summarized statement for the years ended June 30, 2025 and June 30, 2024:

SUMMARY OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION <i>(in thousands)</i>	2025	2024*	INCREASE (DECREASE)	
			AMOUNT	PERCENT
Operating revenues				
Student tuition and fees, net	\$ 743,001	\$ 729,784	\$ 13,217	1.8%
Patient services, net	3,547,562	3,264,857	282,705	8.7%
Sponsored programs	534,148	529,842	4,306	0.8%
Other	325,699	330,148	(4,449)	(1.3%)
Total operating revenues	5,150,410	4,854,631	295,779	6.1%
Operating expenses	6,109,006	5,542,685	566,321	10.2%
Operating loss	(958,596)	(688,054)	(270,542)	(39.3%)
Nonoperating revenues (expenses)				
State appropriations	338,380	317,850	20,530	6.5%
Gifts	280,431	243,598	36,833	15.1%
Investment income	1,315,309	774,624	540,685	69.8%
Pell grants	26,808	19,170	7,638	39.8%
Nonoperating grant revenue	-	15	(15)	(100%)
Interest on capital asset-related debt	(132,422)	(123,229)	(9,193)	(7.5%)
Build America Bonds (BAB) rebate	8,251	8,281	(30)	(0.4%)
Other net nonoperating revenues (expenses)	11,963	1,794	10,169	566.83%
Net nonoperating revenues	1,848,720	1,242,103	606,617	48.8%
Income (loss) before other revenues, expenses, gains, or losses	890,124	554,049	336,075	60.7%
Capital appropriations, gifts, and grants	81,536	136,441	(54,905)	(40.2%)
Additions to permanent endowments	46,667	32,177	14,490	45.0%
Total other revenues	128,203	168,618	(40,415)	(24.0%)
INCREASE (DECREASE) IN NET POSITION	1,018,327	722,667	295,660	40.9%
NET POSITION - BEGINNING OF YEAR AS RESTATED*	13,358,751	12,636,084	722,667	5.7%
NET POSITION - END OF YEAR	\$ 14,377,078	\$ 13,358,751	\$ 1,018,327	7.6%

*Amounts have been restated for error corrections and changes in accounting principle. See Note 1 for additional information.

GASB principles determine the categorization of revenues and expenses as either operating or nonoperating activities. Because GASB Statement No. 34 requires that revenues from state appropriations, Pell grants, and gifts be considered nonoperating while the expenses funded from these revenues are categorized as operating (with the exception of interest on capital debt, which remains nonoperating), the University will nearly always demonstrate an operating loss on its Statement of Revenues, Expenses and Changes in Net Position.

Revenues

The University maintains a diverse stream of revenues, which decreases its dependence on any single source and allows it to adapt during difficult economic times. The University's revenues, for the years ended June 30, 2025, and June 30, 2024, are summarized on the next page:

Management's Discussion and Analysis (Unaudited)

SUMMARY OF REVENUES <i>(in thousands)</i>	2025	2024*	TOTAL INSTITUTION INCREASE (DECREASE)	
			AMOUNT	PERCENT
Operating revenues				
Student tuition and fees, net	\$ 743,001	\$ 729,784	\$ 13,217	1.8%
Patient services, net	3,547,562	3,264,857	282,705	8.7%
Federal, state, and local grants and contracts	455,405	448,179	7,226	1.6%
Nongovernmental grants and contracts	78,743	81,663	(2,920)	(3.6%)
Sales and services of educational departments	39,040	33,192	5,848	17.6%
Auxiliary enterprises revenue, net	177,812	187,162	(9,350)	(5.0%)
Other operating revenues	108,847	109,794	(947)	(0.9%)
Total operating revenues	5,150,410	4,854,631	295,779	6.1%
Nonoperating revenues				
State appropriations	338,380	317,850	20,530	6.5%
Private gifts	280,431	243,598	36,833	15.1%
Investment income	1,315,309	774,624	540,685	69.8%
Nonoperating grant revenues	-	15	(15)	(100%)
Other nonoperating revenues	174,510	211,427	(36,917)	(17.5%)
Total nonoperating revenues	2,108,630	1,547,514	561,116	36.3%
TOTAL REVENUES	\$ 7,259,040	\$ 6,402,145	\$ 856,895	13.4%

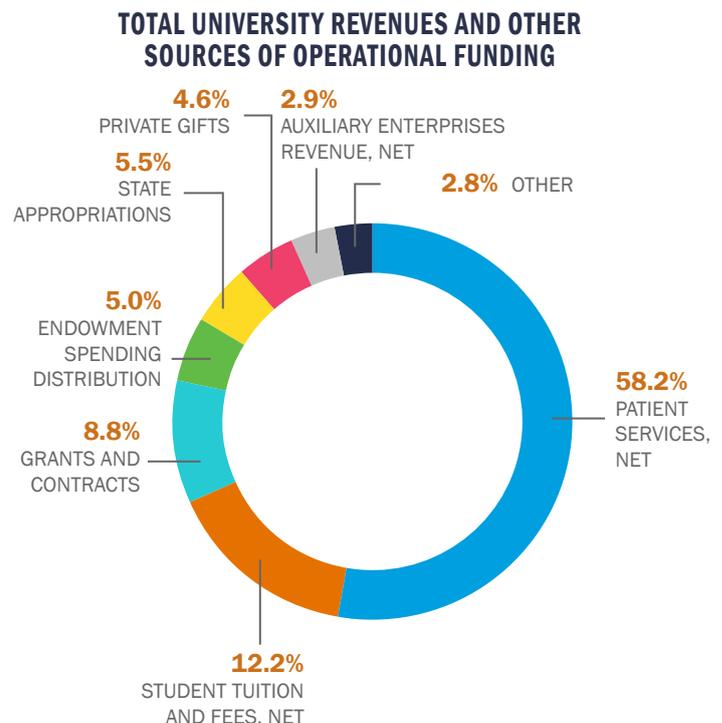
*Amounts have been restated for error corrections. See Note 1 for additional information.

Net student tuition and fees revenue increased primarily due to changes in tuition and fee rates. Tuition and fees revenue is reported net of scholarships and allowances provided from University sources. Net patient services revenues increased primarily due to higher patient volumes and rates. The increase in nonoperating revenues is driven by an increase in investment income resulting from a gain on the University's long-term investments of 12.4 percent compared to 7.5 percent in fiscal year 2024.

Revenues and Other Sources of Operational Funding

To the right is a chart of revenues by source (both operating and nonoperating). These revenues were used to fund the University's operating activities for the fiscal year ended June 30, 2025. As noted earlier, GASB requires state appropriations, current gifts and Pell grants to be treated as nonoperating revenues. Endowment spending is not current-year revenue but a distribution of previously recognized investment income. However, it is an important funding source for current operations and is included in the chart to the right to present a more accurate picture of the University's funding of current operations.

Patient services revenues are principally generated within the University's Medical Center under contractual arrangements with governmental payers and private insurers and accounted for over one-half of the University's revenues and operational funding sources. The Medical Center continues to negotiate annual payment increases with managed-care companies and receives annual payment updates from the Medicare program.



Management’s Discussion and Analysis (Unaudited)

Net student tuition and fees, and grants and contracts are the next largest revenue categories. Private support from endowment spending and gifts combined provides 9.6 percent of the University’s funding. State appropriations account for just 5.5 percent of funding for operations. With ongoing economic pressures on state revenues and increasing consideration of affordability, funding from private sources continues to be vitally important to the University’s operations.

Expenses

The University’s expenses for the years ended June 30, 2025, and June 30, 2024, are summarized as follows:

SUMMARY OF EXPENSES <i>(in thousands)</i>	2025	2024*	TOTAL INSTITUTION INCREASE (DECREASE)	
			AMOUNT	PERCENT
Operating expenses				
Compensation	\$ 3,247,492	\$ 2,871,100	\$ 376,392	13.1%
Supplies and other services	2,275,434	2,102,202	173,232	8.2%
Student aid	139,219	137,540	1,679	1.2%
Depreciation and amortization	419,781	408,646	11,135	2.7%
Other operating expenses	27,080	23,197	3,883	16.7%
Total operating expenses	6,109,006	5,542,685	566,321	10.2%
Nonoperating expenses and other				
Interest expense (net of BAB rebate)	124,171	114,948	9,223	8.0%
Losses on capital assets, net	7,536	7,549	(13)	(0.2%)
Other nonoperating expenses, net	-	14,296	(14,296)	(100%)
Total nonoperating expenses	131,707	136,793	(5,086)	(3.7%)
TOTAL EXPENSES	\$ 6,240,713	\$ 5,679,478	\$ 561,235	9.9%

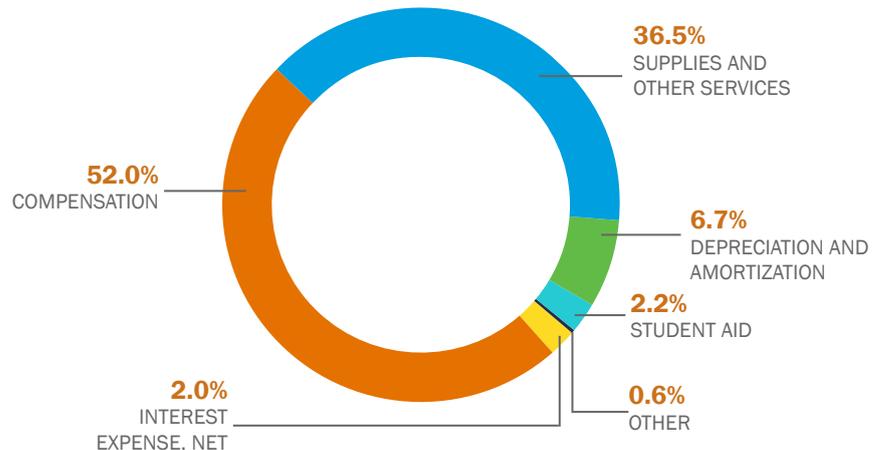
*Amounts have been restated for error corrections and changes in accounting principle. See Note 1 for additional information.

Increases in operating expenses are primarily driven by the increase in supplies and other services and compensation and benefits (including the Virginia Retirement System pension and OPEB accruals). The increase in supplies and services is driven by the higher patient volumes, an expansion of the pharmacy operations, and cost inflation at the Medical Center. The increase in compensation is due to the rising cost of labor and the University and Medical Center offering a competitive compensation package to recruit and retain outstanding faculty and staff to successfully compete with peer institutions and nonacademic employers, as well as a general increase in the total number of employees as operations have expanded and there is less reliance on contract labor at the Medical Center.

To the right is a chart of expenses (both operating and nonoperating) for the fiscal year ended June 30, 2025.

A complete matrix of expenses, natural versus functional, is contained in Note 17 of the Notes to the Financial Statements. Expenses for core mission functions of patient services, instruction and research account for 73.9 percent of total operating expenses. The remainder is for support costs of these core mission functions and includes academic support, libraries, student services, institutional support services, and operation and maintenance of facilities.

TOTAL UNIVERSITY EXPENSES



Management's Discussion and Analysis (Unaudited)

Economic Outlook

The national economy in fiscal year 2025 continued to demonstrate resilience, with inflation generally stabilizing labor conditions moderating, and monetary policy shifting toward a more neutral stance. While price pressures eased from earlier peaks, costs for labor, supplies, and services remained elevated across industries. Financial markets experienced periods of volatility amid geopolitical uncertainty, persistent federal deficits, and evolving expectations around interest rates. These dynamics created an operating environment that required continued expense discipline, careful resource allocation, and strong balance-sheet management for higher education and academic health systems.

Moody's recently issued sector outlooks reflect this mixed landscape. The outlook for higher education remains negative, driven by demographic headwinds, modest revenue growth, and ongoing regulatory and policy uncertainty. Institutions across the country continue to experience intensified competition for students and rising operating costs, creating pressure on margins. At the same time, institutions with strong brands, diversified revenue streams, effective governance, and significant financial resources are expected to remain comparatively well positioned.

For not-for-profit healthcare, Moody's maintains a stable sector outlook, noting gradual improvement in operating performance supported by workforce stabilization, growth in outpatient activity, and steady demand for clinical services. However, healthcare providers continue to face challenges from sustained labor shortages, elevated supply and pharmaceutical costs, and an increasingly complex regulatory environment. Many systems are adapting through operational improvements, strategic partnerships, and continued investment in outpatient and ambulatory strategies.

Despite these broader pressures, the University of Virginia enters fiscal year 2026 from a position of financial strength. Moody's, S&P, and Fitch have assigned UVA the highest-possible credit rating of AAA, reflecting the University's disciplined financial management, diversified revenue base, strong governance practices, and robust enterprise risk management. The University's ability to attract exceptional students, recruit and retain top faculty and staff, and advance high-impact research continues to support long-term stability. Philanthropic support also remains strong, reinforcing academic excellence, student access, and mission-aligned initiatives across the University.

Within UVA Health, continued progress on workforce stabilization, growth in outpatient and clinical services, and operational improvements across the health system contributed to stronger and more consistent performance. These efforts position the health enterprise to navigate national sector pressures while continuing to expand access, improve patient care, and invest in the clinical and research capabilities that support the Commonwealth and region. The Commonwealth of Virginia remains an important partner, with continued investment in public higher education and priorities tied to student affordability, research, and workforce development. Although state budgets face the same inflationary pressures seen nationally, Virginia's overall financial management remains strong, and the Commonwealth continues to retain its AAA rating.

The University also continued making progress on major academic, research, clinical, and infrastructure projects aligned with long-term strategic priorities. Careful planning, prudent capital management, and strong philanthropic support enable UVA to advance key initiatives while maintaining financial flexibility in an environment of elevated construction and financing costs.

Looking ahead, the University remains vigilant to the economic and policy uncertainties that will shape fiscal year 2026 and beyond. National trends, including demographic shifts, sector-wide cost pressures, federal policy developments, and evolving healthcare dynamics, will continue to influence operations. Nevertheless, UVA's disciplined financial stewardship, robust demand, diversified revenue base, strong partnerships, and continued focus on mission-driven investments provide a resilient foundation for navigating the changing environment and advancing the University's academic, clinical, and public service missions.



Basic Financial



al Statements

STATEMENT OF NET POSITION *(in thousands)*

AS OF JUNE 30, 2025

	UNIVERSITY OF VIRGINIA	COMPONENT UNITS
ASSETS		
Current assets		
Cash and cash equivalents (Note 2)	\$ 189,485	\$ 404,324
Short-term investments (Note 2)	20,181	218,688
Short-term investments held for others	-	82,941
Appropriations available	86,733	-
Accounts and pledges receivable, net (Note 3)	755,802	188,945
Due from component units	87,088	-
Due from University of Virginia	-	50,364
Prepaid expenses	27,922	7,661
Inventories	98,647	1,592
Notes receivable, net (Note 4)	3,564	-
Total current assets	1,269,422	954,515
Noncurrent assets		
Cash and cash equivalents (Note 2)	21,284	3,952
Accounts and pledges receivable, net (Note 3)	276,485	126,153
Due from component units	90,606	-
Due from University of Virginia	-	12,128
Notes receivable, net (Note 4)	22,653	-
Long-term investments (Note 2)	11,998,451	3,423,509
Long-term investments held for others	-	12,677,175
Capital assets - nondepreciable (Note 5)	757,659	142,489
Capital assets - other, net (Note 5)	5,179,341	461,522
Equity in affiliated companies (Note 9)	73,835	-
OPEB asset (Note 20)	25,961	-
Other assets	27,440	228,534
Total noncurrent assets	18,473,715	17,075,462
DEFERRED OUTFLOWS OF RESOURCES (Note 6)	185,205	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	19,928,342	18,029,977
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	454,698	119,880
Accrued compensated absences (Note 11)	108,268	18,350
Due to component units	50,364	-
Due to University of Virginia	-	86,457
Unearned revenue (Note 8)	88,269	8,259
Deposits held in custody for others	37,361	275
Investments held for others	-	276,936
Short-term debt (Note 10)	120,000	291,405
Long-term leases - current portion (Note 11)	19,043	8,814
Long-term subscription based IT arrangements - current portion (Note 11)	43,633	-
Long-term debt - current portion (Note 12)	-	5,945
Other long-term liabilities - current portion (Note 11)	3,645	59,322
Total current liabilities	925,281	875,643
Noncurrent liabilities		
Accounts payable and accrued liabilities	18,862	96,684
Accrued compensated absences (Note 11)	20,862	12,299
Due to component units	12,128	-
Due to University of Virginia	-	90,606
Investments held for others	-	12,642,035
Liabilities under trust agreements (Note 11)	134,313	41,474
Long-term leases (Note 11)	156,049	47,805
Long-term subscription based IT arrangements (Note 11)	50,307	-
Long-term debt (Note 12)	3,333,262	328,292
Derivative instrument liability (Note 13)	8,166	-
Net pension liabilities (Note 19)	415,190	82,280
Other-post employment benefits liabilities (Note 20)	171,079	-
Other long-term liabilities (Note 11)	11,932	8,094
Total noncurrent liabilities	4,332,150	13,349,569
DEFERRED INFLOWS OF RESOURCES (Note 14)	293,833	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,551,264	14,225,212
NET POSITION		
Net investment in capital assets	2,633,717	269,758
Restricted:		
Nonexpendable	1,537,171	1,378,873
Expendable	4,958,444	1,480,900
Unrestricted	5,247,746	675,234
TOTAL NET POSITION	14,377,078	3,804,765
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 19,928,342	\$ 18,029,977

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

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2025

	UNIVERSITY OF VIRGINIA	COMPONENT UNITS
REVENUES		
Operating revenues		
Student tuition and fees, net of scholarship allowances of \$233,794	\$ 743,001	\$ -
Patient services, net of charity care and contractual adjustments of \$8,880,710	3,547,562	605,760
Federal grants and contracts	451,605	-
State and local grants and contracts	3,800	-
Nongovernmental grants and contracts	78,743	-
Sales and services of educational departments	39,040	34,180
Auxiliary enterprises revenue, net of scholarship allowances of \$32,498	177,812	-
Gifts and contributions	-	152,970
Other operating revenues	108,847	205,977
TOTAL OPERATING REVENUES	5,150,410	998,887
EXPENSES		
Operating expenses (Note 17)		
Compensation and benefits	3,247,492	613,559
Supplies and other services	2,275,434	362,950
Student aid	139,219	158,457
Depreciation and amortization	419,781	29,781
Other	27,080	-
TOTAL OPERATING EXPENSES	6,109,006	1,164,747
OPERATING LOSS	(958,596)	(165,860)
NONOPERATING REVENUES (EXPENSES)		
State appropriations (Note 18)	338,380	-
Gifts	280,431	-
Investment income (loss)	1,315,309	395,616
Pell grants	26,808	-
Interest on capital asset-related debt	(132,422)	(15,369)
Build America Bonds rebate	8,251	-
(Losses) on capital assets	(7,536)	(573)
Gains from affiliated companies	17,872	-
Other net nonoperating revenues (expenses)	1,627	(8,000)
NET NONOPERATING REVENUES (EXPENSES)	1,848,720	371,674
INCOME BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	890,124	205,814
OTHER REVENUES		
Capital appropriations	32,015	-
Capital grants and gifts	49,521	-
Additions to permanent endowments	46,667	93,027
TOTAL OTHER REVENUES	128,203	93,027
INCREASE (DECREASE) IN NET POSITION	1,018,327	298,841
NET POSITION - BEGINNING OF YEAR	13,390,369	3,505,924
NET POSITION - ADJUSTMENTS (Note 1)	(31,618)	-
NET POSITION - END OF YEAR	\$ 14,377,078	\$ 3,804,765

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

UNIVERSITY OF VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION *(in thousands)*

AS OF JUNE 30, 2025

	UNIVERSITY OF VIRGINIA
CUSTODIAL FUND ASSETS	
Noncurrent assets	
Long-term investments	\$ 29,504
Total noncurrent assets	29,504
TOTAL ASSETS	29,504
 CUSTODIAL FUND LIABILITIES	
Current liabilities	
Distributions Payable	1,236
Total current liabilities	1,236
TOTAL LIABILITIES	1,236
 CUSTODIAL FUND NET POSITION	
Restricted for outside organizations	28,268
TOTAL CUSTODIAL FUND NET POSITION	28,268
TOTAL CUSTODIAL FUND LIABILITIES AND NET POSITION	\$ 29,504

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



UNIVERSITY OF VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2025

	UNIVERSITY OF VIRGINIA
	<hr/>
ADDITIONS	
Investment income	
Net increase in fair value of investments	\$ 3,277
Less: Investment fees	(68)
Net investment income	<hr/> 3,209
Participant contributions	934
TOTAL ADDITIONS	<hr/> 4,143
DEDUCTIONS	
Annual distribution to participants	1,236
TOTAL DEDUCTIONS	<hr/> 1,236
INCREASE IN FIDUCIARY NET POSITION	<hr/> 2,907
NET POSITION	
NET POSITION - BEGINNING OF YEAR	<hr/> 25,361
NET POSITION - END OF YEAR	<hr/> \$ 28,268

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



UNIVERSITY OF VIRGINIA
STATEMENT OF CASH FLOWS *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2025

	UNIVERSITY OF VIRGINIA
	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	\$ 742,918
Grants and contracts	513,807
Patient services	3,433,144
Sales and services of educational activities	36,739
Sales and services of auxiliary enterprises	162,588
Payments to employees and fringe benefits	(3,297,831)
Payments to vendors and suppliers	(2,264,467)
Federal Direct Loan Program receipts	140,653
Federal Direct Loan Program payments	(140,653)
Payments for scholarships and fellowships	(139,219)
Perkins and other loans issued to students	(4,979)
Collection of Perkins and other loans to students	3,341
Other receipts	75,793
	<hr/>
NET CASH USED BY OPERATING ACTIVITIES	(738,166)
	<hr/>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	341,036
Additions to permanent endowments	46,667
Pell grants	26,808
Deposits held in custody for others	8,801
Noncapital gifts and grants and endowments received	277,546
Proceeds from noncapital debt	120,000
Other net nonoperating revenue	7,735
	<hr/>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	828,593
	<hr/>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital appropriations	37,317
Capital gifts and grants received	52,625
Acquisition and construction of capital assets	(724,056)
Principal paid on capital debt and leases	(77,467)
Interest paid on capital debt and leases	(133,837)
Other net nonoperating expenses	(6,041)
	<hr/>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(851,459)
	<hr/>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	506,796
Interest on investments	13,341
Purchase of investments and related fees	(140,480)
	<hr/>
NET CASH PROVIDED BY INVESTING ACTIVITIES	379,657
	<hr/>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(381,375)
Cash and cash equivalents - beginning of year	592,144
	<hr/>
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 210,769
	<hr/>

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

UNIVERSITY OF VIRGINIA
STATEMENT OF CASH FLOWS, CONTINUED *(in thousands)*

FOR THE YEAR ENDED JUNE 30, 2025

	UNIVERSITY OF VIRGINIA
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (958,596)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	419,781
Changes in assets, liabilities, deferred outflows and deferred inflows:	
Receivables, net	(72,105)
Inventories	(20,077)
OPEB asset	(2,751)
Prepaid expenses	(3,335)
Notes receivable, net	(138)
Equity in affiliated companies	16,301
Deferred outflows of resources	(16,949)
Accounts payable and accrued liabilities	(65,822)
Unearned revenue	(2,184)
Long-term liabilities	411
Net pension liability	(11,986)
OPEB liability	(18,346)
Deferred inflows of resources	(2,988)
Other assets and liabilities	618
TOTAL ADJUSTMENTS	220,430
NET CASH USED BY OPERATING ACTIVITIES	\$ (738,166)
 NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES	
Assets acquired through assumption of a liability	\$ 33,364
Long term leases used to finance capital assets	18,539
Long term subscriptions used to finance capital assets	76,508
Change in fair value of investments	1,327,266
Change in receivables related to nonoperating income	409
Loss on disposal of capital assets	7,536
Net gain in affiliated companies	7,865
Accrued interest added to principal	5,499
VRS and VaLORS Special Revenue Allocation	9,994
Amortization of bond premium	2,534
Change in fair value of other derivatives	1,220
Change in split interest agreement receivables held by others	868

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



Notes *to* Finance



Financial Statements

Note 1

ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND PURPOSE

The University of Virginia (the University) is an agency of the Commonwealth of Virginia (the Commonwealth) and is governed by the University's Board of Visitors (the Board). A separate report is prepared for the Commonwealth that includes all agencies, boards, commissions and authorities over which the Commonwealth exercises or can exercise oversight authority. The University is a discretely presented component unit of the Commonwealth and is included in its basic financial statements. The University consists of three divisions. The Academic Division and the University of Virginia's College at Wise (the College at Wise) generate and disseminate knowledge in the humanities, arts, and scientific and professional disciplines through instruction, research, and public service. The Medical Center Division (the Medical Center), along with its three blended component units — Community Medicine, LLC, Monticello Community Surgery Center, LLC, and University of Virginia Community Health — provides routine and ancillary patient services through full-service hospitals and clinics.

INCOME TAX STATUS

The University is an agency of the Commonwealth and is exempt from federal income tax under Section 115(a) of the Internal Revenue Code. The University's related organizations are 501(c)(3) organizations and are exempt from federal income tax under the Internal Revenue Code. Certain activities may be subject to taxation as unrelated business income per Internal Revenue Code requirements.

FINANCIAL REPORTING ENTITY

As required by generally accepted accounting principles in the United States of America (U.S. GAAP), the financial reporting entity includes both the University and all of its component units. The University's component units are either blended or discretely presented in the University's financial statements. The blended component units, although legally separate, are, in substance, part of the University's operations and, therefore, are reported as if they were part of the University. Discretely presented component units' financial data are reported in separate columns in the financial statements because of their use of different GAAP reporting models and to emphasize their separate legal status.

BLENDED COMPONENT UNITS

UVA Global, LLC, a 100 percent controlled subsidiary of the University, was organized to serve as the parent company to a wholly foreign-owned enterprise (the WFOE) in Shanghai, China. The purpose of UVA Global, LLC and its subsidiary, the WFOE, is to help promote and orchestrate the University's academic activities and operations in China in compliance with the legal structures permitted by the host country. Subsequently, an authorized representative has been appointed to act on behalf of the parent company and the University.

Community Medicine University of Virginia, LLC, was established as a limited liability corporation (LLC) under the laws of the Commonwealth to house physician practices. This model gives physicians an organizational structure that allows these physicians the opportunity to practice independently in a virtual private practice environment with all the risks and gains associated with an independent model. It is a wholly owned subsidiary of the Medical Center.

Monticello Community Surgery Center, LLC, doing business as UVA Health Surgical Care Riverside is where UVA and community physicians perform ambulatory surgical services. It is a wholly owned subsidiary of the Medical Center.

UVA Community Health, Inc. consists of three community hospitals in Prince William, Haymarket, and Culpeper, a Medical Group, surgery centers, and ambulatory clinics. It is a wholly owned subsidiary of the Medical Center.

Condensed financial statements for each blended component unit are disclosed in Note 15.

DISCRETELY PRESENTED COMPONENT UNITS

The University has 23 legally separate, tax-exempt University-Associated Organizations (UAOs) operating in support of the interests of the University. These UAOs are not-for-profit corporations controlled by separate boards of directors. The University determined that the following nine UAOs qualify as component units of the University because of the nature and significance of their relationship with the University, including their ongoing financial support of its schools. As such, they are presented discretely in the financial statements as of and for the year ended June 30, 2025.

- University of Virginia Law School Foundation
- The College Foundation of the University of Virginia
- University of Virginia Darden School Foundation
- Alumni Association of the University of Virginia
- Jefferson Scholars Foundation
- Virginia Athletics Foundation
- University of Virginia Foundation
- University of Virginia Physicians Group
- University of Virginia Investment Management Company

The University also discretely presents University of Virginia Imaging, LLC, which was formed as an agreement between the Medical Center and Outpatient Imaging Affiliates of Virginia, LLC.

The component units' combined financial information is included in the accompanying financial statements. Condensed financial statements for each component unit are disclosed in Note 16. Information on the organization and nature of activities for each component unit follows.

The **University of Virginia Law School Foundation (Law School Foundation)** was established to foster the study and teaching of law at the University and to receive and administer funds for that purpose. It expends funds to support professorships, faculty benefits, financial aid, student activities and other academic programs within the University's Law School. For additional information, contact the Law School Foundation Treasurer's Office at Slaughter Hall, 580 Massie Road, Charlottesville, VA 22903.

The **College Foundation of the University of Virginia (College Foundation)** was formed to further the purposes and aspirations of the College and Graduate School of Arts and Sciences (the College) of the University. It accomplishes its purposes through fundraising and funds management efforts to benefit the College, its programs and other areas of the University. For additional information, contact the College Foundation at P.O. Box 400801, Charlottesville, VA 22904.

Notes to Financial Statements

The **University of Virginia Darden School Foundation (Darden School Foundation)** was established to promote the advancement and further the aims and purposes of the Darden School of Business of the University and to provide education for business executives. For additional information, contact the Darden School Foundation at P.O. Box 6550, Charlottesville, VA 22906.

The **Alumni Association of the University of Virginia (Alumni Association)** was established to provide services to all alumni of the University, thereby assisting the University and all its students, faculty and administration in attaining the University's highest priority of achieving eminence as a center of higher learning. For additional information, contact the Alumni Foundation's Finance and Administration Office at P.O. Box 400314, Charlottesville, VA 22904.

The **Jefferson Scholars Foundation (JSF)** was established to develop and administer a merit-based scholarship, fellowship and professorship program. The mission of the JSF is to serve the University by identifying, attracting and nurturing individuals of extraordinary intellectual range and depth, who possess the highest concomitant qualities of leadership, scholarship and citizenship. For additional information, contact the JSF Finance Team at 112 Clarke Court, Charlottesville, VA 22903.

The **Virginia Student Aid Foundation, Inc., T/A Virginia Athletics Foundation (VAF)**, was established to support intercollegiate athletic programs at the University by providing student-athletes the opportunity to achieve academic and athletic excellence. It provides funding for student-athlete scholarships, funding for student-athlete academic advising programs, operational support for various sports, informational services to its members and the general public, and ancillary support to the athletic programs. VAF has adopted December 31 as its year end. All amounts reflected are as of December 31, 2024. For additional information, contact the VAF Gift Accounting Office at P.O. Box 400833, Charlottesville, VA 22904.

The **University of Virginia Foundation (UVAF)**, including the University of Virginia Real Estate Foundation, was established to provide administrative services to the University and supporting organizations; engage in any and all matters pertaining to real property for the benefit of the University; and use and administer gifts, grants and bequests, and devises for the benefit of the University. For additional information, contact the UVAF Financial Services Office at P.O. Box 400218, Charlottesville, VA 22904.

The **University of Virginia Physicians Group (UPG)** was established as a nonprofit group practice health care provider organization designed to assist medical education through teaching and research within the academic environment of the Health System of the University. It also strives to coordinate and develop superior patient care in the Health System. UPG entered into an affiliation agreement with the University for UPG, through its member clinical departments, to provide patient care at the Health System. UPG provides patient care services to Health System patients, and in conjunction with the care of patients, provides teaching services. The University provides space and certain administrative services to UPG, which reimburses the University for the salaries and fringe benefits of classified and hourly employees of the clinical departments paid by the University and not funded by the Commonwealth or by gifts, grants and contracts. For additional information, contact the UPG Finance Office at 100 Avon Street, Charlottesville, VA 22911.

The **University of Virginia Investment Management Company (UVIMCO)** was established to provide investment management services to the University and the UAOs. UVIMCO strives to generate exemplary investment returns to further the University's mission in perpetuity by providing support to current and future generations of students, faculty, staff, and patients. For additional information, contact UVIMCO at 701 East Water Street, 4th Floor, Charlottesville, VA 22902.

University of Virginia Imaging, LLC (UVI) was formed to operate an outpatient diagnostic imaging center to help respond to the need for radiology services in the Charlottesville area. The Medical Center currently operates an outpatient imaging department offering MRI, plain film radiography, fluoroscopy, and ultrasound in office space at the Fontaine Research Park, and the Zions Crossroads facility. UVI provides services to outpatients from the Medical Center's primary and secondary service areas. Since the Medical Center owns 80 percent of UVI and it does not meet the definition of an investment under GASB 72, UVI is considered a component unit. UVI has adopted December 31 as its year end. All amounts reflected are as of December 31, 2024.

REPORTING BASIS AND MEASUREMENT FOCUS

The University prepares its financial statements in conformity with U.S. generally accepted accounting principles (U.S. GAAP). As a public institution, the University adheres to standards promulgated by the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, the University has elected to report as an entity engaged in business-type activities. Entities engaged in business-type activities are financed in whole, or in part, by fees charged to external parties for goods and services. Statement No. 34 establishes standards for external financial reporting for public colleges and universities.

The University also follows GASB Statement No. 84, *Fiduciary Activities* for activities that meet the fiduciary activity criteria defined by GASB. Fiduciary activities are those activities that state and local governments carry out for the benefit of individuals or other agencies outside the government. The University's fiduciary activities are presented in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

The accompanying financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues, including all exchange and nonexchange transactions, are recorded when earned, and expenses are recorded when incurred and measurable, regardless of when the related cash flows take place. In accordance with GASB requirements, revenues from nonexchange transactions are recognized in the fiscal year in which all eligibility requirements (resource provider conditions) have been satisfied, if measurable and probable of collection.

The component units included herein follow the pronouncements of the Financial Accounting Standards Board (FASB). Their separately published financial statements are presented in accordance with those standards and use the full accrual basis of accounting.

Notes to Financial Statements

FAIR VALUE MEASUREMENTS

The University follows the guidance in GASB Statement No. 72, *Fair Value Measurement and Application*, which defines fair value and establishes guidelines and a framework for measuring fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The University categorizes its fair value measurements within the fair value hierarchy established by Statement No. 72. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – Inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets as of the reporting date.

Level 2 – Inputs are observable, for example, for quoted prices for similar assets or liabilities in active markets or for identical assets or liabilities in inactive markets.

Level 3 – Inputs are unobservable, reflecting the assumptions of management and are significant to the fair value measurement.

The University establishes the fair value of its investments in investment funds that do not have a readily determinable fair value by using net asset value (NAV) per share (or its equivalent) as reported by the external fund manager when NAV per share is calculated as of the measurement date in a manner consistent with the FASB's measurement principles for investment companies. These investments are not reported in the fair value hierarchy.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

In addition to cash on deposit in commercial bank accounts, petty cash and undeposited receipts, cash and cash equivalents include cash on deposit with fiscal agents and investments with original maturities of ninety days or less. Substantially all cash is concentrated in accounts in which balances exceed Federal Deposit Insurance Corporation (FDIC) insurance limits. Money market instruments are valued at amortized cost.

INVESTMENTS

GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as modified by GASB Statement No. 59, *Financial Instruments Omnibus*, and GASB Statement No. 72, *Fair Value Measurement and Application* require that purchased investments, interest-bearing temporary investments classified with cash, and investments received as gifts be recorded at fair value (See Note 2). Changes in unrealized gains and losses on the carrying value of the investments are reported as part of investment income on the Statement of Revenues, Expenses, and Changes in Net Position.

PLEDGES RECEIVABLE

The University receives pledges and bequests of financial support from corporations, foundations, and individuals. Revenue is recognized when a pledge representing an unconditional promise to pay is received and

all eligibility requirements, including time requirements, have been met. In the absence of such a promise, revenue is recognized when the gift is received. Endowment pledges do not meet eligibility requirements, as defined by GASB standards, and are not recorded as assets until the related gift is received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promises are made, commensurate with expected future payments. An allowance for uncollectible pledges receivable is determined based on management's judgment of potentially uncollectible amounts. The determination includes such factors as prior collection history and the type of gift.

LEASES RECEIVABLE

The University has entered into various contracts as the lessor for land, building, and residential space. The initial duration of the agreements range between two and sixty years. The University's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

PREPAID EXPENSES

Prepaid expenses are items paid for in the current year, but for which the underlying asset will not be entirely consumed until a future period. The University's prepaid expenses includes prepaid insurance premiums, various prepayments to vendors, and prepaid rent.

INVENTORIES

Inventories, consisting primarily of supplies and merchandise for resale, are valued at the lower of cost (generally determined on the weighted average method) or market value.

CAPITAL ASSETS AND DEPRECIATION

Capital assets are recorded at cost on the date of acquisition or, if donated, at the acquisition value on the date of donation. Capital assets are depreciated or amortized on a straight-line basis over their estimated useful lives unless they are inexhaustible or are intangible assets with indefinite useful lives. The University capitalizes construction costs that have a value or cost in excess of \$250,000 on the date of acquisition. Renovations in excess of \$250,000 are capitalized if they significantly extend the useful life of the existing asset. The University capitalizes moveable equipment at a value or cost of \$5,000 and an expected useful life of greater than one year. Bulk purchases of capital assets under the normal \$5,000 capitalization threshold are capitalized if the bulk purchase is over \$100,000 for the Academic Division and \$50,000 for the Medical Center.

Expenditures related to construction are capitalized as they are incurred. Projects that have not been completed as of the date of the Statement of Net Position are classified as Construction in Progress.

Capital assets, such as roads, parking lots, sidewalks, and other nonbuilding structures and improvements, are capitalized as infrastructure and depreciated accordingly.

In accordance with GASB standards, the University capitalizes intangible assets such as computer software developed or obtained for internal use, easements, patents, and trademarks. Capitalization begins when the asset is considered identifiable. For computer software, this is often at the application development stage, which consists of the design, coding, installation, and testing of the software and interfaces.

Notes to Financial Statements

The estimated useful lives of capital assets are as follows:

ASSETS	YEARS
Buildings, improvements other than buildings and infrastructure	10-50
Equipment	3-20
Intangible assets	5-20
Library books and other collections	10

RIGHT-TO-USE ASSETS, LIABILITIES, AND AMORTIZATION

The University has recorded right to use lease assets for land, building space, and equipment. The right to use assets are initially measured at an amount equal to the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease. The University capitalizes leases that have a value or cost in excess of \$50,000.

Additionally, the University has recorded subscription-based information technology arrangement assets for contracts that convey control of the right to use a third party's information technology software. These assets are initially measured at an amount equal to the related liability plus any payments made at or prior to the subscription term and capitalizable implementation costs, less vendor incentives. The subscription assets are amortized on a straight-line basis over the life of the subscription term. The University capitalizes subscription-based information technology arrangements that have a value or cost in excess of \$50,000 for the Academic Division and \$5,000 for the Medical Center.

PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIPS

A public-private partnership (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 other capital asset, for a period of time. The University's PPP arrangements include the operation of the John Paul Jones Arena, a transportation network helicopter, inpatient meal services, and the Medical Center hospital cafeteria. Variable payments and other inflows of resources under PPP arrangements are not included in the measurement of the related assets and deferred inflows of resources. Variable inflows amount to \$8.9 million for the period ended June 30, 2025.

COLLECTIONS

The University does not capitalize works of art or historical treasures that are held for exhibition, education, research and public service. These collections are protected and preserved, neither disposed of for financial gain, nor encumbered by any means. Accordingly, such collections are not recognized as assets for financial statement purposes.

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources are a consumption of net assets that are applicable to a future reporting period and increase net position similar to assets.

DEPOSITS

Deposits held in custody for others represent cash and invested funds held by the University on behalf of various groups and organizations.

UNEARNED REVENUE

Unearned revenue consists primarily of cash received from grant and contract sponsors that has not been earned under the terms of the agreement, and amounts received in advance of an event, such as student tuition and fees as well as fees for housing and dining services.

COMPENSATED ABSENCES

Accrued compensated absences consist of leave that has not been used when the following conditions are met:

- The leave is attributable to services already rendered.
- The leave accumulates.
- The leave is more likely than not (likelihood of more than 50 percent) to be used for time off or otherwise paid in cash or settled through noncash means.

Accrued compensated absences also includes leave that has been used but not yet paid in cash or settled through noncash means, as well as certain leave types that have commenced as of the end of the reporting period, such as parental leave. The applicable share of employer-related taxes and required defined contribution contributions payable is included in the liability measurement.

LONG-TERM DEBT AND DEBT ISSUANCE COSTS

Long-term debt on the Statement of Net Position is reported net of related discounts and premiums, which are amortized over the life of the debt. Debt issuance costs, except portions related to prepaid insurance, are expensed as nonoperating expenses.

PENSIONS

The Virginia Retirement System (VRS) State Employee Retirement Plan and the Virginia Law Officers' System (VaLORS) Retirement Plan are single employer pension plans that are treated like cost-sharing plans for financial reporting purposes. For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the VRS State Employee Retirement Plan and the VaLORS Retirement Plan, and the additions to/deductions from the VRS State Employee Retirement Plan's and the VaLORS Retirement Plan's net fiduciary position, have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by VRS are reported at fair value.

Full-time faculty and certain administrative staff may participate in defined contribution Optional Retirement Plans established by the University. University of Virginia employees must elect to be in the Optional Retirement Plan (ORP) within sixty days of becoming eligible. Medical Center employees are automatically placed in the Medical Center Retirement Program (MCRP), but may elect to continue in the VRS Plan 1 or Plan 2 if they were already a participant prior to becoming eligible for the MCRP.

Distributions from both the ORP and MCRP are made in accordance with Code Section 401(a)(9). Transactions and account balances are based on fair market value determined by Fidelity or TIAA-CREF.

Notes to Financial Statements

OTHER POSTEMPLOYMENT BENEFITS

The University participates in other postemployment benefit (OPEB) programs that are sponsored by the Commonwealth and administered by the VRS. These programs include the Group Life Insurance Program, Virginia Sickness and Disability Plan, Retiree Health Insurance Credit Program, and Line of Duty Act Program.

Group Life Insurance

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

State Employee Health Insurance Credit Program

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

Line of Duty Act Program

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

VRS Disability Insurance Program

The VRS Virginia Sickness and Disability Program (VSDP) is a single

employer plan that is presented as a multiple-employer, cost-sharing plan. The VSDP was established pursuant to §51.1-1100 et seq. of the *Code of Virginia*, as amended, which provides the authority under which benefit terms are established or may be amended. The VSDP 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 VSDP OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to the VSDP OPEB, and VSDP OPEB expense, information about the fiduciary net position of the VRS VSDP OPEB plan and the additions to/deductions from the VRS Disability Insurance Program OPEB plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

University OPEB Plans

The University provides Optional Retirement Retiree Life Insurance OPEB that is not part of the Commonwealth-provided OPEB plans. This is a defined benefit plan not administered through a trust as defined in GASB Statement No. 75. The University's total OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB, and OPEB expense are recognized and measured in accordance with the parameters of GASB Statement No. 75. There are currently no assets accumulated in a trust for the University administered OPEB.

IRREVOCABLE SPLIT-INTEREST AGREEMENTS

The University serves as the trustee for gift assets where there is a requirement that an annual distribution is made to specified beneficiaries. The fair value of trust assets, the liability for the obligation to the beneficiaries, and deferred inflows to the University are recorded in accordance with GASB Statement No. 81, *Irrevocable Split Interest Agreements*.

Additionally, the University shares beneficial interests with at least one other beneficiary in various trusts managed by third parties. The University recognizes an asset and a deferred inflow of resources when the University becomes aware of the agreement, has sufficient information to measure the beneficial interest, and the asset meets the specified criteria in GASB Statement No. 81. The assets are measured at fair value and remeasured at each financial reporting date, with the change being reflected in the related deferred inflow of resources.

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources are an acquisition of net assets that are applicable to a future reporting period and decrease net position similar to liabilities.

NET POSITION

The University's net position is required to be classified for accounting and reporting purposes into the following categories:

Net Investment in Capital Assets. This category represents all of the University's capital assets, net of accumulated depreciation and amortization, reduced by outstanding debt attributable to the acquisition, construction or improvement of those assets.

Restricted. The University classifies the net position resulting from transactions with purpose restrictions as restricted net position until the specific resources are used for the required purpose, or for as long as the provider requires the resources to remain intact.

Notes to Financial Statements

Nonexpendable. The net position subject to externally imposed restrictions, which must be retained in perpetuity by the University, is classified as nonexpendable net position. This includes the corpus portion (historical value) of gifts to the University's permanent endowment funds and certain investment earnings stipulated by the donor to be reinvested.

Expendable. The University's net position subject to externally imposed restrictions that can be fulfilled by actions of the University pursuant to those restrictions or that expire by the passage of time is classified as expendable net position. This includes net appreciation of the University's permanent endowment funds that has not been stipulated by the donor to be reinvested permanently.

Unrestricted. The net position that is neither restricted nor invested in capital assets, net of related debt, is classified as unrestricted net position. The University's unrestricted net position may be designated for specific purposes by the Board. Substantially all of the University's unrestricted net position is allocated for academic and research initiatives or programs, for capital programs, or for other purposes.

Expenses are charged to either restricted or unrestricted net position based on a variety of factors, including consideration of prior and future revenue sources, the type of expenditure incurred, the University's budgetary policies surrounding the various revenue sources, and whether the expense is a recurring cost.

FIDUCIARY NET POSITION

The University's fiduciary net position is required to be classified for accounting and reporting purposes into pension and other employee benefit trust funds, investment trust funds, private-purpose trust funds, or custodial funds. All of the fiduciary funds of the University are classified as custodial funds and include investments on behalf of other entities in UVIMCO and all related activity. These investments are not held in a trust that meets the criteria in paragraph 11c(1) in GASB Statement No. 84, *Fiduciary Activities*, and therefore represent external investment pool funds within the custodial fund classification.

The provisions of GASB Statement No. 84 were not applied to items that were considered by the University to be immaterial.

STUDENT TUITION AND FEES

Student tuition and fees are presented net of scholarships, discounts and fellowships applied to student accounts. Scholarship discount and 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.

NET PATIENT SERVICE REVENUE

The Medical Center reports net patient service revenue at the estimated net realizable amounts from patients, third party payers, and others for services rendered. Net patient service revenue also includes funds from the Commonwealth's Department of Medical Assistance Services for disproportionate share and indirect medical education payments and funds from third party payers for estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

A significant portion of the Medical Center services is rendered to patients covered by Medicare, Medicaid or other third-party payors. The Medical Center has entered into contractual agreements with these third parties to accept payment for services in amounts less than scheduled charges.

Certain annual settlements of amounts due for Medical Center services covered by third parties are determined through cost reports that are subject to audit and retroactive adjustment by the third parties. Provisions for possible adjustments of cost reports have been estimated and reflected in the accompanying financial statements. These settlements are estimated based on historical experience and state and federal regulations. Estimated settlements are adjusted in future periods as final settlements are determined. As a result, there is a reasonable possibility that recorded estimates will change.

INDIGENT CARE

As safety net providers within the Commonwealth, the Medical Center accepts all patients regardless of their ability to pay. A patient is classified as indigent by reference to established Commonwealth policies. The criteria for identifying indigent patients is based on asset and income guidelines that are updated annually in accordance with the federal poverty income guidelines as provided by the federal Office of Management and Budget. The Medical Center estimates the revenue based on historical cost estimates. Annually, revenue is settled through the Multi-settlement cost report. Indigent care provided amounted to \$281.0 million during the fiscal year.

REVENUE AND EXPENSE CLASSIFICATIONS

The University's policy for defining operating activities as reported on the Statement of Revenues, Expenses and Changes in Net Position are those that generally result from activities having the characteristics of exchange transactions, meaning revenues are received in exchange for goods and services. Operating revenues include student tuition and fees, net of scholarship discounts and allowances; sales and services from Medical Center, net of charity care allowances; educational activities and auxiliary enterprises, net of scholarship discounts and allowances; and federal, state, local and nongovernmental grants and contracts. With the exception of interest expense and losses on the disposal of capital assets, all expense transactions are classified as operating expenses.

Certain significant revenues relied on and budgeted for fundamental operational support of the core institutional mission of the University are mandated by GASB requirements to be recorded as nonoperating revenues. Nonoperating revenues and expenses include state educational appropriations, state financing appropriations, federal Pell grants, nonexchange federal grants, private gifts for other than capital purposes, investment income, net unrealized appreciation or depreciation in the fair value of investments, interest expense, and gain or loss on the disposal of assets.

ELIMINATIONS

Certain auxiliary operations provide goods and services to internal customers. These auxiliary operations include activities such as central stores, the print shop, and other auxiliaries with interdepartmental activities. Additionally, the Academic and Medical Center divisions have transactions between them as part of normal business operations. The net effect of these internal transactions has been eliminated in the Statement of Revenues, Expenses and Changes in Net Position to avoid inflating revenues and expenses.

Notes to Financial Statements

RESTATEMENT OF PRIOR PERIOD

The June 30, 2024, total net position on the Statement of Net Position has been restated due to the implementation of GASB 101, a retroactive application of a change in capitalization policy for digital library collections, and write offs of patient and other receivables.

The restatement of the June 30, 2024 amounts related to the items above is summarized below (in thousands):

NET POSITION AS OF JUNE 30, 2024 AS PREVIOUSLY REPORTED	\$ 13,390,369
Change in accounting principle:	
Accrued compensated absences	(4,783)
Total change in accounting principle	(4,783)
Error Corrections:	
Accounts receivable, net	(59,251)
Capital assets - other	32,416
Total error corrections	(26,835)
NET POSITION AS OF JUNE 30, 2024 AS RESTATED	\$ 13,358,751



CHANGES IN FINANCIAL ACCOUNTING AND REPORTING

For the fiscal year ended June 30, 2025, the University implemented the following pronouncements issued by the GASB.

GASB Statement No. 101, Compensated Absences, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for certain types of compensated absences—including parental leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. Due to the implementation of the requirements of this standard, new types of leave are included in the liability and there were changes to some of the inputs used to measure the liability. As a result and in accordance with GASB 100, Accounting Changes and Error Corrections, the University recognized a reduction in beginning net position of \$4.8 million.

GASB Statement No. 102, Certain Risk Disclosures, requires a government to assess whether a concentration or constraint makes the University or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires an assessment of whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If the criteria for disclosure have been met for a concentration or constraint, the University is required to disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the vulnerability to the risk of a substantial impact. The University determined there were no concentrations and constraints that met the disclosure requirements of GASB 102.



Note 2

CASH, CASH EQUIVALENTS, INVESTMENTS AND ENDOWMENT

CASH

The University deposits cash in commercial banking accounts collateralized in accordance with the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq., *Code of Virginia*. The Virginia Security for Public Deposits Act significantly diminishes any custodial risk on the University's banking deposits. This Act includes a cross guarantee among approved financial institutions eligible to hold public funds. In the event of a default of one of the approved financial institutions, an assessment is levied against all participating institutions to cover the uncollateralized public deposits of the defaulting entity. This cross guarantee significantly diminishes custodial credit risk. Amounts on deposit covered by the Virginia Security of Public Deposits Act totaled \$231.5 million on June 30, 2025.

CASH EQUIVALENTS

The University maintains an investment policy approved by the Board that governs its short-term investments. As part of this policy, the University complies with the provisions set forth in the Investment of Public Funds Act (the Act), Sections 2.2-4500 through 2.2-4518 of the *Code of Virginia*. It is the policy of the University to comply with the Act when investing tuition and educational fees that are used or required for day-to-day operations, as permitted under the *Code of Virginia* Section 23.1-1013. Authorized investments under the Act include U.S. Treasury and agency securities, corporate debt securities of domestic corporations, asset-backed securities, mortgage-backed securities, AAA-rated obligations of foreign governments, bankers' acceptances and bank notes, negotiable certificates of deposit, repurchase agreements, and money market funds.

The University considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents include short-term money market investments in mutual funds, overnight collective funds or other short-term, highly liquid investments registered as securities held by the University. The short-term investments of the University are valued daily by the custodian banks. Deposits and withdrawals may be processed daily.

Restricted cash and cash equivalents totaled \$21.3 million on June 30, 2025 which is restricted in accordance with applicable debt or other contractual requirements.

RISK

Risks disclosed below are direct risks to the University. The risk disclosure does not include indirect risks incurred by investing in the UVMCO LTP.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution or financial counterparty, the agency will not be able to recover the value of its deposits or investments or recover collateral securities that are in the possession of an outside third party. The University had no custodial credit risk related to investments as of June 30, 2025.

Interest-rate risk results if changes in interest rates adversely affect the fair market value of an investment. The longer the duration of an investment, the greater the interest-rate risks. Investments subject to interest-rate risk at June 30, 2025, are outlined in the accompanying chart.

Credit risk is the possibility that a loss may occur due to the failure of a counterparty to perform according to the terms of the contract. State law limits the investment of certain non-endowed assets to short-term commercial paper, certificates of deposit, asset-backed securities and debt obligations to the top rating issued by nationally recognized statistical rating organizations (NRSROs) and requires the investment be rated by at least two NRSROs. For longer-term certificates of deposit and corporate notes, the rating must be one of the top two ratings issued by two NRSROs. Investments subject to credit risk at June 30, 2025 are outlined in the accompanying chart.

Concentration of credit risk is the risk of a large loss attributed to the magnitude of investment in a single issuer of fixed-income securities. The University minimizes this risk by diversifying its investments. As of June 30, 2025, the University does not have investments in any one issuer (excluding investments issued or explicitly guaranteed by the U.S. government and mutual fund or pool investments) representing 5 percent or more of its total investments.

Foreign currency risk is the risk that investments denominated in foreign currencies may lose value due to adverse fluctuations in the value of the U.S. dollar relative to foreign currencies. The University has no foreign investments or deposits as of June 30, 2025.

Notes to Financial Statements

Details of the University's investment risks as of June 30, 2025 are outlined below:

CREDIT QUALITY AND INTEREST RATE RISK <i>(in thousands)</i>	BALANCE AT JUNE 30, 2025	CREDIT RATING (S&P/ MOODY'S)	INVESTMENT MATURITIES (IN YEARS)			
			LESS THAN 1 YEAR	1 - 5 YEARS	6 - 10 YEARS	GREATER THAN 10 YEARS
CASH AND CASH EQUIVALENTS						
Cash deposits	\$ 208,131	Not Applicable	N/A	N/A	N/A	N/A
Treasury bills	1,497	AA/Aa3	\$ 1,497	\$ -	\$ -	\$ -
Repurchase agreements	1,141	A/Aa3	1,141	-	-	-
TOTAL CASH AND CASH EQUIVALENTS	210,769		2,638	-	-	-
SHORT-TERM INVESTMENTS						
UVIMCO STP	8,650	Not Rated	N/A	N/A	N/A	N/A
Equity securities	1,932	Not Applicable	1,932	-	-	-
Corporate bonds and notes	975	AA-/Aa3	975	-	-	-
Commercial paper	1,721	A-1/P-1	1,721	-	-	-
Commercial paper	983	A-1/NR	983	-	-	-
Negotiable certificates of deposit	1,001	A-1+/P-1	1,001	-	-	-
Negotiable certificates of deposit	4,919	A-1/P-1	4,919	-	-	-
TOTAL SHORT-TERM INVESTMENTS	20,181		11,531	-	-	-
LONG-TERM INVESTMENTS						
UVIMCO LTP	11,945,752	Not Rated	N/A	N/A	N/A	N/A
Corporate bonds and notes	4,293	AA-/Aa2	-	4,293	-	-
Other investments not subject to credit or interest-rate risk	48,406	Not Applicable	N/A	N/A	N/A	N/A
TOTAL LONG-TERM INVESTMENTS	\$ 11,998,451		\$ -	\$ 4,293	\$ -	\$ -

INVESTMENTS

UVIMCO administers and manages most of the University's investments in its unitized investment pools. From time to time, the University also invests its operating funds with several other asset managers. At June 30, 2025, the University's investment in the UVIMCO LTP was \$11.95 billion representing 97.8 percent of the University's invested assets. These pools are not rated by NRSROs.

UVIMCO's primary investment objective for the LTP is to maximize long-term real return commensurate with the risk tolerance of the University. To obtain this objective, UVIMCO actively manages the LTP to achieve returns that consistently exceed the returns on a passively investable benchmark with similar asset allocation and risk. UVIMCO is governed by a board of directors, three of whom are appointed by the Board and one of whom is appointed by the University's president. The University receives and monitors periodic reports on the long-term investment policy as executed by UVIMCO.

UVIMCO invests primarily in investment funds that allow the LTP to gain exposure to a broad array of financial instruments and markets. UVIMCO classifies LTP investments as public equity, long/short equity, private equity, real assets, marketable alternatives, credit, fixed income, and cash according to the investment strategy of the underlying manager.

These investments are subject to a variety of risks, including market risk, manager risk and liquidity risk. UVIMCO closely manages and monitors the LTP's exposure to these risks. The risks may be influenced by several factors, including the size, composition and diversification of positions held, fund manager actions, and market volatility.

In the normal course of business, UVIMCO's external investment fund managers trade various financial instruments and enter into investment activities subject to various market risks. Market risk is the risk that the value of assets such as common stocks may fall. Fixed-income investments are subject to other market risks, including interest-rate and credit risk. Foreign investments are subject to currency exchange rates (foreign exchange risk), political and economic developments, limited legal recourse, and market risks. The prices of derivative positions such as futures, options, warrants and swap contracts may move in unexpected ways due to the use of leverage or other factors, especially in unusual market conditions, and may result in increased volatility.

Manager risk includes tracking error or active positions away from the benchmark, operational or business risks, a lack of transparency, and leverage. UVIMCO mitigates manager risk through extensive due diligence, diversification, by declining certain partnership structures, and by avoiding certain investment strategies (e.g., highly leveraged hedge funds). UVIMCO's investment fund managers often limit the liquidity of their funds, resulting in liquidity risk for the LTP. UVIMCO manages liquidity risk by maintaining a portfolio of Treasury bills and bonds, maintaining sufficient liquidity with public equity funds and hedge funds, and managing the pace of commitments to private investments.

Notes to Financial Statements

The University categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The University had the following recurring fair value measurements as of June 30, 2025:

INVESTMENTS MEASURED AT FAIR VALUE <i>(in thousands)</i>	BALANCE AT JUNE 30, 2025	QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS (LEVEL 1)	SIGNIFICANT OTHER OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	INVESTMENTS MEASURED AT NAV*	AMOUNTS NOT MEASURED AT FAIR VALUE
CASH AND CASH EQUIVALENTS						
Cash deposits	\$ 208,131	\$ -	\$ -	\$ -	\$ -	\$ 208,131
Treasury bills	1,497	1,497	-	-	-	-
Repurchase agreements	1,141	-	1,141	-	-	-
TOTAL CASH AND CASH EQUIVALENTS	210,769	1,497	1,141	-	-	208,131
SHORT-TERM INVESTMENTS						
UVIMCO STP	8,650	-	-	-	8,650	-
Equity securities	1,932	1,932	-	-	-	-
Corporate bonds and notes	975	-	975	-	-	-
Commercial paper	2,704	-	2,704	-	-	-
Equity securities	5,920	-	5,920	-	-	-
TOTAL SHORT-TERM INVESTMENTS	20,181	1,932	9,599	-	8,650	-
LONG-TERM INVESTMENTS						
Cash and cash equivalents	3,256	-	3,256	-	-	-
Life insurance contracts**	5,206	-	-	-	-	5,206
Exchange traded funds	39,135	39,135	-	-	-	-
Equity securities	809	690	-	119	-	-
Corporate bonds and notes	4,293	-	4,293	-	-	-
UVIMCO LTP, endowment funds	7,843,527	-	-	-	7,843,527	-
UVIMCO LTP, other	4,102,225	-	-	-	4,102,225	-
TOTAL LONG-TERM INVESTMENTS	\$ 11,998,451	\$ 39,825	\$ 7,549	\$ 119	\$ 11,945,752	\$ 5,206

* Certain investments that are measured at fair value using the NAV per share (or its equivalent) have not been categorized in the fair value hierarchy. The amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Statement of Net Position.

** Investments in life insurance contracts are measured at cash surrender value.

The valuation method for investments measured at NAV per share or its equivalent is presented on the following table:

INVESTMENTS MEASURED AT NET ASSET VALUE (NAV) <i>(in thousands)</i>	BALANCE AT JUNE 30, 2024	UNFUNDED COMMITMENTS	REDEMPTION FREQUENCY (IF CURRENTLY ELIGIBLE)	REDEMPTION NOTICE PERIOD
UVIMCO LTP	\$ 11,945,752	-	Monthly	(a)
UVIMCO STP	8,650	-	Weekly	2 days
TOTAL INVESTMENTS MEASURED AT NAV	\$ 11,954,402	\$ -		

(a) Subject to the notification requirements and caps set forth in the deposit and management agreement between the University and UVIMCO.

ENDOWMENT

Endowments are invested in accordance with Virginia Uniform Prudent Management of Institutional Funds Act (UPMIFA), Chapter 11 of Title 64.2 of the *Code of Virginia*, as amended; and paragraph 23.1-2210 of the *Code of Virginia*. The market value of the endowment on June 30, 2025, was \$7.88 billion, excluding the market value of fiduciary fund endowments reported on the Statement of Fiduciary Net Position. Three annual distributions are made from the University's endowment to departments holding endowment accounts. The University's endowment spending policy ties annual increases to inflation as defined by the Higher Education Price Index (HEPI). The current inflation factor in use by the University is 3.4 percent, based on a five-year rolling average of the HEPI. If the increase causes the endowment distribution to fall outside a range defined as 3.0 percent to 5.0 percent of the market value of the endowment, then the Finance Committee of the Board may recommend increasing or decreasing the spending rate. For fiscal year 2025, the endowment spending distribution of \$302.5 million, excluding fiduciary funds, equaled 4.4 percent of the fiscal year 2023 ending market value. Since the results fell within the range, no further action by the board was needed.

Restricted expendable net position includes \$2.48 billion of appreciation on donor-restricted endowments.

Note 3

ACCOUNTS AND PLEDGES RECEIVABLE

a. **Accounts and pledges receivable:** The composition of accounts and pledges receivable at June 30, 2025, is summarized as follows:

ACCOUNTS AND PLEDGES RECEIVABLE <i>(in thousands)</i>	
Patient care	\$ 1,298,138
Gift pledges	162,380
Service concession arrangements	115,015
Grants and contracts	114,075
Deposits receivable	64,322
Due from third party payors	139,288
Leases	37,808
Student payments	13,734
Auxiliary	14,412
Other	34,697
Less: allowance for doubtful accounts	(896,994)
Less: discount to present value	(64,588)
Total accounts and pledges receivable, net	1,032,287
Less: Current portion, net of allowance	(755,802)
TOTAL NONCURRENT ACCOUNTS AND PLEDGES RECEIVABLE	\$ 276,485

As discussed in Note 1, permanent endowment pledges do not meet eligibility requirements, as defined by GASB, until the related gift is received. Accordingly, permanent endowment pledges totaling \$36.9 million at June 30, 2025 are not recognized as assets in the accompanying financial statements. In addition, bequest intentions and other conditional promises are not recognized as assets until the specified conditions are met because of uncertainties with regard to their realizability and valuation.



Total revenue recognized under lessor agreements in fiscal year 2025 was \$8.3 million. Future minimum rents receivable required under these agreements as of June 30, 2025 are as follows:

MATURITIES <i>(in thousands)</i>	PRINCIPAL	INTEREST
2026	\$ 4,738	\$ 1,733
2027	4,194	1,505
2028	3,581	1,305
2029	2,823	1,126
2030	1,193	1,034
2031-2035	6,384	4,273
2036-2040	4,161	2,966
2041-2045	2,853	2,213
2046-2050	2,805	1,484
2051-2055	529	1,077
2056-2060	827	906
2061-2065	1,252	677
2066-2070	1,489	372
2071-2075	979	99
TOTAL	\$ 37,808	\$ 20,770

Note 4

NOTES RECEIVABLE

The University offers need-based institutional loans to students seeking their first undergraduate degree and enrolled at least half-time. Federal nursing loans are awarded to students who demonstrate the greatest financial need and who are enrolled in the University's undergraduate Nursing Program. Both institutional and federal nursing loans have a fixed 5 percent interest rate.

The composition of notes receivable at June 30, 2025, is summarized as follows:

NOTES RECEIVABLE <i>(in thousands)</i>	
Institutional	\$ 25,512
Federal nursing	2,158
Other	1,522
Less: Allowance for doubtful accounts	(2,975)
Total notes receivable, net	26,217
Less: Current portion, net of allowance	(3,564)
TOTAL NONCURRENT NOTES RECEIVABLE	\$ 22,653

Notes to Financial Statements

Note 5

CAPITAL ASSETS

The capital assets activity for the year ended June 30, 2025, is summarized as follows:

CAPITAL ASSETS <i>(in thousands)</i>	BEGINNING BALANCE JULY 1, 2024*	INCREASES	DECREASES	ENDING BALANCE JUNE 30, 2025
NONDEPRECIABLE CAPITAL ASSETS				
Land	\$ 136,799	\$ 4,563	\$ -	\$ 141,362
Construction in progress	494,064	532,058	(409,825)	616,297
TOTAL NONDEPRECIABLE CAPITAL ASSETS	630,863	536,621	(409,825)	757,659
OTHER CAPITAL ASSETS				
Buildings	6,240,744	318,244	(1,442)	6,557,546
Equipment	1,388,525	188,835	(154,370)	1,422,990
Infrastructure	682,817	50,220	(799)	732,238
Improvements other than buildings	250,293	17,311	(122)	267,482
Capitalized software	321,843	6,426	-	328,269
Library books	142,930	8,289	(45,065)	106,154
Right-to-use intangible assets:				
Land	952	-	-	952
Buildings	227,399	18,444	(6,313)	239,530
Equipment	5,158	3,481	-	8,639
Software	189,724	76,996	(13,311)	253,409
Total other capital assets	9,450,385	688,246	(221,422)	9,917,209
Less: Accumulated depreciation for:				
Buildings	(2,455,394)	(174,715)	2,432	(2,627,677)
Equipment	(1,000,647)	(116,598)	154,334	(962,911)
Infrastructure	(344,535)	(19,832)	223	(364,144)
Improvements other than buildings	(176,624)	(6,578)	412	(182,790)
Capitalized software	(277,007)	(26,245)	22	(303,230)
Library books	(107,908)	(6,051)	45,103	(68,856)
Total accumulated depreciation	(4,362,115)	(350,019)	202,526	(4,509,608)
Less: Accumulated amortization on right-to-use for:				
Buildings	(78,501)	(19,047)	4,736	(92,812)
Equipment	(3,629)	(2,034)	-	(5,663)
Software	(96,863)	(45,782)	12,860	(129,785)
Total accumulated amortization	(178,993)	(66,863)	17,596	(228,260)
TOTAL OTHER CAPITAL ASSETS, NET	4,909,277	271,364	(1,300)	5,179,341
TOTAL CAPITAL ASSETS, NET	\$ 5,540,140	\$ 807,985	\$ (411,125)	\$ 5,937,000

*The balances as of July 1, 2024 have been adjusted in relation to a prior period restatement (see Note 1 for more information) and reclassifications to conform to current year presentation.

Note 6

DEFERRED OUTFLOWS OF RESOURCES

The composition of deferred outflows of resources on June 30, 2025, is summarized as follows:

DEFERRED OUTFLOWS OF RESOURCES <i>(in thousands)</i>	
Pension	\$ 131,460
OPEB	42,293
Deferred loss on early retirement of debt	9,939
Excess consideration paid in acquisition	1,513
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 185,205



Note 7

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The composition of accounts payable and accrued liabilities on June 30, 2025, is summarized as follows:

ACCOUNTS PAYABLE AND ACCRUED LIABILITIES <i>(in thousands)</i>	
Accounts payable	\$ 254,059
Accrued salaries and wages payable	124,686
Due to third party payors	40,343
Accrued payroll taxes and other withholdings	54,472
Total accounts payable and accrued liabilities	473,560
Less: Current portion	(454,698)
TOTAL NONCURRENT ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$ 18,862



Note 8

UNEARNED REVENUE

The composition of unearned revenue on June 30, 2025, is summarized as follows:

UNEARNED REVENUE <i>(in thousands)</i>	
Grants and contracts	\$ 57,091
Student payments	19,037
Medical Center and other	12,141
TOTAL UNEARNED REVENUE	\$ 88,269



Note 9

AFFILIATED COMPANIES

UNIVERSITY OF VIRGINIA / ENCOMPASS HEALTH

The Medical Center entered into a joint venture with ENCOMPASS Health, previously HEALTHSOUTH, LLC, to establish an acute rehabilitation facility, located at the Fontaine Research Park in Charlottesville, Virginia, to provide patient services to the region. The Medical Center made a capital contribution of \$2.2 million to the joint venture in May 1996, which represents a 50 percent interest. Complete financial statements can be obtained from the managing member: ENCOMPASS HEALTH, 9001 Liberty Parkway, Birmingham, AL 35242.

UNIVERSITY OF VIRGINIA / UVA IMAGING, LLC

On March 26, 2002, the Medical Center entered into an agreement with Outpatient Imaging Affiliates of Virginia, LLC to establish University of Virginia Imaging, LLC (UVI). The limited liability corporation was formed to operate an outpatient diagnostic imaging center to help respond to the need for radiology services in the Charlottesville area. The Medical Center owns 80 percent of UVI.

Additional details about UVI and its presentation as part of the financial reporting entity is available in Note 1.

UNIVERSITY OF VIRGINIA / RIVERSIDE

The Medical Center entered into various agreements with Riverside Healthcare Association, Inc. (Riverside) to improve patient access to high quality care for complex medical conditions in Eastern Virginia and provide access to education and training for clinicians in the area. The Medical Center made a capital contribution of \$33 million and other in-kind services in July 2023 for a 5 percent minority interest in Riverside. Dividends received from Riverside are recognized with (losses) gains from affiliated companies on the Statement of Revenues, Expenses, and Changes in Net Position.

Details of the University's net equity in affiliated companies as of June 30, 2025, is summarized below:

EQUITY IN AFFILIATED COMPANIES <i>(in thousands)</i>	CAPITAL CONTRIBUTIONS	SHARE OF ACCUMULATED INCOME	TOTAL EQUITY
Riverside	\$ 33,000	N/A	\$ 33,000
UVA Imaging, LLC	5,651	10,289	15,940
Encompass Health	2,200	15,301	17,501
Other	7,040	354	7,394
TOTAL EQUITY IN AFFILIATED COMPANIES	\$ 47,891	\$ 25,944	\$ 73,835

Note 10

SHORT-TERM DEBT

Short-term debt at June 30, 2025 is summarized as follows:

SHORT-TERM DEBT <i>(in thousands)</i>	INTEREST RATES AT ISSUANCE	BEGINNING BALANCE JULY 1, 2024	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2025
Taxable commercial paper	4.42%	\$ -	\$ 80,000	\$ -	\$ 80,000
Taxable commercial paper	4.43%	-	40,000	-	40,000
TOTAL SHORT-TERM DEBT		\$ -	\$ 120,000	\$ -	\$ 120,000

The University has a \$500 million combined taxable and tax-exempt commercial paper program that is primarily used as bridge financing for capital projects and, from time to time, fund operations.

The University has four revolving credit agreements from four different banks in an aggregate amount of \$600 million to provide liquidity for its operating expenses and variable-rate debt obligations. In the event of default under the agreements, any outstanding advances, interest, and the value of the promissory note would be due and payable to the various banking institutions. As of June 30, 2025, there were no advances outstanding, collateral pledged, or subjective acceleration clauses.

Note 11

LONG-TERM LIABILITIES

The composition of long-term leases, SBITAs, and other long-term liabilities at June 30, 2025, is summarized as follows:

LONG-TERM LIABILITIES <i>(in thousands)</i>	BEGINNING BALANCE JULY 1, 2024*	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2025	CURRENT PORTION
Leases	\$ 177,320	\$ 19,936	\$ 22,164	\$ 175,092	19,043
SBITAs	70,964	80,146	57,170	93,940	43,633
Compensated absences**	119,528	9,602	-	129,130	108,268
Liabilities under trust agreements	110,604	23,895	186	134,313	-
Other	24,665	1,448	10,536	15,577	3,645
Total long-term liabilities	503,081	135,027	90,056	548,052	174,589
Less: current portion of long-term liabilities	(161,082)	(13,507)	-	(174,589)	
NET LONG-TERM LIABILITIES	\$ 341,999	\$ 121,520	\$ 90,056	\$ 373,463	

*The balances as of July 1, 2024 have been adjusted in relation to a prior period restatement. See Note 1 for more information.

**The change in the compensated absences liability is presented as a net change.

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

MATURITIES <i>(in thousands)</i>	PRINCIPAL	INTEREST
2026	\$ 19,043	\$ 8,385
2027	16,942	7,524
2028	12,106	6,828
2029	10,469	6,279
2030	8,959	5,791
2031-2035	36,284	22,930
2036-2040	31,639	14,815
2041-2045	17,925	8,184
2046-2050	18,535	2,648
2051-2055	80	968
2056-2060	185	963
2061-2065	338	919
2066-2070	414	828
2071-2075	478	726
2076-2080	838	558
2081-2085	513	279
2086-2090	344	10
TOTAL	\$ 175,092	\$ 88,635

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

MATURITIES <i>(in thousands)</i>	PRINCIPAL	INTEREST
2026	\$ 43,633	\$ 3,686
2027	29,947	1,869
2028	10,847	758
2029	6,706	323
2030	2,807	85
TOTAL	\$ 93,940	\$ 6,721

Notes to Financial Statements

Note 12

LONG-TERM DEBT

The composition of long-term debt at June 30, 2025, is summarized as follows:

LONG-TERM DEBT <i>(in thousands)</i>	INTEREST RATES AT ISSUANCE	FINAL MATURITY FISCAL YEAR	BEGINNING BALANCE JULY 1, 2024	ADDITIONS	REDUCTIONS	ENDING BALANCE JUNE 30, 2025	CURRENT PORTION
BONDS AND NOTES PAYABLE							
Revenue bonds:							
University of Virginia Series 2009 (9d)	4.15%*	2040	\$ 250,000	\$ -	\$ -	\$ 250,000	\$ -
University of Virginia Series 2010 (9d)	3.35%**	2041	190,000	-	-	190,000	-
University of Virginia Series 2015A-1 (9d)	4.0%	2045	86,995	-	-	86,995	-
University of Virginia Series 2015A-2 (9d)	3.57% to 5.0%	2045	97,735	-	-	97,735	-
University of Virginia Series 2017A (9d)	4.0% to 5.0%	2047	231,780	-	-	231,780	-
University of Virginia Series 2017B (9d)	4.0% to 5.0%	2046	123,440	-	-	123,440	-
University of Virginia Series 2017C (9d)	4.2%	2118	300,000	-	-	300,000	-
University of Virginia Series 2018A (9d)	4.0%	2049	64,080	-	-	64,080	-
University of Virginia Series 2018B (9d)	4.0%	2049	135,920	-	-	135,920	-
University of Virginia Series 2019A (9d)	3.2%	2120	350,000	-	-	350,000	-
University of Virginia Series 2019B (9d)	3.0% to 5.0%	2055	150,000	-	-	150,000	-
University of Virginia Series 2019C-1 (9d)	3.0%	2050	200,140	-	-	200,140	-
University of Virginia Series 2019C-2 (9d)	3.0%	2050	87,270	-	-	87,270	-
University of Virginia Series 2020 (9d)	2.3%	2051	600,000	-	-	600,000	-
University of Virginia Series 2021A (9d)	2.2%	2052	100,000	-	-	100,000	-
University of Virginia Series 2021B (9d)	2.6%	2052	300,000	-	-	300,000	-
Other	various	various	102	-	102	-	-
Total bonds and notes payable			3,267,462	-	102	3,267,360	-
Less: Current portion of debt			(102)	-	(102)	-	
Bond premium			69,173	-	3,271	65,902	
NET LONG-TERM DEBT			\$ 3,336,533	\$ -	\$ 3,271	\$ 3,333,262	

* The University of Virginia Series 2009 (9d) revenue bonds are Build America Bonds, issued at 6.2 percent. The University receives an interest credit from the United States Treasury for a portion of the interest it pays on the bonds. On issuance of the bonds, the University received an interest credit of 35 percent. This amount has been reduced as noted in the footnote on the next page. With the current credit, the effective interest rate on the bonds is reduced to 4.15 percent.

** The University of Virginia Series 2010 (9d) revenue bonds are Build America Bonds, issued at five percent. The University receives an interest credit from the United States Treasury for a portion of the interest it pays on the bonds. On issuance of the bonds, the University received an interest credit of 35 percent. This amount has been reduced as noted in the footnote on the next page. With the current credit, the effective interest rate on the bonds is reduced to 3.35 percent.

The University's Board of Visitors has approved financing of up to \$700 million of taxable or tax-exempt bonds under the multiple-year capital project financing program. The maximum yield on fixed rate bonds, or the initial yield on variable bonds, is authorized up to 6 percent per year.

Notes to Financial Statements

Maturities and interest on notes and bonds payable for the next five years and in subsequent five-year periods are as follows:

FISCAL YEAR MATURITIES <i>(in thousands)</i>	PRINCIPAL	INTEREST	BUILD AMERICA BONDS INTEREST REBATE	NET INTEREST EXPENSE
2026*	\$ -	\$ 119,609	\$ (8,251)	\$ 111,358
2027	-	119,609	(8,251)	111,358
2028	-	119,609	(8,251)	111,358
2029	-	119,609	(8,251)	111,358
2030	-	119,609	(8,251)	111,358
2031-2035	-	598,047	(41,256)	556,791
2036-2040	397,700	580,178	(38,698)	541,480
2041-2045	492,440	429,893	(1,568)	428,325
2046-2050	627,220	331,671	-	331,671
2051-2055	1,100,000	154,324	-	154,324
2056-2060	-	119,158	-	119,158
2061-2065	-	119,158	-	119,158
2066-2070	-	119,158	-	119,158
2071-2075	-	119,158	-	119,158
2076-2080	-	119,158	-	119,158
2081-2085	-	119,158	-	119,158
2086-2090	-	119,158	-	119,158
2091-2095	-	119,158	-	119,158
2096-2100	-	119,158	-	119,158
2101-2105	-	119,158	-	119,158
2106-2110	-	119,158	-	119,158
2111-2115	-	119,158	-	119,158
2116-2120	650,000	82,168	-	82,168
TOTAL	\$ 3,267,360	\$ 4,204,222	\$ (122,777)	\$ 4,081,445

* Fiscal year 2026 represents a 5.7 percent reduction in the credit interest payment for September 1 and March 1 payments. The 5.7 percent sequestration reduction rate will be applied to all future years unless and until a law is enacted that cancels or otherwise impacts the sequester, at which time the sequestration reduction rate is subject to change.

Note 13

DERIVATIVES

On June 30, 2025, the University held the following derivative instruments:

OTHER DERIVATIVE INSTRUMENTS <i>(in thousands)</i>	EFFECTIVE DATE	MATURITY DATE	RATE PAID	RATE RECEIVED	NOTIONAL AMOUNT	FAIR VALUE ASSET (LIABILITY)	CHANGE IN FAIR VALUE
OTHER DERIVATIVE INSTRUMENT LIABILITY							
Fixed-payer interest rate swaps	6/1/2008	6/1/2038	4.07-4.15%	SIFMA*	\$ 100,000	\$ (8,166)	\$ 1,220
TOTAL OTHER DERIVATIVE INSTRUMENT LIABILITIES					\$ 100,000	\$ (8,166)	\$ 1,220

* Securities Industry and Financial Markets Municipal Swap Index

The University recognizes all derivative instruments as either assets or liabilities on the Statement of Net Position at their respective fair values. Changes in fair values of other derivative instruments are reported as other net nonoperating revenues (expenses) on the Statement of Revenues, Expenses and Changes in Net Position.

The fair value of the interest rate swaps was determined by using the quoted Securities Industry and Financial Markets Association (SIFMA) index curve at the time of market valuation. The fixed-payer swaps were established as cash flow hedges to provide a hedge against changes in interest rates on a similar amount of the University's debt.

Notes to Financial Statements

During the year ended June 30, 2015, the University refunded the associated variable-rate debt for the fixed-payer swaps. As such, the fixed-payer interest rate swaps are no longer effective hedges. In accordance with GASB standards, the University terminated hedge accounting.

RISK

The use of derivatives may introduce certain risks for the University, including the following:

Credit risk is the risk that a counterparty will not settle an obligation in full, either when due or at any time thereafter. The University would be exposed to the credit risk of its swap counterparties any time the swaps had a positive market value. As of June 30, 2025, the University’s swap counterparties were rated at least A- from Standard & Poor’s or A1 by Moody’s Investors Service. To mitigate credit risk, the University limits market value exposure and requires the posting of collateral based on the credit rating of the counterparty. As of June 30, 2025, no collateral was required to be posted by the counterparties.

Interest-rate risk is the risk that the value of the fixed-payer interest rate swaps will change due to a change of interest rates. The University is exposed to interest-rate risk on its interest-rate swap, as the fair value of this instrument is highly sensitive to interest-rate changes.

Termination risk arises when the unscheduled termination of a derivative could have an adverse effect on the University’s strategy or could lead to potentially significant unscheduled payments. The University’s derivative contracts use the International Swap Dealers Association Master Agreement (the Master Agreement), which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an additional termination event. That is, the swap may be terminated by either party if the counterparty’s credit rating falls below BBB/Baa2 in the case of Standard & Poor’s and Moody’s Investors Service, respectively. The University or the counterparty may also terminate the swap if the other party fails to perform under the terms of the contract. If at the time of termination the swap has a negative market value, the University would be liable to the counterparty for a payment equal to the swaps’ market value.

Foreign currency risk is the risk of a swap’s value changing due to changes in currency exchange rates. The University’s derivatives have no foreign currency risk.

Note 14

DEFERRED INFLOWS OF RESOURCES

The composition of deferred inflows on June 30, 2025, is summarized as follows:

DEFERRED INFLOWS OF RESOURCES <i>(in thousands)</i>	
Service concession arrangements	\$ 123,604
OPEB	46,560
Pension	62,096
Leases	36,212
Split-Interest agreements	25,362
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 293,834

During the year ended June 30, 2015, the University entered into an agreement with Aramark Educational Services, LLC (Aramark) for Aramark to provide dining services to the University. In return for use of University facilities, Aramark is required to make certain payments to the University and the University is required to provide certain repair and maintenance services related to the facilities during the term of the agreement. The University also receives a yearly minimum guarantee on dining and vending commissions and has a minimum guaranteed profit split on residential and athletics services regardless of gross sales.

In accordance with GASB requirements, as of June 30, 2025, the University has accrued \$73.1 million in current and noncurrent receivables and a \$123.6 million deferred inflow of resources related to the service concession arrangement.



Notes to Financial Statements

Note 15

BLENDING COMPONENT UNITS

Condensed combining information for the University's blended component units for the year ended June 30, 2025 is presented as follows:

CONDENSED STATEMENT OF NET POSITION <i>(in thousands)</i> <i>as of June 30, 2025</i>	UNIVERSITY OF VIRGINIA	UNIVERSITY COMMUNITY HEALTH	MONTICELLO SURGERY CENTER	COMMUNITY MEDICINE	UVA GLOBAL, LLC	ELIMINATIONS	TOTAL
ASSETS							
Total current assets	\$ 1,270,025	\$ 142,456	\$ 2,588	\$ 2,458	\$ 685	\$ (148,790)	\$ 1,269,422
Capital assets, net	5,683,238	254,271	1,780	-	4	(2,293)	5,937,000
Other noncurrent assets	12,632,510	90,463	404	10	501	(187,173)	12,536,715
Total assets	19,585,773	487,190	4,772	2,468	1,190	(338,256)	19,743,137
Deferred outflows of resources	183,692	1,513	-	-	-	-	185,205
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	19,769,465	488,703	4,772	2,468	1,190	(338,256)	19,928,342
LIABILITIES							
Total current liabilities	879,158	172,951	14,355	8,502	308	(149,993)	925,281
Long-term debt	3,333,262	186,280	-	-	-	(186,280)	3,333,262
Other noncurrent liabilities	974,655	24,270	837	20	-	(894)	998,888
Total liabilities	5,187,075	383,501	15,192	8,522	308	(337,167)	5,257,431
Deferred inflows of resources	285,853	7,980	-	-	-	-	293,833
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	5,472,928	391,481	15,192	8,522	308	(337,167)	5,551,264
NET POSITION							
Net investment in capital assets	2,581,107	51,465	1,141	-	4	-	2,633,717
Restricted:							
Nonexpendable	1,537,171	-	-	-	-	-	1,537,171
Expendable	4,950,684	7,760	-	-	-	-	4,958,444
Unrestricted	5,227,575	37,997	(11,561)	(6,054)	878	(1,089)	5,247,746
TOTAL NET POSITION	14,296,537	97,222	(10,420)	(6,054)	882	(1,089)	14,377,078
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 19,769,465	\$ 488,703	\$ 4,772	\$ 2,468	\$ 1,190	\$ (338,256)	\$ 19,928,342

Notes to Financial Statements

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION <i>(in thousands)</i> <i>for the period ended June 30, 2025</i>	UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA COMMUNITY HEALTH	MONTICELLO SURGERY CENTER	COMMUNITY MEDICINE	UVA GLOBAL, LLC	ELIMINATIONS	TOTAL
REVENUES							
Operating revenues							
Student tuition and fees, net	\$ 743,001	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 743,001
Patient services, net	2,893,277	635,520	14,380	4,385	-	-	3,547,562
Grants and contracts	534,148	-	-	-	-	-	534,148
Other operating revenues	370,118	2,848	29	-	854	(48,150)	325,699
TOTAL OPERATING REVENUES	4,540,544	638,368	14,409	4,385	854	(48,150)	5,150,410
EXPENSES							
Operating expenses							
Operating expenses	5,105,965	608,485	16,533	4,886	857	(47,501)	5,689,225
Depreciation and amortization	376,581	43,564	426	-	-	(790)	419,781
TOTAL OPERATING EXPENSES	5,482,546	652,049	16,959	4,886	857	(48,291)	6,109,006
OPERATING LOSS	(942,002)	(13,681)	(2,550)	(501)	(3)	141	(958,596)
NONOPERATING REVENUES (EXPENSES)							
Investment income	1,314,432	877	-	-	-	-	1,315,309
Other nonoperating revenues (expenses)	532,948	577	(49)	-	-	(65)	533,411
NET NONOPERATING REVENUES	1,847,380	1,454	(49)	-	-	(65)	1,848,720
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	905,378	(12,227)	(2,599)	(501)	(3)	76	890,124
Capital appropriations	32,015	-	-	-	-	-	32,015
Capital grants and gifts	49,521	-	-	-	-	-	49,521
Additions to permanent endowments	46,667	-	-	-	-	-	46,667
TOTAL OTHER REVENUES	128,203	-	-	-	-	-	128,203
INCREASE (DECREASE) IN NET POSITION	1,033,581	(12,227)	(2,599)	(501)	(3)	76	1,018,327
NET POSITION -- BEGINNING OF YEAR, AS RESTATED*	13,262,956	109,449	(7,821)	(5,553)	885	(1,165)	13,358,751
NET POSITION -- END OF YEAR	\$ 14,296,537	\$ 97,222	\$ (10,420)	\$ (6,054)	\$ 882	\$ (1,089)	\$ 14,377,078

* See Note 1 for more information.

CONDENSED STATEMENT OF CASH FLOWS <i>(in thousands)</i> <i>for the year ended June 30, 2025</i>	UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA COMMUNITY HEALTH	MONTICELLO SURGERY CENTER	COMMUNITY MEDICINE	UVA GLOBAL, LLC	TOTAL
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (435,750)	\$ (301,365)	\$ (157)	\$ (965)	\$ 71	\$ (738,166)
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	540,568	288,025	-	-	-	828,593
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(850,539)	(585)	(325)	(10)	-	(851,459)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	380,331	(674)	-	-	-	379,657
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(365,390)	(14,599)	(482)	(975)	71	(381,375)
Cash and cash equivalents - beginning of year	559,239	29,266	737	2,672	230	592,144
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 193,849	\$ 14,667	\$ 255	\$ 1,697	\$ 301	\$ 210,769

Notes to Financial Statements

Note 16

COMPONENT UNITS

Summary financial statements and additional disclosures for the University's discretely presented component units are presented below:

STATEMENT OF NET POSITION (in thousands) as of June 30, 2025	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*
ASSETS						
Current assets						
Due from University of Virginia	\$ -	\$ -	\$ 3,632	\$ -	\$ -	\$ -
Other current assets	29,191	34,435	93,700	78,258	45,741	42,290
Total current assets	29,191	34,435	97,332	78,258	45,741	42,290
Noncurrent assets						
Due from University of Virginia	-	-	-	-	-	-
Capital assets, net	1,014	65	163,989	9,445	19,527	16
Other noncurrent assets	816,188	284,232	572,769	585,878	833,856	142,277
Total noncurrent assets	817,202	284,297	736,758	595,323	853,383	142,293
TOTAL ASSETS	846,393	318,732	834,090	673,581	899,124	184,583
LIABILITIES AND NET ASSETS						
Current liabilities						
Due to University of Virginia	-	-	-	19,022	13,667	-
Other liabilities	926	1,576	15,870	278,140	9,845	3,176
Total current liabilities	926	1,576	15,870	297,162	23,512	3,176
Noncurrent liabilities						
Due to University of Virginia	-	-	-	-	-	-
Other noncurrent liabilities	-	3,357	85,177	5,967	69,992	-
Total noncurrent liabilities	-	3,357	85,177	5,967	69,992	-
TOTAL LIABILITIES	926	4,933	101,047	303,129	93,504	3,176
NET POSITION						
Net investment in capital assets	1,014	65	102,257	9,445	(12,583)	16
Restricted:						
Nonexpendable	264,712	197,273	261,598	102,538	491,299	59,859
Expendable	477,559	109,767	333,449	150,395	288,952	105,766
Unrestricted	102,182	6,694	35,739	108,074	37,952	15,766
TOTAL NET POSITION	845,467	313,799	733,043	370,452	805,620	181,407
TOTAL LIABILITIES AND NET POSITION	\$ 846,393	\$ 318,732	\$ 834,090	\$ 673,581	\$ 899,124	\$ 184,583

* December 31, 2024, year-end

Notes to Financial Statements

STATEMENT OF NET POSITION (CONTINUED) (in thousands) as of June 30, 2024	UNIVERSITY OF VIRGINIA IMAGING, LLC*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	SUBTOTAL	ELIMINATIONS	TOTAL
ASSETS							
Current assets							
Due from University of Virginia	\$ -	\$ 1,342	\$ 45,390	\$ -	\$ 50,364	\$ -	\$ 50,364
Other current assets	14,654	13,074	214,352	338,456	904,151	-	904,151
Total current assets	14,654	14,416	259,742	338,456	954,515	-	954,515
Noncurrent assets							
Due from University of Virginia	-	12,128	-	-	12,128	-	12,128
Capital assets, net	10,970	368,569	28,704	1,712	604,011	-	604,011
Other noncurrent assets	13,966	188,341	332,586	15,738,821	19,508,914	(3,049,591)	16,459,323
Total noncurrent assets	24,936	569,038	361,290	15,740,533	20,125,053	(3,049,591)	17,075,462
TOTAL ASSETS	39,590	583,454	621,032	16,078,989	21,079,568	(3,049,591)	18,029,977
LIABILITIES AND NET ASSETS							
Current liabilities							
Due to University of Virginia	-	-	49,778	3,990	86,457	-	86,457
Other liabilities	7,061	21,164	97,201	354,227	789,186	-	789,186
Total current liabilities	7,061	21,164	146,979	358,217	875,643	-	875,643
Noncurrent liabilities							
Due to University of Virginia	-	90,606	-	-	90,606	-	90,606
Other noncurrent liabilities	14,510	287,570	148,845	15,693,136	16,308,554	(3,049,591)	13,258,963
Total noncurrent liabilities	14,510	378,176	148,845	15,693,136	16,399,160	(3,049,591)	13,349,569
TOTAL LIABILITIES	21,571	399,340	295,824	16,051,353	17,274,803	(3,049,591)	14,225,212
NET POSITION							
Net investment in capital assets	3,731	135,397	28,704	1,712	269,758	-	269,758
Restricted:							
Nonexpendable	-	1,594	-	-	1,378,873	-	1,378,873
Expendable	-	15,012	-	-	1,480,900	-	1,480,900
Unrestricted	14,288	32,111	296,504	25,924	675,234	-	675,234
TOTAL NET POSITION	18,019	184,114	325,208	27,636	3,804,765	-	3,804,765
TOTAL LIABILITIES AND NET POSITION	\$ 39,590	\$ 583,454	\$ 621,032	\$ 16,078,989	\$ 21,079,568	\$ (3,049,591)	\$ 18,029,977

* December 31, 2024, year-end

Notes to Financial Statements

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION <i>(in thousands)</i> for the year ended June 30, 2025	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	UNIVERSITY OF VIRGINIA IMAGING, LLC*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	TOTAL
OPERATING REVENUES											
Patient services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,694	\$ -	\$ 553,066	\$ -	\$ 605,760
Gifts and contributions	8,282	14,974	67,243	12,801	4,388	41,331	-	3,951	-	-	152,970
Other revenues	353	111	35,857	7,488	356	2,172	555	79,854	113,310	101	240,157
TOTAL OPERATING REVENUES	8,635	15,085	103,100	20,289	4,744	43,503	53,249	83,805	666,376	101	998,887
EXPENSES											
Compensation and benefits	5,677	5,502	17,934	6,136	5,415	3,550	13,956	25,198	502,429	27,762	613,559
Supplies and services	30,339	10,197	42,133	6,369	10,944	18,748	40,698	40,094	158,894	4,534	362,950
Student aid	8,380	4,071	15,021	88,535	19,622	22,550	-	278	-	-	158,457
Depreciation and amortization	87	63	6,456	301	942	11	3,049	14,347	3,957	568	29,781
TOTAL EXPENSES	44,483	19,833	81,544	101,341	36,923	44,859	57,703	79,917	665,280	32,864	1,164,747
OPERATING INCOME (LOSS)	(35,848)	(4,748)	21,556	(81,052)	(32,179)	(1,356)	(4,454)	3,888	1,096	(32,763)	(165,860)
NONOPERATING REVENUES (EXPENSES)											
Investment income	94,058	28,737	54,294	38,499	79,965	9,585	-	14,166	36,609	39,703	395,616
Other nonoperating revenues (expenses)	-	-	(1,772)	-	(1,098)	-	(40)	(13,009)	(8,023)	-	(23,942)
NET NONOPERATING REVENUES (EXPENSES)	94,058	28,737	52,522	38,499	78,867	9,585	(40)	1,157	28,586	39,703	371,674
INCOME (LOSS) BEFORE OTHER REVENUES	58,210	23,989	74,078	(42,553)	46,688	8,229	(4,494)	5,045	29,682	6,940	205,814
OTHER REVENUES											
Additions to endowments	15,183	29,157	8,531	2,371	31,646	6,139	-	-	-	-	93,027
TOTAL OTHER REVENUES	15,183	29,157	8,531	2,371	31,646	6,139	-	-	-	-	93,027
INCREASE (DECREASE) IN NET POSITION	73,393	53,146	82,609	(40,182)	78,334	14,368	(4,494)	5,045	29,682	6,940	298,841
NET POSITION - BEGINNING OF YEAR	772,074	260,653	650,434	410,634	727,286	167,039	22,513	179,069	295,526	20,696	3,505,924
NET POSITION - END OF YEAR	\$ 845,467	\$ 313,799	\$ 733,043	\$ 370,452	\$ 805,620	\$ 181,407	\$ 18,019	\$ 184,114	\$ 325,208	\$ 27,636	\$3,804,765

* December 31, 2024, year-end

Notes to Financial Statements

PLEDGES RECEIVABLE

Unconditional promises to give (pledges) are recorded as receivables and revenues and are assigned to net asset categories based on the presence or absence of donor-imposed restrictions. Pledges expected to be collected within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free interest rates applicable to the years in which the promise was received and then remain consistent throughout the pledge's life. The component units record an allowance against pledges receivable for estimated uncollectible amounts. UPG does not accept gifts. Unconditional promises to give at June 30, 2025, are as follows:

PLEDGES RECEIVABLE (in thousands)	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	TOTAL
Total pledges receivable	\$ 6,963	\$ 31,889	\$ 57,641	\$ 3,403	\$ 71,444	\$ 67,100	\$ 238,440
Less:							
Allowance for uncollectible accounts	(348)	(2,762)	(2,512)	(97)	(3,305)	(1,910)	(10,934)
Unamortized discount to present value	(1,155)	(4,446)	(4,310)	(270)	(7,912)	(4,868)	(22,961)
Total pledges receivable, net	5,460	24,681	50,819	3,036	60,227	60,322	204,545
Less: Current portion, net of allowance	(874)	(16,036)	(23,023)	(949)	(18,331)	(22,046)	(81,259)
TOTAL NONCURRENT PLEDGES RECEIVABLE	\$ 4,586	\$ 8,645	\$ 27,796	\$ 2,087	\$ 41,896	\$ 38,276	\$ 123,286

* December 31, 2024, year-end

INVESTMENTS

Investments are recorded at fair value, which is determined by readily available quotes on the stock exchange or using the net asset value per share (or its practical expedient). Realized gains (losses) from the sale of securities and unrealized gains (losses) from the appreciation (depreciation) of the value of securities held are recognized in the year incurred. The fair values of investments by investment class on June 30, 2025, for the component units are as follows:

SUMMARY SCHEDULE OF INVESTMENTS (in thousands)	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	ELIMINATIONS	TOTAL
Restricted cash and cash equivalents	\$ -	\$ -	\$ 1,075	\$ -	\$ 12,343	\$ 1,153	\$ 801	\$ 924	\$ -	\$ -	\$ 16,296
U.S. Treasury and agency securities	2,879	-	10,021	30,963	9,626	-	-	36,476	208,357	-	298,322
Common and preferred Stocks	2,051	-	34,886	2,113	-	-	-	76,878	301,675	-	417,603
Corporate bonds and notes	3	-	-	1,013	-	-	-	70,489	-	-	71,505
Municipal securities	-	-	-	-	-	-	-	-	117,994	-	117,994
Repurchase agreements	-	-	-	-	-	-	-	-	107,286	-	107,286
Mutual and money market funds	25,101	59	56,170	25	-	-	3,977	-	83,688	-	169,020
Real estate	-	-	-	514	24,177	-	-	-	998,538	-	1,023,229
Index funds	58,142	-	-	-	-	-	-	-	-	-	58,142
Hedge funds	14,186	-	-	-	-	-	-	-	1,911,378	-	1,925,564
Limited partnerships	-	-	-	-	-	-	-	-	1,412,483	-	1,412,483
Institutional commingled funds	-	-	-	-	-	-	-	-	5,713,555	-	5,713,555
Venture capital	-	-	-	-	-	-	-	-	1,739,182	-	1,739,182
Private equity	38,832	-	-	-	1,171	-	-	-	2,672,289	-	2,712,292
Fixed income	14,181	-	-	-	-	-	-	-	592,554	-	606,735
UVIMCO	637,113	265,008	437,758	574,747	660,590	95,705	169,939	195,766	-	(3,036,626)	-
Other	-	-	-	3,205	-	-	13,852	-	-	-	17,057
TOTAL INVESTMENTS	\$ 792,488	\$ 265,067	\$ 539,910	\$ 612,580	\$ 707,907	\$ 96,858	\$ 188,569	\$ 380,533	\$ 15,858,979	\$ (3,036,626)	\$ 16,406,265

* December 31, 2024, year-end

Notes to Financial Statements

UVIMCO has investments in investment funds, limited partnerships, and similar private investment vehicles. These investments do not actively trade through established exchange mechanisms and are valued at NAV, based on UVIMCO's interest in the investee as determined and reported by the external manager of the investment. Such investments represent \$13.62 billion on June 30, 2025. Because of the inherent uncertainty of such valuations, these estimated values may differ from the values that would have been used had a ready market for the investments existed, and such differences could be material.

CAPITAL ASSETS

Capital assets are recorded at cost, except donated property, which is recorded at fair market value at the date of the gift. Depreciation and amortization is taken over the estimated useful lives of the assets using the straight-line method. As of June 30, 2025, capital assets consisted of the following:

CAPITAL ASSETS (in thousands)	UNIVERSITY OF VIRGINIA LAW SCHOOL FOUNDATION	THE COLLEGE FOUNDATION OF THE UNIVERSITY OF VIRGINIA	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	ALUMNI ASSOCIATION OF THE UNIVERSITY OF VIRGINIA	JEFFERSON SCHOLARS FOUNDATION	VIRGINIA ATHLETICS FOUNDATION*	UNIVERSITY OF VIRGINIA IMAGING, LLC*	UNIVERSITY OF VIRGINIA FOUNDATION	UNIVERSITY OF VIRGINIA PHYSICIANS GROUP	UNIVERSITY OF VIRGINIA INVESTMENT MANAGEMENT COMPANY	TOTAL
Land	\$ 152	\$ -	\$ -	\$ 633	\$ 5,050	\$ -	\$ -	\$ 105,713	\$ 3,020	\$ -	\$ 114,568
Construction in progress	-	-	-	6,415	94	-	-	20,193	1,100	-	27,802
Buildings and improvements	1,066	-	192,820	8,214	25,637	-	10,226	401,055	48,617	4,627	692,262
Furnishings and equipment	498	447	16,332	2,724	2,026	63	31,739	37,128	21,889	1,106	113,952
Collections and other	-	20	-	-	100	-	-	106	-	-	226
Total	1,716	467	209,152	17,986	32,907	63	41,965	564,195	74,626	5,733	948,810
Less: Accumulated depreciation and amortization	(702)	(402)	(45,163)	(8,541)	(13,380)	(47)	(30,995)	(195,626)	(45,922)	(4,021)	(344,799)
NET CAPITAL ASSETS	\$ 1,014	\$ 65	\$ 163,989	\$ 9,445	\$ 19,527	\$ 16	\$ 10,970	\$ 368,569	\$ 28,704	\$ 1,712	\$ 604,011

* December 31, 2024, year-end

SHORT-TERM AND LONG-TERM DEBT

The foundations listed below had the following lines of credit available and outstanding as of June 30, 2025:

LINES OF CREDIT (in thousands)	AVAILABLE	CURRENT OUTSTANDING BALANCE	NONCURRENT OUTSTANDING BALANCE
University of Virginia Foundation	\$ 285,000	\$ -	\$ 196,802
University of Virginia Investment Management Company	600,000	291,405	-
Jefferson Scholars Foundation	10,000	-	-
Alumni Association of the University of Virginia	750	-	-
University of Virginia Darden School Foundation	3,000	-	-
University of Virginia Physicians Group	10,000	-	-
TOTAL	\$ 908,750	\$ 291,405	\$ 196,802

Notes to Financial Statements

The composition of the long-term debt of the component units on June 30, 2025, is summarized as follows:

LONG-TERM DEBT <i>(in thousands)</i>	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	JEFFERSON SCHOLARS FOUNDATION	UNIVERSITY OF VIRGINIA IMAGING, LLC*	UNIVERSITY OF VIRGINIA FOUNDATION	TOTAL
Notes payable	\$ 61,732	\$ 9,609	\$ 7,239	\$ 36,373	\$ 114,953
2017 Variable rate bank bonds	-	22,500	-	-	22,500
Total long-term debt	61,732	32,109	7,239	36,373	137,453
Less: Current portion	(1,707)	(175)	(1,985)	(2,078)	(5,945)
Less: Unamortized issuance costs	-	-	-	(18)	(18)
NET LONG-TERM DEBT	\$ 60,025	\$ 31,934	\$ 5,254	\$ 34,277	\$ 131,490

* December 31, 2024, year-end

Principal maturities of long-term debt obligations on June 30, 2025, are as follows:

MATURITIES <i>(in thousands)</i>	UNIVERSITY OF VIRGINIA DARDEN SCHOOL FOUNDATION	JEFFERSON SCHOLARS FOUNDATION	UNIVERSITY OF VIRGINIA IMAGING, LLC*	UNIVERSITY OF VIRGINIA FOUNDATION	TOTAL
2026	\$ 1,707	\$ 175	\$ 1,985	\$ 2,078	\$ 5,945
2027	1,757	182	1,910	2,140	5,989
2028	1,808	22,693	1,486	1,285	27,272
2029	1,862	203	1,162	1,320	4,547
2030	1,916	213	696	16,595	19,420
Thereafter	52,682	8,643	-	12,955	74,280
TOTAL	\$ 61,732	\$ 32,109	\$ 7,239	\$ 36,373	\$ 137,453

* December 31, 2024, year-end

LEASES

Future minimum payments required under the lessee agreements as of June 30, 2025 are as follows:

FISCAL YEAR	OPERATING LEASES <i>(in thousands)</i>	FINANCE LEASES <i>(in thousands)</i>
2026	\$ 8,380	\$ 530
2027	7,703	285
2028	6,692	105
2029	5,798	9
2030	5,390	-
Thereafter	33,514	-
TOTAL MINIMUM PAYMENTS	67,477	929
Less: Amount representing interest	(11,747)	(40)
Present Value of minimum lease payments	55,730	889
Less: Current portion	(8,314)	(500)
Non-current portion	\$ 47,416	\$ 389

Notes to Financial Statements

Future minimum rents receivable required under the lessor agreements as of June 30, 2025 are as follows:

FISCAL YEAR	LEASE RECEIVABLE <i>(in thousands)</i>
2026	\$ 16,809
2027	12,441
2028	11,340
2029	10,864
2030	9,395
Thereafter	19,138
TOTAL	\$ 79,987



SIGNIFICANT TRANSACTIONS WITH THE UNIVERSITY

UPG has contracted with the University to provide certain professional and technical services. Payments received for these services were approximately \$113.3 million for the year ended June 30, 2025. Approximately \$47.3 million of the fiscal year payments were provided through the Medical Center for the purpose of treating indigent and Medicaid patients. UPG contributed approximately \$56.1 million to the University in support of various academic programs, equipment, teaching and research for the year ended June 30, 2025.

During fiscal year 2018, UVAF entered into an Investment Management Agreement with the University. Under the agreement, the University will, from time to time, deposit funds to be held in the custody and control of the Foundation, with the University retaining beneficial ownership of the funds. The funds will be invested and reinvested by the Foundation to the extent permitted by the agreement and provide other related services for or on behalf of the University, all for the benefit of the University. The total aggregate amount held by the Foundation shall not exceed \$100 million. Furthermore, funds from the agreement were used to pay off the affiliated notes payable agreements. At June 30, 2025, the outstanding balance due to UVA was \$90.6 million.

The University has leased various building spaces and equipment from the UAOs. In aggregate, the University's lease liability to the UAOs as of June 30, 2025 is \$50.8 million.



Notes to Financial Statements

Note 17

EXPENSE CLASSIFICATION MATRIX

The composition of the University's operating expenses by functional classification for the year ended June 30, 2025, is as follows:

OPERATING EXPENSES BY FUNCTIONAL CLASSIFICATION <i>(in thousands)</i>	COMPENSATION AND BENEFITS	SUPPLIES, UTILITIES, AND OTHER SERVICES	STUDENT AID	DEPRECIATION AND AMORTIZATION	OTHER	TOTAL
Instruction	\$ 554,785	\$ 90,004	\$ 18,071	\$ -	\$ 1,474	\$ 664,334
Research	411,499	185,301	21,068	-	3,666	621,534
Public service	34,441	29,121	244	-	852	64,658
Academic support	201,996	41,049	-	-	1,278	244,323
Student services	76,892	19,058	-	-	928	96,878
Institutional support	174,543	39,881	-	-	-	214,424
Operation of plant	158,418	41,410	-	-	4,595	204,423
Student aid	-	2,409	99,836	-	-	102,245
Auxiliary	105,839	125,630	-	-	8,384	239,853
Depreciation and amortization	-	-	-	419,781	-	419,781
Patient services	1,529,079	1,701,571	-	-	-	3,230,650
Other	-	-	-	-	5,903	5,903
TOTAL OPERATING EXPENSES	\$ 3,247,492	\$ 2,275,434	\$ 139,219	\$ 419,781	\$ 27,080	\$ 6,109,006

Note 18

APPROPRIATIONS

The University receives state appropriations from the General Fund of the Commonwealth. The Appropriation Act specifies that such unexpended appropriations shall revert, as specifically provided by the General Assembly, at the end of the biennium. For years ending at the middle of a biennium, unexpended appropriations that have not been approved for reappropriation in the next year by the governor become part of the General Fund of the Commonwealth and are, therefore, no longer available to the University for disbursements.

A summary of state appropriations received by the University and the University's College at Wise, including all supplemental appropriations and reversions for the year ended June 30, 2025, is provided in the following chart:

APPROPRIATIONS <i>(in thousands)</i>	
Original legislative appropriation	\$ 255,403
Adjustments:	
Financial aid - General Fund	25,836
Financial assistance for educational and general	51,995
Miscellaneous educational and general	5,146
TOTAL	\$ 338,380

Note 19

RETIREMENT PLANS

VIRGINIA RETIREMENT SYSTEM

All full-time, salaried, permanent employees of state agencies and higher education institutions 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.

Notes to Financial Statements

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members</p> <p>Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p>Hybrid Opt-In Election</p> <p>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>Eligible Members</p> <p>Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date is prior to July 1, 2010, and they were not vested as of January 1, 2013.</p> <p>Hybrid Opt-In Election</p> <p>Same as Plan 1.</p>	<p>Eligible Members</p> <p>Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Full-time permanent, salaried state employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014. <p>*Non-Eligible Members</p> <p>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</p> <p>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 pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payments.</p>	<p>Retirement Contributions</p> <p>Same as Plan 1.</p>	<p>Retirement Contributions</p> <p>A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>

Notes to Financial Statements

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Credit</p> <p>Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member’s total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit</p> <p>Same as Plan 1.</p>	<p>Service Credit</p> <p>Defined Benefit Component: Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the 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>Defined Contributions Component: Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>



Notes to Financial Statements

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Vesting</p> <p>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</p> <p>Same as Plan 1.</p>	<p>Vesting</p> <p>Defined Benefit Component: Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p>Defined Contribution Component: Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</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</p> <p>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</p> <p>See definition under Plan 1.</p>	<p>Calculating the Benefit</p> <p>Defined Benefit Component: See definition under Plan 1.</p> <p>Defined Contribution Component: The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

Notes to Financial Statements

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Average Final Compensation</p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation</p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p>Service Retirement Multiplier</p> <p>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 1.7%.</p> <p>VaLORS: The retirement multiplier for VaLORS employees is 1.7% or 2%.</p>	<p>Service Retirement Multiplier</p> <p>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% applied to hazardous duty service and 1.7% applied to non-hazardous duty service and no supplement.</p>	<p>Service Retirement Multiplier</p> <p>Defined Benefit Component:</p> <p>VRS: The retirement multiplier for the defined benefit component is 1%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>VaLORS: Not applicable.</p> <p>Defined Contribution Component:</p> <p>Not applicable.</p>
<p>Normal Retirement Age</p> <p>VRS: Age 65.</p> <p>VaLORS: Age 60.</p>	<p>Normal Retirement Age</p> <p>VRS: Normal Social Security retirement age.</p> <p>VaLORS: Same as Plan 1.</p>	<p>Normal Retirement Age</p> <p>Defined Benefit Component:</p> <p>VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p>Defined Contribution Component:</p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Unreduced Retirement Eligibility</p> <p>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</p> <p>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</p> <p>Defined Benefit Component:</p> <p>VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p>Defined Contribution Component:</p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility</p> <p>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</p> <p>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</p> <p>Defined Benefit Component:</p> <p>VRS: Same as Plan 2.</p> <p>VaLORS: Not applicable.</p> <p>Defined Contribution Component:</p> <p>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

Notes to Financial Statements

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) In Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p>Eligibility:</p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p>Exceptions to COLA Effective Dates:</p> <p>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 misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. <p>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>Cost-of-Living Adjustment (COLA) In Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p>Eligibility:</p> <p>Same as Plan 1.</p> <p>Exceptions to COLA Effective Dates:</p> <p>Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) In Retirement</p> <p>Defined Benefit Component: Same as Plan 2.</p> <p>Defined Contribution Component: Not applicable.</p> <p>Eligibility:</p> <p>Same as Plan 1 and Plan 2.</p> <p>Exceptions to COLA Effective Dates:</p> <p>Same as Plan 1 and Plan 2.</p>

Notes to Financial Statements

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Disability Coverage</p> <p>For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% 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</p> <p>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</p> <p>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</p> <p>Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service</p> <p>Same as Plan 1.</p>	<p>Purchase of Prior Service</p> <p>Defined Benefit Component: 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>Defined Contribution Component: Not applicable.</p>



Notes to Financial Statements

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 five percent of their compensation toward their retirement. Each state agency's contractually required contribution rate for the year ended June 30, 2025, was 12.52 percent 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 percent of covered employee compensation. These rates were the final approved General Assembly rates which were based on an actuarially determined rate(s) from an actuarial valuation as of June 30, 2023. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were \$61.8 million and \$66.0 million for the years ended June 30, 2025, and June 30, 2024, respectively. Contributions from the University to the VaLORS Retirement Plan were \$1.6 million and \$1.4 million for the years ended June 30, 2025, and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1 percent of their covered payroll. The employer must also contribute a mandatory rate of 1 percent of this covered payroll, which totaled \$2.3 million for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5 percent. This additional employer mandatory contribution totaled \$2.8 million for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$227.6 million for the year ended June 30, 2025.

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

At June 30, 2025, the University reported a liability of \$406 million for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability (NPL) and a liability of \$9.2 million for its proportionate share of the VaLORS Retirement Plan NPL. The NPL was measured as of June 30, 2024, and the total pension liability used to calculate the NPL was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The University's proportion of the NPL was based on the University's actuarially determined employer contributions to the pension plans for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the University's proportion of the VRS State Employee Retirement Plan was 8.24 percent as compared to 8.32 percent at June 30, 2023. At June 30, 2024, the University's proportion of the VaLORS Retirement Plan was 1.38 percent as compared to 1.28 percent at June 30, 2023.

For the year ended June 30, 2025, the University recognized pension expense of \$36.5 million for the VRS State Employee Retirement Plan and \$2.3 million for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2023, and June 30, 2024, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

YEAR ENDING JUNE 30 (in thousands)	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	\$ 67,127	\$ 2,239
Change in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	54,083
Changes in proportion and differences between Employer contributions and proportionate share of contributions	998	5,774
Employer contributions subsequent to the measurement date	63,335	-
TOTAL	\$ 131,460	\$ 62,096

Deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date of \$63.3 million will be recognized as a reduction of the NPL in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

YEAR ENDING JUNE 30 (in thousands)	
2026	\$ (15,925)
2027	38,651
2028	(5,225)
2029	(11,471)
TOTAL	\$ 6,030

Notes to Financial Statements

Actuarial Assumptions: VRS State Employee Retirement Plan

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

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

Mortality rates:

Pre-Retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.
Mortality Improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates.

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

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

Actuarial Assumptions: VaLORS Retirement Plan

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

Inflation	2.5 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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Notes to Financial Statements

Net Pension Liability

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

NET PENSION LIABILITY <i>(in thousands)</i>	STATE EMPLOYEE RETIREMENT PLAN	VaLORS RETIREMENT PLAN
Total pension liability	\$ 29,769,365	\$ 2,743,541
Less: Plan fiduciary net position	(24,843,784)	(2,076,732)
EMPLOYERS' NET PENSION LIABILITY	\$ 4,925,581	\$ 666,809
Plan fiduciary net position as a percentage of the total pension liability	83.45%	75.70%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NPL 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)	TARGET ALLOCATION	ARITHMETIC LONG-TERM EXPECTED RATE OF RETURN PLAN	WEIGHTED AVERAGE LONG-TERM EXPECTED RATE OF RETURN
Public equity	32%	6.7%	2.14%
Fixed income	16%	5.4%	0.86%
Credit strategies	16%	8.1%	1.30%
Real assets	15%	7.2%	1.08%
Private equity	15%	8.7%	1.31%
MAPS - Multi-Asset Public Strategies	1%	8.0%	0.08%
PIP - Private Investment Partnership	6%	5.8%	0.35%
Cash	2%	3.0%	0.06%
Leverage	(3%)	3.5%	(0.11%)
TOTAL	100%		7.07%
Expected arithmetic nominal return*			7.07%

* The above allocation provides a one-year return of 7.07 percent (includes 2.50 percent inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.10 percent, including expected inflation of 2.5 percent. On June 15, 2023, the VRS Board elected a long-term rate of 6.75 percent 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 percent, including expected inflation of 2.5 percent.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the University for the VRS State Employee Retirement Plan and the VaLORS Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 102 percent of the actuarially determined contribution rate. From July 1, 2024, on, all agencies are assumed to continue to contribute 100 percent 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.

Notes to Financial Statements

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 NPL and the VaLORS Retirement Plan NPL using the discount rate of 6.75 percent, as well as what the University's proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

SENSITIVITY OF NET PENSION LIABILITY <i>(in thousands)</i>	1% DECREASE (5.75%)	CURRENT DISCOUNT RATE (6.75%)	1% INCREASE (7.75%)
The University's proportionate share of the VRS State Employee Retirement Plan net pension liability	\$ 691,998	\$ 405,969	\$ 167,436
The University's proportionate share of the VaLORS Retirement Plan net pension liability	14,178	9,221	5,206
TOTAL NET PENSION LIABILITY	\$ 706,176	\$ 415,190	\$ 172,642

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

The amount of payables outstanding to the VRS State Employee Retirement Plan and the VaLORS Retirement Plan at June 30, 2025, was approximately \$2.5 million for legally required contributions into the plans.

OPTIONAL RETIREMENT PLANS

Full-time faculty and certain administrative staff may participate in Optional Retirement Plans, as authorized by the Code of Virginia, rather than the VRS retirement plans. The Optional Retirement Plans are defined contribution plans to which the University contributes an amount established by statute. The providers are Fidelity and TIAA-CREF.

There are two defined contribution plans for eligible academic employees. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based on the employer's 10.4 percent contributions, plus interest and dividends. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based on the employer's 8.9 percent contributions and the employee's five percent contributions, plus interest and dividends. For employees hired before July 1st, 2014, individual contracts issued under these plans provide for full and immediate vesting of both the University's and the employees' contributions. Employees hired after July 1st, 2014 are fully vested in the UVA contributions after two years of continuous employment.

Medical Center employees hired after July 1, 1999, cannot participate in Plan 1 or Plan 2 noted above but have the option of participating in the Medical Center's Optional Retirement Plan. This is a defined contribution plan where the retirement benefits received are based on the employer and employee contributions, all of which are paid by the Medical Center, plus interest and dividends. Participants hired on or after September 30, 2002 are immediately 50 percent vested in employer contributions and 100 percent vested upon completion of two continuous years or participation or the participant's death.

Total pension costs under the Optional Retirement Plans were approximately \$97 million and were calculated using base salaries of \$1.4 billion, for the year ended June 30, 2025. The contribution percentage amounted to 6.8 percent.

DEFERRED COMPENSATION PLANS

State employees may elect to participate in the Commonwealth's Deferred Compensation 457 Plan and/or the University's 403(b) Plan. Participating employees can contribute to either plan each pay period, with the Commonwealth matching at 50 percent up to \$40 per month. This dollar amount match can change depending on the funding available in the Commonwealth's budget. The Employer Matching Plan falls under Section 401(a) of the Internal Revenue Code. Employer contributions for University employees to the 401(a) plan were approximately \$3.3 million for the year ended June 30, 2025.

The Deferred Compensation Plan for the University Medical Center employees hired on or after September 30, 2002, allows employee contributions up to four percent of their salary and an employer match of 50 percent of the employee's four percent deferral amount, not to exceed two percent of the employee's salary. Employer contributions under this plan were approximately \$10.0 million for the year ended June 30, 2025.

The University of Virginia provides executive deferred compensation retirement benefits for certain officers and executives of the University and University Medical Center. The University makes contributions on behalf of each participant as determined by the Board of Visitors. For the year ended June 30, 2025, the University contributed \$2.5 million to these accounts.

Certain Community Health facilities participate in a defined contribution 403(b) Plan sponsored by Community Health. Contributions are determined under various formulas. Costs related to such plans amounted to \$10 million for the year ended June 30, 2025.

Community Health also offers a Section 457(b) Retirement Plan that is established to permit Community Health to provide additional retirement and death benefits for eligible employees and a Section 457(f) deferred compensation plan for certain officers, executives, and physicians. Community Health makes contributions to the Section 457(f) plan on behalf of each participant and is subject to certain vesting requirements. Employer contributions to the Section 457(f) plan were \$489,745 for the year ended June 30, 2025.

Note 20

POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

VIRGINIA RETIREMENT SYSTEM OTHER POSTEMPLOYMENT (OPEB) PLANS

As described in Note 1, the University employees participating in the VRS retirement plans are eligible for the VRS Group Life Insurance (GLI) program, State Employee Health Insurance Credit (HIC) program, Line of Duty Act (LODA) program, and Virginia Sickness and Disability Program (VSDP). The specific information for each of the plans, including eligibility, coverage and benefits is set out in the table below:

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	HIC	LODA	VSDP
<p>Plan Description</p> <p>All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the VRS GLI program upon employment. This plan is administered by the System, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.</p> <p>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 GLI Program OPEB.</p>	<p>Plan Description</p> <p>All full-time, salaried permanent employees of state agencies are automatically covered by the VRS HIC program. This plan is administered by 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.</p>	<p>Plan Description</p> <p>All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the System, the State Police Officers' Retirement System (SPORS), or VaLORS are automatically covered by the LODA. As required by statute, the System is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.</p>	<p>Plan Description</p> <p>All full-time and part-time permanent salaried state employees who are covered under the System, SPORS, or the VaLORS hired on or after January 1, 1999, are automatically covered by the 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 System, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.</p> <p>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% of the employee's compensation.</p>

Notes to Financial Statements

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	HIC	LODA	VSDP
<p>Eligible Employees</p> <p>The GLI 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 <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>	<p>Eligible Employees</p> <p>The HIC 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. 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.</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>Eligible Employees</p> <p>The eligible employees of the LODA program include paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under VRS, SPORS, or VaLORS.</p>	<p>Eligible Employees</p> <p>The 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 the 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. <p>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.</p> <p>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.</p>

Notes to Financial Statements

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	HIC	LODA	VSDP
<p>Benefit Amounts</p> <p>The benefits payable under the GLI program have several components:</p> <ul style="list-style-type: none"> • 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, and accelerated death benefit option. 	<p>Benefit Amounts</p> <p>The HIC 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 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 VSDP program, the monthly benefit is \$120 or \$4 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 VSDP, the monthly benefit is \$120 or \$4 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 HIC program if the premiums are being paid under the LODA program. However, they may receive the credit for premiums paid for other qualified health plans.</p> <p>The monthly HIC benefit cannot exceed the individual’s premium amount.</p>	<p>Benefit Amounts</p> <p>The LODA program provides death and health insurance benefits for eligible individuals:</p> <ul style="list-style-type: none"> • Death – The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: <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. • Health Insurance – The LODA program provides health insurance benefits. <p>The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans are provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.</p>	<p>Benefit Amounts</p> <p>The 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 – 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 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.

Notes to Financial Statements

VIRGINIA RETIREMENT SYSTEM OPEB PLAN PROVISIONS			
GLI	HIC	LODA	VSDP
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the GLI program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>	<p>Reduction in Benefit Amounts</p> <p>Not applicable</p>	<p>Reduction in Benefit Amounts</p> <p>Not applicable</p>	<p>Reduction in Benefit Amounts</p> <p>Not applicable</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.</p>	<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>Not applicable</p>	<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>Not applicable</p>	<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>During periods an employee receives long-term disability benefits, the long-term disability benefit may be increased annually by an amount recommended by the actuary and approved by the Board.</p> <ul style="list-style-type: none"> • Plan 1 employees vested as of January 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 January 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%). <p>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.</p> <ul style="list-style-type: none"> • 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% <p>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.</p> <ul style="list-style-type: none"> • 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%.

Notes to Financial Statements

CONTRIBUTIONS

The contribution requirements for the GLI 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 GLI program was 1.18 percent of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71 percent (1.18 percent x 60 percent) and the employer component was 0.47 percent (1.18 percent x 40 percent). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47 percent of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI program from the University were \$2.3 million and \$2.4 million for the years ended June 30, 2025, and June 30, 2024, respectively.

The contribution requirement for the HIC program for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2025, was 1.12 percent of covered employee compensation for employees in the HIC program. This rate was the approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the HIC program were \$21.6 million and \$19.3 million for the years ended June 30, 2025, and June 30, 2024, respectively.

In June 2024, the Commonwealth made a special contribution of approximately \$52.8 million which was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 1, 2024 Acts of Assembly, Special Session I, and is classified as a special employer contribution. The University's proportionate share is reflected in Other net nonoperating revenues (expenses) on the Statement of Revenues, Expenses, and Changes in Net Position.

The contribution requirements for the LODA program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA program for the year ended June 30, 2025, was \$1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2024, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from the University were \$76,125 and \$55,667 for the years ended June 30, 2025, and June 30, 2024, respectively.

The contribution requirements for the 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 VSDP for the year ended June 30, 2025, was 0.50 percent of covered employee compensation. This rate was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the VSDP from the University were \$2.3 million and \$2.5 million for the years ended June 30, 2025, and June 30, 2024, respectively.

OPEB LIABILITIES (ASSETS), OPEB EXPENSE, DEFERRED OUTFLOWS OF RESOURCES, AND DEFERRED INFLOWS OF RESOURCES RELATED TO VRS OPEB PLANS

At June 30, 2025, the University reported a liability of \$155.5 million for its proportionate share of the Net OPEB Liability (NOL) for GLI, HIC, and LODA Programs. At June 30, 2025, the University reported an asset of \$26 million for its proportionate share of the Net VSDP OPEB Asset (NOA). The NOL/(NOA) was measured as of June 30, 2024, and the total OPEB liability used to calculate the NOL/(NOA) was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024.

The University's proportion of the NOL/(NOA) for GLI, HIC, and VSDP was based on the University's actuarially determined employer contributions to those programs for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. The University's proportion of the LODA NOL was based on the University's actuarially determined pay-as-you-go employer contributions to the LODA plan for the year ended June 30, 2024, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. The schedule below presents the University's proportion at June 30, 2024, and June 30, 2023.

University's proportion of contributions, as of June 30, 2024

DIVISION	GLI	HIC	LODA	VSDP
Academic - State Employees	1.6066%	11.7214%	N/A	(7.0583%)
Academic - Law Officers	0.0214%	0.0598%	0.3746%	(0.0891%)
Medical Center	0.1199%	7.5074%	N/A	N/A
College at Wise - State Employees	0.0452%	0.2499%	N/A	(0.1965%)
College at Wise - Law Officers	0.0019%	0.0052%	0.0511%	(0.0083%)

University's proportion of contributions, as of June 30, 2023

DIVISION	GLI	HIC	LODA	VSDP
Academic - State Employees	1.5800%	11.8096%	N/A	(7.0844%)
Academic - Law Officers	0.0188%	0.0524%	0.2826%	(0.0774%)
Medical Center	0.1328%	6.4014%	N/A	N/A
College at Wise - State Employees	0.0405%	0.2391%	N/A	(0.1776%)
College at Wise - Law Officers	0.0018%	0.0051%	0.0411%	(0.0083%)

Notes to Financial Statements

For the year ended June 30, 2025, the University recognized OPEB expense of \$12.9 million for the VRS administered OPEBs. Since there was a change in proportionate share between measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion.

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

YEAR ENDING JUNE 30 <i>(in thousands)</i>	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	\$ 4,350	\$ 14,314
Net difference between projected and actual earnings on OPEB plan investments	-	3,374
Change in assumptions	2,578	1,363
Changes in proportion	7,543	4,483
Employer contributions subsequent to the measurement date	26,273	-
TOTAL	\$ 40,744	\$ 23,534

\$26.3 million reported as deferred outflows of resources related to the VRS administered OPEB resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the NOL in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the OPEBs will be recognized in OPEB expense in future reporting periods as follows:

YEAR ENDING JUNE 30 <i>(in thousands)</i>	
2026	\$ (4,843)
2027	(814)
2028	(2,617)
2029	(666)
2030	213
Thereafter	(335)
TOTAL	\$ (9,062)

ACTUARIAL ASSUMPTIONS

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

Inflation 2.5 percent

Salary increases, including inflation per plan:

Employee Type	GLI	HIC	LODA	VSDP
General State	3.5 - 5.35%	3.5 - 5.35%	N/A	3.5 - 5.35%
Teachers	3.5 - 5.95%	N/A	N/A	N/A
SPORS	3.5 - 4.75 %	3.5 - 4.75 %	N/A	3.5 - 4.75 %
VaLORS	3.5 - 4.75 %	3.5 - 4.75 %	N/A	3.5 - 4.75 %
JRS	4.0%	4.0%	N/A	N/A
Locality - General	3.5 - 5.35%	N/A	N/A	N/A
Locality - Hazardous Duty	3.5 - 4.75%	N/A	N/A	N/A

LODA Medical cost trend rates assumption:

Under age 65 7.25 percent – 4.25 percent
Ages 65 and older 6.50 percent – 4.25 percent

LODA Year of Ultimate Trend Rate:

Under age 65 Fiscal year ended 2034
Age 65 and older Fiscal year ended 2034

Investment rate of return 6.75 percent (3.97 percent for LODA), net of investment expenses, including inflation*

** Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97 percent was used since it approximates the risk-free rate of return.*

Notes to Financial Statements

Mortality rates – General State Employees (GLI, HIC, LODA, VSDP)

Pre-Retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 110% of rates for females.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; males and females set forward 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted General Contingent Annuitant Rates projected generationally; 110% of rates for males and females.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

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

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

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates	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* (GLI, HIC, LODA, VSDP)

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. LODA & VSDP - increased disability life expectancy.
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 – Teachers* (GLI)

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

Notes to Financial Statements

Mortality rates – VaLORS Employees (GLI, HIC, LODA, VSDP)

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

Mortality rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. LODA & VSDP - increased disability life expectancy.
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 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 – JRS Employees* (GLI, HIC)

Pre-Retirement:	Pub-2010 Amount Weighted General Employee Rates projected generationally; males set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted General Healthy Retiree Rates projected generationally; 95% of rates for males and females set back 2 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

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

Mortality rates – Locality Employers - General Employees* (GLI)

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

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

Notes to Financial Statements

Mortality rates – Locality Employers - Hazardous Duty Employees* (GLI, LODA)

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

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

* UVA has no employees currently in these plans. Since the OPEB plans are treated as cost sharing plans and these assumptions affect the liability calculation for the University, the information is presented for informational purposes.

Net OPEB Liability (Asset)

The net OPEB liability (NOL) or net OPEB asset (NOA) for the VRS administered OPEB plans represent the programs' total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL/(NOA) amounts for these programs are as follows:

NET OPEB LIABILITY (ASSET) <i>(in thousands)</i>				
	GLI	HIC	LODA	VSDP
Total OPEB liability	\$ 4,196,055	\$ 1,094,073	\$ 398,395	\$ 339,007
Less: Plan fiduciary net position	(3,080,133)	(384,820)	(4,841)	(692,870)
EMPLOYER'S NET OPEB LIABILITY (ASSET)	\$ 1,115,922	\$ 709,253	\$ 393,554	\$ (353,863)
Plan fiduciary net position as a percentage of the total OPEB liability	73.41%	35.17%	1.22%	204.38%

The total OPEB liability (asset) is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The NOL/(NOA) 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.

Discount Rate

The discount rate used to measure the total GLI, HIC, and VSDP OPEB liability was 6.75 percent and 3.97 percent for the LODA OPEB liability. The projection of cash flows used to determine the discount rate assumed that employer 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 actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by the University for the GLI program, HIC program, and VSDP will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113 percent, 108 percent, and 109 percent of the actuarially determined contribution rate. Through the fiscal year ending June 30, 2024, the rate contributed by the participating employers to the OPEB LODA program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2024 on, employers are assumed to continue to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the OPEBs' 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 OPEB liability.

Notes to Financial Statements

Long-Term Expected Rate of Return - GLI, HIC, VSDP

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)	TARGET ALLOCATION	ARITHMETIC LONG-TERM EXPECTED RATE OF RETURN PLAN	WEIGHTED AVERAGE LONG-TERM EXPECTED RATE OF RETURN
Public equity	32%	6.7%	2.14%
Fixed income	16%	5.4%	0.86%
Credit strategies	16%	8.1%	1.30%
Real assets	15%	7.2%	1.08%
Private equity	15%	8.7%	1.31%
PIP - Private Investment Partnership	1%	8.0%	0.08%
Diversifying strategies	6%	5.8%	0.35%
Cash	2%	3.0%	0.06%
Leverage	(3%)	3.5%	(0.11%)
TOTAL	100%		7.07%
Expected arithmetic nominal return*			7.07%

* The above allocation provides a one-year return of 7.07 percent. 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 7.10 percent, including expected inflation of 2.5 percent. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75 percent, 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 percent, including expected inflation of 2.50 percent.

Long-Term Expected Rate of Return - LODA

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

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

The following presents the University's proportionate share of the NOL/(NOA) using the discount rate of 6.75 percent (3.97 percent for LODA), as well as what the University's proportionate share of the NOL/(NOA) would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

SENSITIVITY OF NET OPEB LIABILITY (ASSET)			
(in thousands)	1% Decrease	Current Discount Rate	1% Increase
Employer's proportionate share of the VRS administered net OPEB liability	\$ 186,447	\$ 155,598	\$ 129,676
Employer's proportionate share of the VRS administered net OPEB asset	(21,177)	(25,961)	(27,540)

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

Because the LODA program 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 LODA NOL using a health care trend rate of 7.25 percent decreasing to 4.25 percent, as well as what the University's proportionate share of the LODA NOL would be if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current rate:

SENSITIVITY OF LODA NET OPEB LIABILITY			
(in thousands)	1% Decrease (6.25% decreasing to 3.25%)	Health Care Trend Rates (7.25% decreasing to 4.25%)	1% Increase (8.25% decreasing to 5.25%)
Covered employer's proportionate share of the total LODA net OPEB liability	\$ 1,237	\$ 1,452	\$ 1,716

Notes to Financial Statements

VRS Administered OPEB Programs' Fiduciary Net Position

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

UNIVERSITY OF VIRGINIA OTHER POSTEMPLOYMENT (OPEB PLANS)

As described in Note 1, the University employees participating in the University's Optional Retirement Plan are eligible for Retiree Life Insurance OPEB administered by the University. The specific information, including eligibility, coverage and benefits is set out below.

Optional Retirement Retiree Life Insurance Plans

University faculty and Medical Center employees who participate in the Optional Retirement Plans receive \$10,000 in retiree life insurance. The University pays the total cost of the insurance. Benefit provisions for these plans are established and maintained by the University under the authority of the Board. The University does not issue stand-alone financial statements for the plans. There are no assets accumulated in a trust to pay benefits for this program.

Covered Employees

The benefit terms of the Retiree Life Insurance Plan covered the following employees:

COVERED EMPLOYEE CATEGORY	COVERED EMPLOYEES
Inactive employees	1,347
Active employees	13,771
TOTAL COVERED EMPLOYEES	15,118

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to UVA OPEB Plans

The University's total OPEB liability (TOL) for University administered programs of \$15.5 million for the fiscal year ending June 30, 2025, was determined by an actuarial valuation as of July 1, 2024.

For the year ended June 30, 2025, the University recognized a negative OPEB expense of \$6.1 million. The University also reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

YEAR ENDING JUNE 30 (in thousands)	DEFERRED OUTFLOWS OF RESOURCES	DEFERRED INFLOWS OF RESOURCES
Differences between expected and actual experience	\$ 505	\$ (14,751)
Changes in assumptions or other inputs	1,037	(8,275)
Transactions subsequent to the measurement date	6	-
TOTAL	\$ 1,548	\$ (23,026)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

YEAR ENDING JUNE 30 (in thousands)	
2026	\$ (6,935)
2027	(5,632)
2028	(4,739)
2029	(3,814)
2030	(205)
Thereafter	(159)
TOTAL	\$ (21,484)



Notes to Financial Statements

Actuarial Assumptions

The liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5 percent
Salary increases	4 percent
Discount rate	3.93 percent, based on the Bond Buyer GO 20-Bond Municipal Bond Index.
Mortality rates	<p>For healthy annuitants: Pub TH-2021 employees and healthy annuitants mortality table projected generationally using Scale MP-2021 for faculty and Pub GH-2016 employees and healthy annuitants mortality table projected generationally using Scale MP-2021 for non-faculty.</p> <p>For disabled annuitants: Pub TH-2016 disabled mortality table projected generationally using Scale MP-2021 for faculty and Pub GH-2016 disabled mortality table projected generationally using Scale MP-2021 for non-faculty.</p>

Total OPEB Liability

TOTAL OPEB LIABILITY <i>(in thousands)</i>	
BEGINNING BALANCE AS OF JUNE 30, 2024	\$ 14,327
Changes for the year:	
Service cost	736
Interest	547
Expected vs actual experience	499
Changes in assumptions *	(415)
Benefit payments	(163)
ENDING BALANCE AS OF JUNE 30, 2025	\$ 15,531

* Changes of assumptions reflect a change in the discount rate from 3.65 percent in 2024 to 3.93 percent in 2025.

Sensitivity of the University's Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the University, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.93 percent) or one percentage point higher (4.93 percent) than the current discount rate:

SENSITIVITY OF TOTAL OPEB LIABILITY TO CHANGES IN DISCOUNT RATE <i>(in thousands)</i>			
	1% DECREASE (2.93%)	DISCOUNT RATE (3.93%)	1% INCREASE (4.93%)
TOTAL OPEB LIABILITY	\$ 19,163	\$ 15,531	\$ 12,747

Note 21

SELF-INSURANCE

All University employees excluding those of Community Health have the option to participate in the University's self-funded, comprehensive medical care benefits program. The cost of medical care is paid out of employee and employer contributions. The market value of investments of plan assets on June 30, 2025, was \$101.1 million. Claims and expenses are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Those losses include an estimate of claims that have been incurred but not reported and the future costs of handling claims. The estimated liability for outstanding claims on June 30, 2025, was \$15.7 million.

Community Health is self-insured for its employee health insurance and recorded an estimate for claims including claims incurred but not yet reported. The estimated liability for outstanding claims on June 30, 2025, was \$3.0 million.

University employees excluding those of Community Health are covered by a self-insured workers' compensation benefits program administered by the Commonwealth's Department of Human Resource Management. Information relating to this plan is available at the statewide level only in the Commonwealth's Annual Comprehensive Financial Report.

The University's Office of Property and Liability Risk Management manages property and casualty insurance programs for the University. At present, most insurance coverages are obtained through participation in the state risk management self-insurance plans administered by the Virginia Department of the Treasury, Division of Risk Management. The Division of Risk Management program includes property, mechanical breakdown, crime, employee bond (employee dishonesty), general (tort) liability, professional liability (includes medical malpractice), aviation, network security and privacy insurance (response and regulatory), automobile liability and auto physical damage for vehicles valued in excess of \$25,000. The University is self-insured for the first \$100,000 (\$5,000 for the College at Wise) of each property and mechanical breakdown loss and for physical damage to all vehicles valued up to \$25,000. The University also maintains excess crime and employee dishonesty insurance and a special contingency risk insurance policy. Information relating to the Commonwealth's insurance plans is available in the Commonwealth's Annual Comprehensive Financial Report.

Community Health is commercially insured through a variety of insurers for many types of exposure. Community Health is commercially insured through Coverys for general liability exposures up to \$2 million per claim and up to \$6 million in aggregate. In addition, there is excess coverage of \$30 million. For professional liability, hospital claims are insured by Coverys, up to \$2.7 million per claim and up to \$8.1 million as of June 30, 2025 in the aggregate.

Separate insurance coverage is maintained as appropriate for individual departments and subsidiary organizations owned by the University and the Medical Center, such as Community Medicine, LLC and UVA Global, LLC.

Note 22

COMMITMENTS AND CONTINGENCIES

COMMITMENTS

Authorized expenditures for construction and other projects unexpended as of June 30, 2025, were approximately \$509.5 million.

LITIGATION

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



Required Supplementary Information (Unaudited)

Required Supplementary Information

(UNAUDITED)

VIRGINIA RETIREMENT SYSTEM PENSION PLANS

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY* <i>(in thousands)</i>										
	VRS STATE EMPLOYEE RETIREMENT PLAN									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability	8.24%	8.32%	8.32%	8.61%	8.77%	8.91%	8.66%	8.59%	8.28%	8.19%
Employer's proportionate share of the net pension liability	\$ 405,969	\$ 420,751	\$ 377,709	\$ 312,123	\$ 635,343	\$ 562,966	\$ 468,658	\$ 500,697	\$ 545,568	\$ 501,446
Covered payroll	\$ 456,999	\$ 415,913	\$ 383,397	\$ 374,318	\$ 387,464	\$ 393,943	\$ 371,724	\$ 352,738	\$ 332,184	\$ 318,920
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	88.83%	101.16%	98.52%	83.38%	163.97%	142.91%	126.08%	141.95%	164.24%	157.23%
Plan fiduciary net position as a percentage of the total pension liability	83.45%	82.19%	83.26%	86.44%	72.15%	75.13%	77.39%	75.33%	71.29%	72.81%

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

SCHEDULE OF EMPLOYER'S SHARE OF NET PENSION LIABILITY (CONTINUED)* <i>(in thousands)</i>										
	VaLORS RETIREMENT PLAN									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Employer's proportion of the net pension liability	1.38%	1.28%	1.21%	1.15%	0.98%	0.88%	0.89%	0.87%	0.80%	0.86%
Employer's proportionate share of the net pension liability	\$ 9,221	\$ 8,257	\$ 7,631	\$ 6,003	\$ 7,692	\$ 6,137	\$ 5,548	\$ 5,689	\$ 6,218	\$ 6,144
Covered payroll	\$ 5,504	\$ 4,712	\$ 4,084	\$ 4,012	\$ 3,640	\$ 4,011	\$ 3,367	\$ 3,255	\$ 3,085	\$ 3,036
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	167.53%	175.23%	186.85%	149.63%	211.32%	153.00%	164.78%	174.78%	201.56%	202.37%
Plan fiduciary net position as a percentage of the total pension liability	75.70%	74.91%	74.41%	78.18%	65.74%	68.31%	69.56%	67.22%	61.01%	62.64%

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

Required Supplementary Information (Unaudited)

SCHEDULE OF EMPLOYER CONTRIBUTIONS <i>(in thousands)</i>		CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTION DEFICIENCY	EMPLOYER'S COVERED PAYROLL	CONTRIBUTIONS AS A % OF EMPLOYER'S COVERED PAYROLL
PLAN						
VRS State Employee Retirement Plan	2025	\$ 61,762	\$ 61,762	\$ -	\$ 492,078	12.55%
	2024	65,988	65,988	-	456,999	14.44%
	2023	60,223	60,223	-	415,913	14.48%
	2022	55,203	55,203	-	383,397	14.40%
	2021	53,771	53,771	-	374,318	14.37%
	2020	51,315	51,315	-	387,464	13.24%
	2019	50,862	50,862	-	393,943	12.91%
	2018	47,979	47,979	-	371,724	12.91%
	2017	46,238	46,238	-	352,738	13.11%
	2016	44,925	44,925	-	332,184	13.52%
VaLORS Retirement Plan	2025	\$ 1,573	\$ 1,573	\$ -	\$ 6,397	24.60%
	2024	1,365	1,365	-	5,504	24.81%
	2023	1,175	1,175	-	4,712	24.94%
	2022	909	909	-	4,084	22.25%
	2021	870	870	-	4,012	21.68%
	2020	763	763	-	3,640	20.96%
	2019	719	719	-	4,011	17.93%
	2018	649	649	-	3,367	19.28%
	2017	643	643	-	3,255	19.75%
	2016	570	570	-	3,085	18.48%

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - VIRGINIA RETIREMENT SYSTEM PENSION PLANS

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

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

- Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- 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
- Adjusted rates to better fit experience at each year age and service through 9 years of service

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

- Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Increased rates at some younger ages, decreased at age 62, and changed final retirement age from 65 to 70
- Adjusted rates to better fit experience at each year age and service through 9 years of service

Required Supplementary Information (Unaudited)

POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS - VIRGINIA RETIREMENT SYSTEM OPEBS

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (ASSET)* (in thousands)	2025	2024	2023	2022	2021	2020	2019	2018
EMPLOYER'S PROPORTION OF THE NET OPEB LIABILITY (ASSET) BY PLAN AND EMPLOYEE TYPE								
GLI OPEB Liability (Asset)								
University Employees - VRS	1.607%	1.580%	1.572%	1.620%	1.672%	1.664%	1.619%	1.586%
University Employees - VaLORS	0.021%	0.019%	0.017%	0.018%	0.016%	0.014%	0.014%	0.014%
Medical Center Employees - VRS	0.120%	0.133%	0.137%	0.151%	0.157%	0.171%	0.184%	0.186%
College at Wise Employees - VRS	0.045%	0.040%	0.038%	0.044%	0.045%	0.044%	0.046%	0.047%
College at Wise Employees - VaLORS	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%	0.002%
HIC OPEB Liability (Asset)								
University Employees - VRS	11.721%	11.810%	11.914%	12.055%	12.087%	12.154%	11.596%	11.325%
University Employees - VaLORS	0.060%	0.052%	0.049%	0.050%	0.045%	0.040%	0.040%	0.040%
Medical Center Employees - VRS	7.507%	6.401%	6.280%	6.567%	5.762%	5.893%	6.533%	6.386%
College at Wise Employees - VRS	0.250%	0.239%	0.232%	0.247%	0.249%	0.256%	0.249%	0.255%
College at Wise Employees - VaLORS	0.005%	0.005%	0.005%	0.005%	0.005%	0.005%	0.006%	0.006%
LODA OPEB Liability (Asset)								
University Employees - VRS	N/A							
University Employees - VaLORS	0.375%	0.283%	0.299%	0.261%	0.265%	0.242%	0.272%	0.268%
Medical Center Employees - VRS	N/A							
College at Wise Employees - VRS	N/A							
College at Wise Employees - VaLORS	0.051%	0.041%	0.042%	0.047%	0.047%	0.047%	0.048%	0.047%
VSDP OPEB Liability (Asset)								
University Employees - VRS	(7.058%)	(7.084%)	(7.122%)	(7.308%)	(7.507%)	(7.563%)	(7.309%)	(7.259%)
University Employees - VaLORS	(0.089%)	(0.077%)	(0.068%)	(0.070%)	(0.060%)	(0.051%)	(0.051%)	(0.052%)
Medical Center Employees - VRS	N/A							
College at Wise Employees - VRS	(0.196%)	(0.178%)	(0.167%)	(0.178%)	(0.180%)	(0.187%)	(0.197%)	(0.203%)
College at Wise Employees - VaLORS	(0.008%)	(0.008%)	(0.008%)	(0.008%)	(0.008%)	(0.007%)	(0.008%)	(0.008%)
EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) BY PLAN AND EMPLOYEE TYPE								
GLI OPEB Liability (Asset)								
University Employees - VRS	\$ 17,794	\$ 18,949	\$ 18,929	\$ 18,866	\$ 27,900	\$ 27,086	\$ 24,583	\$ 23,866
University Employees - VaLORS	220	225	210	204	263	228	216	216
Medical Center Employees - VRS	1,389	1,593	1,649	1,754	2,616	2,785	2,793	2,794
College at Wise Employees - VRS	474	485	460	511	745	713	704	713
College at Wise Employees - VaLORS	21	21	20	22	32	28	30	31
HIC OPEB Liability (Asset)								
University Employees - VRS	\$ 83,846	\$ 97,030	\$ 97,599	\$101,812	\$110,958	\$112,193	\$105,773	\$103,119
University Employees - VaLORS	392	431	403	425	414	373	366	368
Medical Center Employees - VRS	48,192	52,595	51,443	55,461	52,897	54,400	59,595	58,152
College at Wise Employees - VRS	1,779	1,964	1,897	2,082	2,282	2,362	2,268	2,324
College at Wise Employees - VaLORS	38	42	39	46	50	46	51	52
LODA OPEB Liability (Asset)								
University Employees - VRS	N/A							
University Employees - VaLORS	\$ 1,279	\$ 1,133	\$ 1,132	\$ 1,149	\$ 1,109	\$ 868	\$ 852	\$ 705
Medical Center Employees - VRS	N/A							
College at Wise Employees - VRS	N/A							
College at Wise Employees - VaLORS	173	165	159	207	196	170	150	124
VSDP OPEB Liability (Asset)								
University Employees - VRS	\$(24,983)	\$(22,378)	\$(21,022)	\$(25,193)	\$(16,567)	\$(14,838)	\$(16,471)	\$(14,896)
University Employees - VaLORS	(289)	(244)	(202)	(241)	(132)	(101)	(116)	(107)
Medical Center Employees - VRS	N/A							
College at Wise Employees - VRS	(658)	(561)	(493)	(613)	(397)	(368)	(443)	(417)
College at Wise Employees - VaLORS	(31)	(26)	(23)	(27)	(17)	(14)	(18)	(17)

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

Required Supplementary Information (Unaudited)

SCHEDULE OF EMPLOYER'S SHARE OF NET OPEB LIABILITY (ASSET) (CONTINUED)* (in thousands)	2025	2024	2023	2022	2021	2020	2019	2018
EMPLOYER'S COVERED PAYROLL								
GLI OPEB Liability (Asset)								
University Employees - VRS	\$ 409,426	\$ 372,164	\$ 341,953	\$ 334,547	\$ 344,069	\$ 326,293	\$ 307,783	\$ 292,551
University Employees - VaLORS	5,066	4,416	3,784	3,622	3,247	2,753	2,704	2,772
Medical Center Employees - VRS	31,955	31,290	29,792	31,100	32,261	33,547	34,969	40,629
College at Wise Employees - VRS	10,918	9,534	8,315	9,054	9,188	8,595	8,812	8,532
College at Wise Employees - VaLORS	490	419	365	389	393	342	376	375
HIC OPEB Liability (Asset)								
University Employees - VRS	\$1,072,606	\$ 968,824	\$ 902,765	\$ 868,729	\$ 870,811	\$ 828,243	\$ 780,764	\$ 739,172
University Employees - VaLORS	5,018	4,302	3,727	3,622	3,248	2,753	2,700	2,761
Medical Center Employees - VRS	616,493	525,153	475,833	473,235	415,138	401,596	439,856	423,097
College at Wise Employees - VRS	22,754	19,615	17,549	17,769	17,909	17,438	16,734	15,960
College at Wise Employees - VaLORS	490	418	365	389	392	342	376	378
LODA OPEB Liability (Asset)**								
University Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
University Employees - VaLORS	\$ 5,014	\$ 4,294	\$ 3,719	\$ 3,622	\$ 3,248	\$ 3,624	\$ 3,019	\$ 3,254
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VaLORS	490	418	365	390	392	387	348	375
VSDP OPEB Liability (Asset)								
University Employees - VRS	\$ 398,986	\$ 358,946	\$ 327,835	\$ 315,874	\$ 325,292	\$ 306,127	\$ 288,230	\$ 291,594
University Employees - VaLORS	4,613	3,920	3,145	3,020	2,599	2,080	2,030	2,237
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	10,502	8,996	7,681	7,690	7,791	7,587	7,762	7,993
College at Wise Employees - VaLORS	490	419	365	337	330	281	315	336
EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED PAYROLL								
GLI OPEB Liability (Asset)								
University Employees - VRS	4.346%	5.091%	5.535%	5.639%	8.109%	8.301%	7.987%	8.158%
University Employees - VaLORS	4.346%	5.092%	5.537%	5.638%	8.110%	8.299%	7.988%	7.792%
Medical Center Employees - VRS	4.346%	5.092%	5.535%	5.639%	8.109%	8.301%	7.987%	6.877%
College at Wise Employees - VRS	4.346%	5.092%	5.536%	5.639%	8.108%	8.300%	7.989%	8.357%
College at Wise Employees - VaLORS	4.353%	5.095%	5.542%	5.657%	8.111%	8.279%	7.979%	8.267%
HIC OPEB Liability (Asset)								
University Employees - VRS	7.817%	10.015%	10.811%	11.720%	12.742%	13.546%	13.547%	13.951%
University Employees - VaLORS	7.817%	10.015%	10.814%	11.721%	12.741%	13.546%	13.556%	13.329%
Medical Center Employees - VRS	7.817%	10.015%	10.811%	11.720%	12.742%	13.546%	13.549%	13.744%
College at Wise Employees - VRS	7.817%	10.015%	10.811%	11.720%	12.742%	13.546%	13.553%	14.561%
College at Wise Employees - VaLORS	7.822%	10.005%	10.795%	11.724%	12.740%	13.549%	13.564%	13.757%
LODA OPEB Liability (Asset)**								
University Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
University Employees - VaLORS	25.498%	26.383%	30.431%	31.717%	34.153%	23.949%	28.221%	21.666%
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VaLORS	35.407%	39.419%	43.517%	53.021%	49.938%	43.880%	43.103%	33.067%
VSDP OPEB Liability (Asset)								
University Employees - VRS	(6.262%)	(6.234%)	(6.412%)	(7.976%)	(5.093%)	(4.847%)	(5.715%)	(5.108%)
University Employees - VaLORS	(6.262%)	(6.235%)	(6.414%)	(7.975%)	(5.092%)	(4.846%)	(5.714%)	(4.783%)
Medical Center Employees - VRS	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
College at Wise Employees - VRS	(6.262%)	(6.234%)	(6.412%)	(7.976%)	(5.093%)	(4.847%)	(5.707%)	(5.217%)
College at Wise Employees - VaLORS	(6.259%)	(6.220%)	(6.404%)	(7.989%)	(5.089%)	(4.853%)	(5.714%)	(5.060%)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY								
GLI OPEB Liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%
HIC OPEB Liability	35.17%	25.46%	21.52%	19.75%	12.02%	10.56%	9.51%	8.03%
LODA OPEB Liability	1.22%	1.31%	1.87%	1.68%	1.02%	0.79%	0.60%	1.30%
VSDP OPEB Liability	204.38%	199.05%	195.90%	229.01%	181.88%	167.18%	194.74%	186.63%

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

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

Required Supplementary Information (Unaudited)

SCHEDULE OF EMPLOYER CONTRIBUTIONS* <i>(in thousands)</i>		CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTIONS IN RELATION TO CONTRACTUALLY REQUIRED CONTRIBUTION	CONTRIBUTION DEFICIENCY	EMPLOYER'S COVERED PAYROLL	CONTRIBUTIONS AS A % OF EMPLOYER'S COVERED PAYROLL
GLI	2025	\$ 2,333	\$ 2,333	\$ -	\$ 494,888	0.47%
	2024	2,445	2,445	-	457,854	0.53%
	2023	2,256	2,256	-	417,823	0.54%
	2022	2,012	2,012	-	384,209	0.52%
	2021	2,009	2,009	-	378,712	0.53%
	2020	2,013	2,013	-	389,158	0.52%
	2019	1,932	1,932	-	371,530	0.52%
	2018	2,069	2,069	-	354,644	0.58%
	HIC	2025	\$ 21,613	\$ 21,613	\$ -	\$ 1,923,179
2024		19,326	19,326	-	1,717,360	1.13%
2023		17,089	17,089	-	1,518,312	1.13%
2022		15,710	15,710	-	1,400,239	1.12%
2021		15,275	15,275	-	1,363,744	1.12%
2020		15,383	15,383	-	1,307,498	1.18%
2019		14,907	14,907	-	1,250,372	1.19%
2018		14,721	14,721	-	1,240,430	1.19%
LODA**		2025	\$ 76	\$ 76	\$ -	\$ 6,397
	2024	56	56	-	5,504	1.01%
	2023	43	43	-	4,712	0.91%
	2022	47	47	-	4,084	1.14%
	2021	42	42	-	4,012	1.05%
	2020	42	42	-	3,640	1.16%
	2019	39	39	-	4,011	0.97%
	2018	35	35	-	3,367	1.04%
	VSDP	2025	\$ 2,251	\$ 2,251	\$ -	\$ 450,596
2024		2,529	2,529	-	414,590	0.61%
2023		2,270	2,270	-	372,281	0.61%
2022		2,055	2,055	-	339,026	0.61%
2021		1,957	1,957	-	326,921	0.60%
2020		2,086	2,086	-	336,012	0.62%
2019		1,962	1,962	-	316,075	0.62%
2018		1,970	1,970	-	298,337	0.66%

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

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - VIRGINIA RETIREMENT SYSTEM OPEBS

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020.

Additional details regarding the changes of assumptions can be found in Note 19 to the financial statements.

Required Supplementary Information (Unaudited)

POSTEMPLOYMENT BENEFIT PLANS OTHER THAN PENSIONS - UVA ADMINISTERED OPEBS

CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS* <i>(in thousands)</i>	2025	2024	2023	2022	2021	2020	2019	2018
OPTIONAL RETIREMENT RETIREE LIFE INSURANCE								
Service cost	\$ 736	\$ 730	\$ 1,564	\$ 1,793	\$ 583	\$ 483	\$ 1,283	\$ 1,475
Interest	547	506	497	482	285	264	634	527
Expected vs actual experience	499	(132)	(5,623)	(354)	2,606	983	(5,514)	3,297
Changes in assumptions	(415)	(332)	(4,870)	132	643	544	(5,570)	(1,498)
Benefit payments	(133)	(35)	(7)	(109)	(6)	(6)	(6)	(1,355)
CHANGE IN OPTIONAL RETIREMENT RETIREE LIFE INSURANCE LIABILITY	1,234	737	(8,439)	1,944	4,111	2,268	(9,173)	2,446
Optional retirement retiree life insurance liability, beginning	14,297	13,560	21,999	20,055	15,944	13,677	22,851	20,405
OPTIONAL RETIREMENT RETIREE LIFE INSURANCE LIABILITY, ENDING	15,531	14,297	13,560	21,999	20,055	15,945	13,678	22,851
COVERED-EMPLOYEE PAYROLL	\$ 413,130	\$ 338,250	\$ 610,507	\$ 368,004	\$ 353,850	\$ 347,724	\$ 334,350	\$ 481,884
TOTAL LIABILITY AS A PERCENTAGE OF COVERED-EMPLOYEE PAYROLL	3.76%	4.24%	2.22%	5.98%	5.67%	4.59%	4.09%	4.74%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - UVA ADMINISTERED OPEBS

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

Changes of assumptions - The discount rate increased from 3.65 percent to 3.93 percent, the mortality table was updated from Pub TH-2010 to Pub TH 2016 for Faculty and from Pub GH 2010 to Pub GH 2016 for Medical Center, and the retirement rates were extended to age 50, however, the underlying rates of departure remain the same as last year.

Supplementary Information

Supplementary Information

A combining schedule of net position for the year ended June 30, 2025 is presented below:

SUPPLEMENTARY COMBINING SCHEDULE OF NET POSITION <i>(in thousands)</i> <i>as of June 30, 2025</i>	ACADEMIC DIVISION AND COLLEGE AT WISE	MEDICAL CENTER	ELIMINATIONS	TOTAL
ASSETS				
Total current assets	\$ 526,513	\$ 745,139	\$ (2,230)	\$ 1,269,422
Capital assets, net	4,307,229	1,629,771	-	5,937,000
Other noncurrent assets	11,576,968	1,742,071	(782,324)	12,536,715
Total assets	16,410,710	4,116,981	(784,554)	19,743,137
Deferred outflows of resources	157,257	27,948	-	185,205
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	16,567,967	4,144,929	(784,554)	19,928,342
LIABILITIES				
Total current liabilities	505,032	422,479	(2,230)	925,281
Long-term debt	3,333,262	-	-	3,333,262
Other noncurrent liabilities	779,593	1,001,619	(782,324)	998,888
Total liabilities	4,617,887	1,424,098	(784,554)	5,257,431
Deferred inflows of resources	254,176	39,657	-	293,833
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	4,872,063	1,463,755	(784,554)	5,551,264
NET POSITION				
Net investment in capital assets	1,907,305	726,412	-	2,633,717
Restricted:				
Nonexpendable	1,484,072	53,099	-	1,537,171
Expendable	4,838,332	120,112	-	4,958,444
Unrestricted	3,466,195	1,781,551	-	5,247,746
TOTAL NET POSITION	11,695,904	2,681,174	-	14,377,078
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 16,567,967	\$ 4,144,929	\$ (784,554)	\$ 19,928,342

Supplementary Information

A combining schedule of revenues, expenses, and changes in net position for the year ended June 30, 2025 is presented below:

SUPPLEMENTARY COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION <i>(in thousands) for the period ended June 30, 2025</i>	ACADEMIC DIVISION AND COLLEGE AT WISE	MEDICAL CENTER	ELIMINATIONS	TOTAL
REVENUES				
Operating revenues				
Student tuition and fees, net	\$ 743,001	\$ -	\$ -	\$ 743,001
Patient services, net	-	3,547,562	-	3,547,562
Grants and contracts	534,148	-	-	534,148
Other operating revenues	339,248	116,134	(129,683)	325,699
TOTAL OPERATING REVENUES	1,616,397	3,663,696	(129,683)	5,150,410
EXPENSES				
Operating expenses				
Depreciation and amortization	219,533	200,248		419,781
Other operating expenses	2,375,036	3,396,555	(82,366)	5,689,225
TOTAL OPERATING EXPENSES	2,594,569	3,596,803	(82,366)	6,109,006
OPERATING INCOME (LOSS)	(978,172)	66,893	(47,317)	(958,596)
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,148,419	166,890		1,315,309
Other nonoperating revenues (expenses)	559,037	(72,943)	47,317	533,411
NET NONOPERATING REVENUES	1,707,456	93,947	47,317	1,848,720
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	729,284	160,840	-	890,124
Capital appropriations, grants, and gifts	81,536	-	-	81,536
Additions to permanent endowments	46,667	-	-	46,667
TOTAL OTHER REVENUES	128,203	-	-	128,203
INCREASE (DECREASE) IN NET POSITION	857,487	160,840	-	1,018,327
NET POSITION – BEGINNING OF YEAR, AS RESTATED*	10,838,417	2,520,334	-	13,358,751
NET POSITION – END OF YEAR	\$ 11,695,904	\$ 2,681,174	\$ -	\$ 14,377,078

* See Note 1 for additional information.

Financial Report

2024-25

Design by

Matthew Bonham

Communications Lead

An online version of this report is available at uvafinance.virginia.edu

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Individuals, including UVA students and employees, and participants in UVA’s programs or activities, may be entitled to reasonable accommodations or modifications for a disability. The following person has been designated to handle inquiries regarding the American with Disabilities Act, Rehabilitation Act, and related statutes and regulations: ADA Coordinator, Office for Equal Opportunity and Civil Rights, (434) 924-3200, ADACoordinator@virginia.edu. A Deputy ADA Coordinator has also been designated to assist the ADA Coordinator: (434) 924-3200, ADACoordinator@virginia.edu

The following person has been designated to handle inquiries regarding the non-discrimination policies: Associate Vice President, Office for Equal Opportunity and Civil Rights, (434) 924-3200, UVAEOCR@virginia.edu.

The following person has been designated to serve as the overall coordinator for purposes of Title IX compliance: Title IX Coordinator, (434) 297-7988, titleixcoordinator@virginia.edu. A Deputy Title IX Coordinator has also been designated to assist the Title IX Coordinator: (434) 297-7988, titleixcoordinator@virginia.edu.

