

An Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025



Glenn Youngkin
Governor

Stephen E. Cummings
Secretary of Finance

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Comptroller

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INTRODUCTORY SECTION

Comptroller's Letter of Transmittal
Certificate of Achievement for Excellence in Financial Reporting
Organization of Executive Branch of Government
Organization of Government – Selected Government Officials – Executive Branch
Organization of the Department of Accounts



COMMONWEALTH of VIRGINIA

SCOTT L. ADAMS, CPA
COMPTROLLER

Office of the Comptroller

P. O. BOX 1971
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December 15, 2025

The Honorable Glenn Youngkin, Governor
Members of the Virginia General Assembly
Citizens of Virginia

It is my pleasure to present the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025, in accordance with Section 2.2-813 of the *Code of Virginia*. This report consists of management's representations concerning the Commonwealth of Virginia's finances. Management assumes full responsibility for the completeness and reliability of all information presented. This report reflects my commitment to you, to the citizens of the Commonwealth, and to the financial community to maintain our financial statements in conformance with accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board (GASB). Data presented in this report is believed to be accurate in all material respects, and all disclosures that are necessary to enable the reader to obtain a thorough understanding of the Commonwealth's financial activities have been included.

The 2025 ACFR is presented in three sections. The Introductory Section includes this transmittal letter and organization charts for state government. The Financial Section includes the State Auditor's Report, management's discussion and analysis (MD&A), audited government-wide and fund financial statements and notes thereto, required supplementary information other than MD&A, and the underlying combining and individual fund financial statements and supporting schedules. The Statistical Section sets forth selected unaudited economic, financial trend, and demographic information for the Commonwealth on a multi-year basis.

The Commonwealth's management is responsible for the establishment and maintenance of internal accounting controls that ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. To ensure that the costs of controls do not exceed the benefits obtained, management is required to use cost estimates and judgments to attain reasonable assurance as to the adequacy of such controls. The Commonwealth's established internal controls fulfill these requirements and provide reasonable, but not absolute assurance, that the accompanying financial statements are free of material misstatement.

In accordance with Section 30-133 of the *Code of Virginia*, the Auditor of Public Accounts has audited the Commonwealth's financial statements for the year ended June 30, 2025. The audit was conducted in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. The auditor's opinion is included in the Financial Section of this report. Audit testing for compliance with the U. S. Office of Management and Budget Compliance Supplement and the related Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, is performed at the statewide level. The Commonwealth's Single Audit Report will be issued at a later date. I would like to acknowledge the Auditor of Public Accounts' staff for their many contributions to the preparation of this report.

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. In addition to the financial analysis addressing the Commonwealth's governmental and business-type activities, the MD&A focuses on the Commonwealth's major funds: General, Commonwealth Transportation Special Revenue, Federal Trust Special Revenue, Literary Special Revenue, Virginia Lottery, Commonwealth Savers Plan, and Unemployment Compensation. The Commonwealth's MD&A can be found on page 27 immediately following the independent auditor's report.

PROFILE OF THE GOVERNMENT

Reporting Entity

For financial reporting purposes, the Commonwealth's reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable or for which the resources of the component unit primarily benefit the primary government (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete (discrete component units). The funds and accounts of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or a component unit have been included. Further information can be found in Note 1.B. to the Financial Statements.

Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards* describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body, as well as the Commonwealth's ability to impose its will on that organization, or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth. The Commonwealth's discretely presented major component units are the Virginia Housing Development Authority, Virginia Public School Authority, Virginia Resources Authority, and Virginia College Building Authority.

The Commonwealth and its component units provide a wide range of services and funding to its citizens, including elementary, secondary and higher education; health and human services; economic development; environmental and natural resources; public safety, corrections, and regulation; transportation; agriculture; and general government services. The financial activities associated with these services are reflected in both summary and detail throughout the ACFR.

Budgetary Control

In addition to the internal controls previously discussed, the Commonwealth maintains budgetary controls to ensure compliance with the legal provisions of the Commonwealth's Appropriation Act, which reflects the General Assembly's approval of a biennial budget. The financial transaction process begins with development and approval of the budget, after which budgetary control is maintained through a formal appropriation and allotment system. The budgeted amounts reflected in the accompanying financial statements represent summaries of agency budgets.

The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly on a biennial basis at the program level. The Commonwealth monitors spending activity to ensure the expenditures do not exceed the appropriated amounts at the agency level. The State Comptroller maintains a central general ledger that records total appropriations and related expenditures for all agencies and institutions included in the approved budget. Systemic controls are in place to prevent disbursements that exceed authorized appropriations. Additional information regarding the Commonwealth's budgetary process can be found in Note 1.E. to the Financial Statements.

ECONOMIC REVIEW

Local Economy

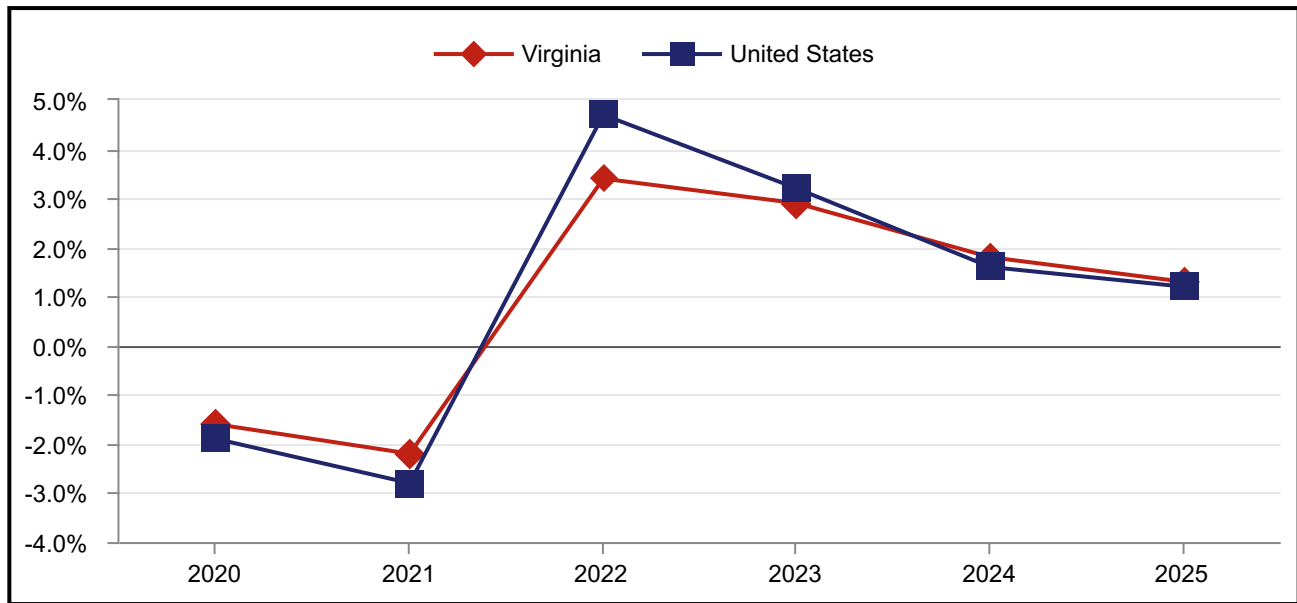
Introduction

This overview of the economy of the Commonwealth of Virginia was prepared by the Weldon Cooper Center for Public Service at the University of Virginia. In fiscal year 2025, Virginia's economy continued to grow for the fourth consecutive year, though at a more moderate pace amid broader signs of national softening. After holding its benchmark federal funds rate at 5.25 – 5.50 percent throughout fiscal year 2024, the Federal Reserve implemented a series of rate cuts in fiscal year 2025 as inflation eased. However, the pace of easing stalled later in the year as tariff-related cost pressures added another obstacle to the Fed's effort to balance a cooling labor market with lingering inflation risks. Within Virginia, employment growth slowed further, and unemployment edged upward. Personal income growth held up, but other statewide indicators pointed to strain: real taxable sales declined, residential building activity weakened, and high mortgage rates and increasing prices continued to dampen home sales. By year's end, the Fed's tone shifted dovish again under mounting labor market weakness, but the policy path moving forward remains uncertain. Nationally, analysts still see the U.S. steering toward a "soft landing," but in Virginia the risk of contraction appears more immediate, given its reliance on federal employment and contracting sectors.

Employment

Virginia non-farm employment grew at a rate of 1.3 percent in fiscal year 2025 (**Figure 1**). This represented a continued gradual slowdown from the 2.9 percent rate of growth in fiscal year 2023 and 1.8 percent in fiscal year 2024 following the pandemic-era employment losses. The state deceleration paralleled the national trend. The national rate of employment growth slowed from 3.2 percent in fiscal year 2023 to 1.6 percent in fiscal year 2024 and 1.2 percent in fiscal year 2025.

Figure 1
Annual Percentage Change in Nonfarm Payroll Employment
 Fiscal Years 2020 – 2025



Source: U. S. Bureau of Labor Statistics

Virginia gained 56,000 jobs in fiscal year 2025, which brought total employment to approximately 4.3 million, another all-time high, but only a slight improvement over last year's 4.2 million. Although this increase was smaller than the previous two fiscal years, it was still high by the standards of recent history, outpacing the average of approximately 44.7 thousand jobs created over the fiscal year 2012 - 2020 period.

Figure 2 illustrates changes in Virginia's nonfarm employment by industry for fiscal years 2020 through 2025, along with the employment change between fiscal years 2024 and 2025 for Virginia and the U.S. The largest employment gain occurred in education and health services (27,400). Local government saw the second-largest growth year-over-year with an increase of 9,000 jobs. Other growing sectors included transportation and utilities (6,100), construction (5,200), state government (4,300), other services (2,700), professional and business services (2,600), federal government (1,800), leisure and hospitality (1,300), and information (200). Four sectors experienced job losses: manufacturing (-1,900), retail trade (-1,800), financial activities (-500) and wholesale trade (-400). One sector, mining and logging, held steady from fiscal year 2024. Virginia's changes generally followed those of the U.S. However, U.S. sectoral growth was realized in some sectors such as wholesale trade, retail trade and financial activities where Virginia shrank; while Virginia's professional and business services and information sectors grew in employment, while they declined nationwide.

Figure 2
Nonfarm Payroll Employment in Virginia's Industries
Fiscal Years 2020 – 2025

Industry*	Virginia Employment (000)						Change, FY 2024 to FY 2025		
							Virginia		
	2020	2021	2022	2023	2024	2025	Number (000)	Percent	U.S., Percent
Mining and logging	7.5	6.9	7.0	7.3	7.3	7.3	0.0	0.0%	-1.4%
Construction	203.4	204.8	207.8	213.2	216.5	221.7	5.2	2.4%	2.0%
Manufacturing	238.4	235.3	240.7	245.9	244.8	242.9	-1.9	-0.8%	-0.6%
Wholesale trade	108.8	106.5	110.3	114.0	114.1	113.7	-0.4	-0.4%	0.7%
Retail trade	394.2	396.6	398.0	396.8	395.0	393.2	-1.8	-0.5%	0.1%
Transportation and utilities	141.8	144.9	152.5	160.2	165.4	171.5	6.1	3.7%	1.7%
Information	67.2	65.2	68.4	70.8	70.2	70.4	0.2	0.3%	-0.9%
Financial activities	211.9	209.5	213.9	220.1	221.4	220.9	-0.5	-0.2%	0.5%
Professional and business services	765.3	765.2	793.0	810.7	810.2	812.8	2.6	0.3%	-0.4%
Education and health services	541.9	530.4	545.4	569.3	596.4	623.8	27.4	4.6%	3.7%
Leisure and hospitality	371.4	331.7	378.2	403.2	415.7	417.0	1.3	0.3%	1.4%
Other services	189.0	181.1	188.2	196.0	202.8	205.5	2.7	1.3%	1.6%
Federal government	183.5	187.6	186.2	187.8	191.4	193.2	1.8	0.9%	0.7%
State government	161.5	154.0	151.7	152.0	157.1	161.4	4.3	2.7%	2.2%
Local government	383.0	362.4	374.1	384.7	396.2	405.2	9.0	2.3%	1.8%
Total	3,968.8	3,882.1	4,015.4	4,132.0	4,204.5	4,260.5	56.0	1.3%	1.2%

Source: U. S. Bureau of Labor Statistics

(1) North American Industry Classification System (NAICS)

*Some prior year numbers were revised to reflect the incorporation of newly available and revised source data.

Figure 3 shows the annual percentage change in nonfarm employment for 10 of the 11 Metropolitan Statistical Areas (MSAs) in Virginia. The Kingsport-Bristol MSA is not included in this table because most of it is located in Tennessee, and data for this indicator are not reported separately for the Virginia portion of the MSA. Additionally, this newest report uses the Arlington–Alexandria–Reston area, which is a metropolitan division of the Washington–Arlington–Alexandria, DC–VA–MD–WV MSA, in place of the Northern Virginia MSA series, which the BLS discontinued after 2024. Six of the remaining 10 Virginia metropolitan areas saw employment growth during the fiscal year, the first year since fiscal year 2021 that all 10 MSAs did not grow. The largest percentage increase occurred in the Charlottesville MSA (2.1 percent) followed by the Arlington–Alexandria–Reston (1.8 percent), Richmond (1.7 percent), and Winchester (1.4 percent) MSAs. The largest percentage decreases occurred in the Blacksburg–Christiansburg–Radford MSA (-1.2 percent) followed by the Harrisonburg (-0.6 percent) and Lynchburg (-0.1 percent) MSAs. Growth in the Staunton–Waynesboro MSA was flat year-over-year and the remaining metropolitan areas experienced growth rates below the Virginia average of 1.3 percent, including the Roanoke (1.2 percent) and Virginia Beach–Norfolk–Newport News (0.8 percent) MSAs. Only the Arlington–Alexandria–Reston MSA grew faster in fiscal year 2025 than the previous year.

Figure 3
Annual Percentage Change in Nonfarm Payroll Employment in Virginia's MSAs
Fiscal Years 2020 – 2025

Area	2020	2021	2022	2023	2024	2025
Virginia	-1.6%	-2.2%	3.4%	2.9%	1.8%	1.3%
Metropolitan areas (a)						
Arlington–Alexandria–Reston (b)	-1.0%	-2.0%	3.8%	3.2%	1.6%	1.8%
Blacksburg–Christiansburg–Radford	-2.5%	-0.8%	5.3%	2.5%	2.5%	-1.2%
Charlottesville	-1.2%	-4.6%	5.0%	3.0%	3.4%	2.1%
Harrisonburg	-1.4%	-2.3%	4.1%	2.3%	1.4%	-0.6%
Lynchburg	-2.4%	-2.7%	2.2%	1.1%	0.6%	-0.1%
Richmond	-1.8%	-2.5%	4.1%	3.4%	1.8%	1.7%
Roanoke	-2.2%	-1.8%	2.5%	2.5%	1.5%	1.2%
Staunton–Waynesboro	-1.4%	-2.0%	3.2%	4.7%	1.0%	0.0%
Virginia Beach–Norfolk–Newport News (c)	-2.1%	-2.3%	2.7%	2.3%	1.9%	0.8%
Winchester (d)	0.2%	0.8%	3.5%	3.9%	2.5%	1.4%

Source: U. S. Bureau of Labor Statistics

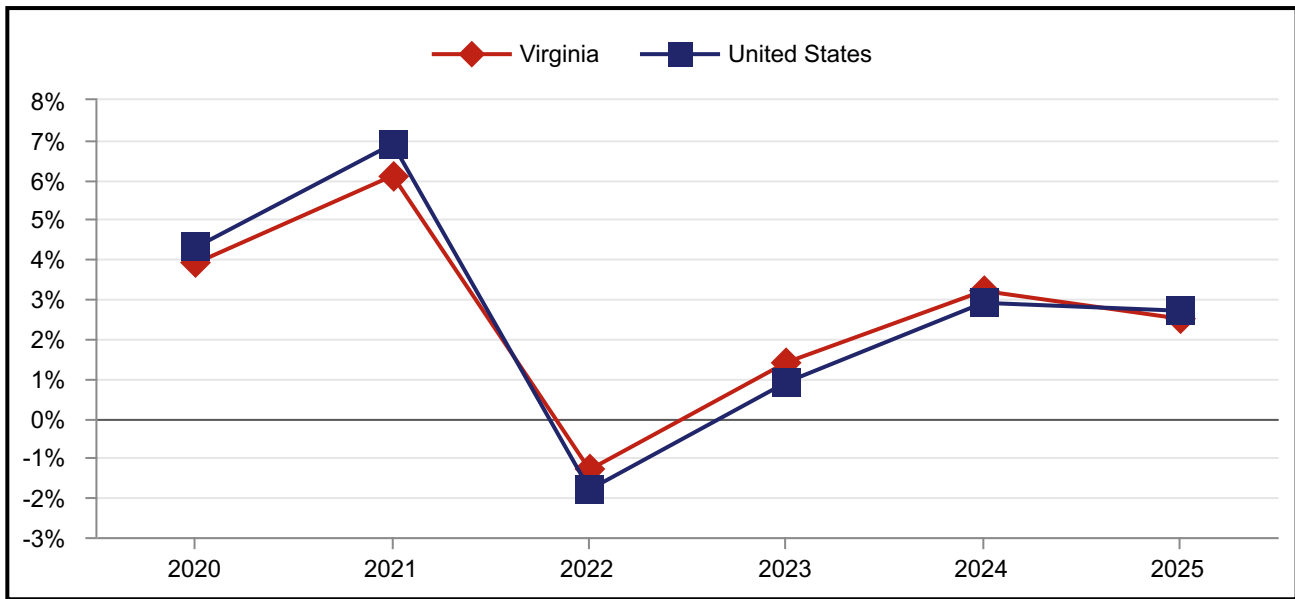
*Some prior year numbers were revised to reflect the incorporation of newly available and revised source data.

- (a) Excludes Kingsport-Bristol MSA, and TN-VA, most of which is located in Tennessee
- (b) Arlington–Alexandria–Reston is a metropolitan division of the Washington–Arlington–Alexandria, DC–VA–MD–WV MSA; BLS discontinued the Northern Virginia MSA series after 2024. Includes portion in WV
- (c) Includes portion in North Carolina
- (d) Includes portion in West Virginia

Personal Income

Personal income provides another important gauge of the health of Virginia's economy. It is also a key determinant of consumer spending, which accounts for approximately 70.0 percent of GDP at the national level. Furthermore, changes in personal income are also strongly correlated with state government revenues such as income tax and retail sales tax collections. As shown in **Figure 4**, state real personal income increased by 2.5 percent in fiscal year 2025. This follows a 3.2 percent increase in fiscal year 2024. In comparison, real personal income grew at the national level by 2.7 percent in fiscal year 2025. Real wages and salaries, which make up most of total personal income, grew 2.6 percent in fiscal year 2025, significantly faster than the average 2.3 percent growth rate during the previous five fiscal years (2020–2024). The next largest component is dividends, interest, and rent, which inched up by 0.1 percent. Among other components, supplements to wages and salaries (which includes employer contributions to employee pensions, health insurance, social security/Medicare and other benefits) grew by 2.9 percent, while proprietors' income increased by 3.6 percent.

Figure 4
Annual Percentage Change in Real Personal Income
 Fiscal Years 2020 – 2025

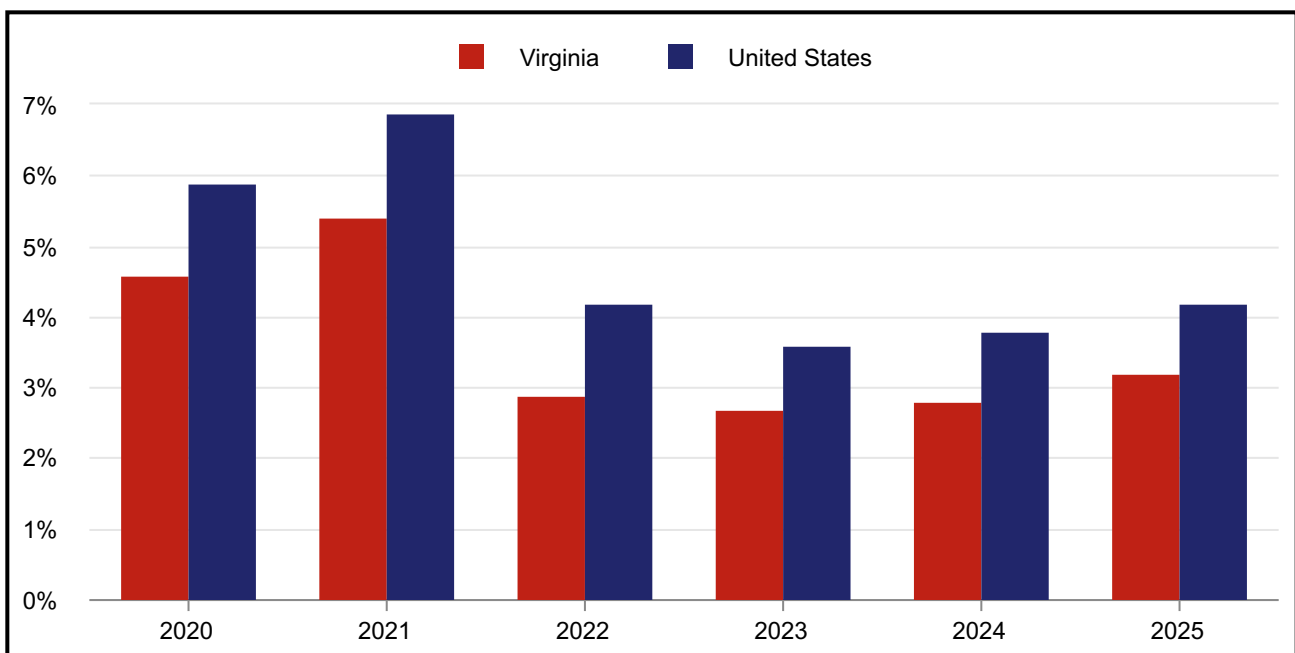


Source: U.S. Bureau of Economic Analysis, Billions of Chained 2017 Dollars

Unemployment

Virginia's unemployment rate trended upwards in fiscal year 2025 for the second year in a row. **Figure 5** shows that the state unemployment rate averaged 3.2 percent, the highest since fiscal year 2021's average unemployment rate of 5.4 percent. The state unemployment rate was lower than the national rate (4.2 percent), with the latter increasing from 3.8 percent the year before. Both Virginia and the nation experienced higher unemployment in fiscal year 2025, but Virginia's rate reflected a larger increase in the number of unemployed persons (16.3 percent) alongside a flat labor force, compared with a smaller rise in the number of unemployed (10.4 percent) and modest labor force growth (1.1 percent) nationally.

Figure 5
Civilian Unemployment Rate
 Fiscal Years 2020 – 2025



Source: U.S. Bureau of Labor Statistics

Figure 6 shows unemployment rates for Virginia’s metropolitan and non-metropolitan regions. Unemployment rates worsened in both metropolitan and non-metropolitan areas. The metropolitan area unemployment average increased from 2.7 percent in fiscal year 2024 to 3.1 percent in fiscal year 2025. Six metropolitan areas had unemployment rates above or equal to the statewide average of 3.2 percent, including the Lynchburg, Kingsport-Bristol and Blacksburg-Christiansburg-Radford MSAs, each at 3.6 percent, Virginia Beach-Norfolk-Newport News MSA (3.4 percent), and Richmond and Roanoke MSAs at 3.2 percent each. All of the metro areas experienced increasing unemployment rates from fiscal year 2024 to fiscal year 2025. The nonmetropolitan area unemployment rate increased to 4.0 percent in fiscal year 2025 from 3.5 percent the fiscal year before.

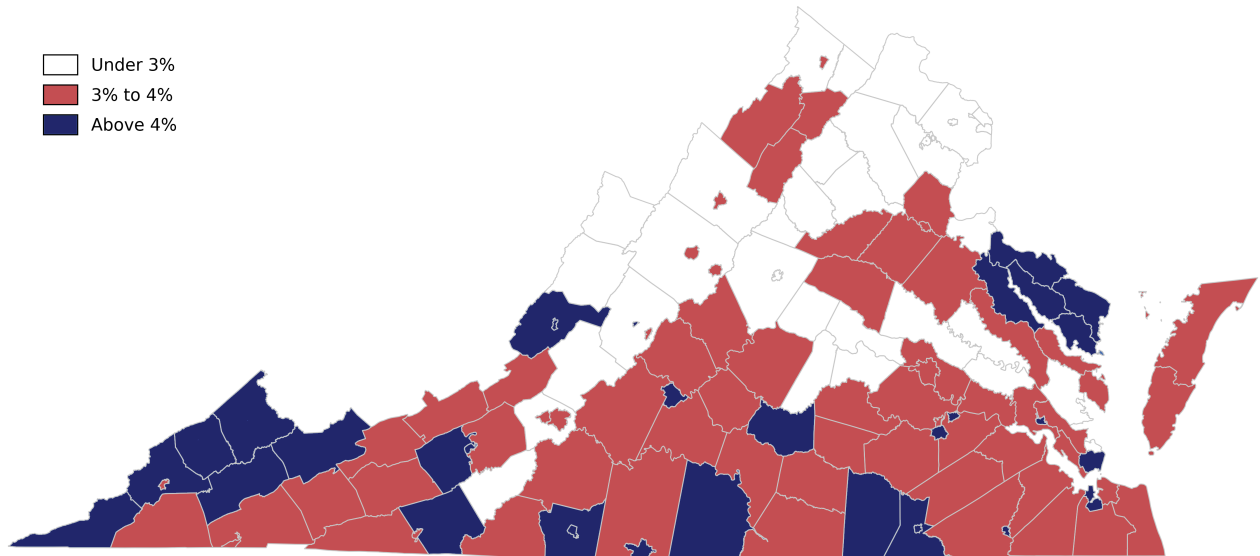
Figure 6
Civilian Unemployment Rate for Virginia’s MSAs
Fiscal Years 2020 – 2025

Area	2020	2021	2022	2023	2024	2025
Virginia	4.6%	5.4%	2.9%	2.7%	2.8%	3.2%
Metropolitan Areas	4.5%	5.3%	2.8%	2.7%	2.7%	3.1%
Arlington-Alexandria-Reston	4.0%	4.9%	2.5%	2.4%	2.4%	2.9%
Blacksburg-Christiansburg-Radford	4.9%	4.6%	2.8%	2.8%	2.8%	3.6%
Charlottesville	4.2%	4.8%	2.6%	2.5%	2.4%	2.8%
Harrisonburg	4.1%	4.1%	2.6%	2.6%	2.7%	3.1%
Kingsport-Bristol	5.3%	5.4%	3.1%	3.2%	3.1%	3.6%
Lynchburg	4.5%	5.1%	3.0%	3.1%	3.1%	3.6%
Richmond	4.7%	5.8%	3.0%	2.8%	2.9%	3.2%
Roanoke	4.7%	5.2%	2.9%	2.8%	2.8%	3.2%
Staunton-Waynesboro	4.0%	4.4%	2.6%	2.5%	2.4%	2.9%
Virginia Beach-Norfolk-Newport News	5.2%	6.4%	3.3%	3.0%	3.0%	3.4%
Winchester	4.1%	4.1%	2.5%	2.6%	2.6%	2.9%
Non-metropolitan Areas	5.7%	6.3%	3.6%	3.5%	3.5%	4.0%

Source: U.S. Bureau of Labor Statistics; some prior year numbers were revised to reflect the incorporation of newly available and revised source data

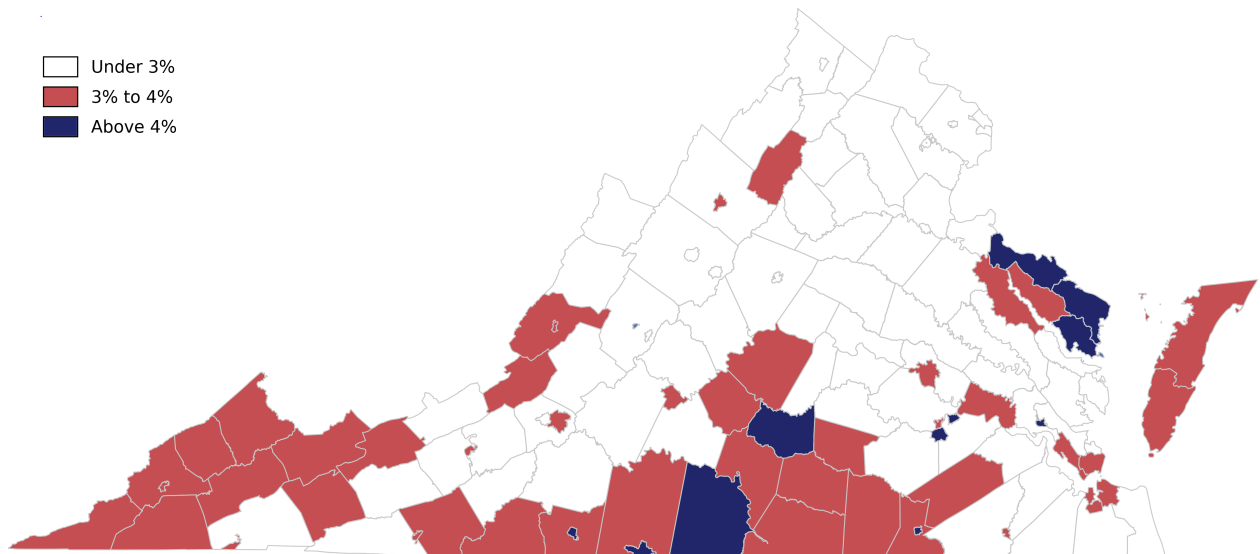
Figures 7a and 7b show changes in the spatial pattern of unemployment rates in Virginia during the last two fiscal years using locality-level data. The maps show that spatial patterns began to shift significantly between fiscal years 2024 and 2025. Thirty-two localities had unemployment rates above 4.0 percent in fiscal year 2025 compared to 12 in fiscal year 2024. Reflecting long-standing trends, unemployment rates were generally higher in the Southside and Southwestern regions. The state's highest unemployment rates continued to be found in several independent cities, including Emporia (7.1 percent), Danville (5.2 percent), Martinsville (5.0 percent), and Petersburg (4.9 percent). Every locality experienced unemployment rate increases in fiscal year 2025, except for Highland County, which saw a minor decrease. The largest increase was in Emporia (4.5 percent in fiscal year 2024 to 7.1 percent in fiscal year 2025).

Figure 7a
Unemployment Rate by Locality
Fiscal Year 2025



Source: Virginia Employment Commission

Figure 7b
Unemployment Rate by Locality
Fiscal Year 2024

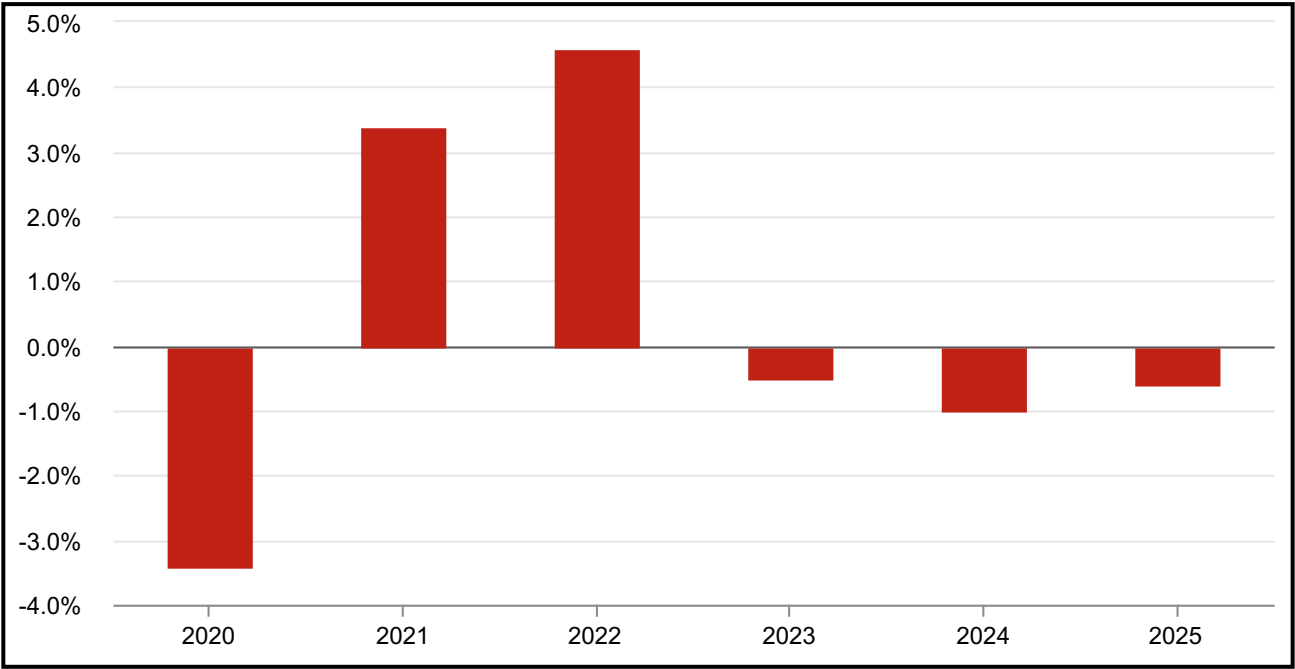


Source: Virginia Employment Commission

Taxable Sales

Changes in state retail sales are represented here using information on real taxable sales. This measure is a useful proxy for retail sales, but omits some goods (e.g., motor vehicles, motor fuel sales) that appear in the comparable national measure and includes some services (e.g., restaurant sales, lodging sales) not included in that measure. **Figure 8** shows that the real taxable sales decreased by 0.6 percent during fiscal year 2025 compared to a 1.0 percent rate of decrease the previous fiscal year. This decrease was consistent with the national pattern of declining real retail sales over the prior two years but now marks a departure from the national trend. National Real Retail and Food Services Sales, which covers many of the same types of sales as the taxable sales measure, increased 1.0 percent in fiscal year 2025. These decreases in Virginia likely reflect the continued shift of consumer purchases from goods to services because of post-pandemic spending pattern changes and a weakening in sales to lower income consumers due to inflationary pressures. Additionally, a weakening local job market (especially in key regions such as Northern Virginia) due to recent federal layoffs and cuts to government contracts may have eroded income and discretionary spending in Virginia, even as national consumption increased.

Figure 8
Annual Percentage Change in Real Taxable Sales in Virginia
Fiscal Years 2020 – 2025



Source: Virginia Department of Taxation.

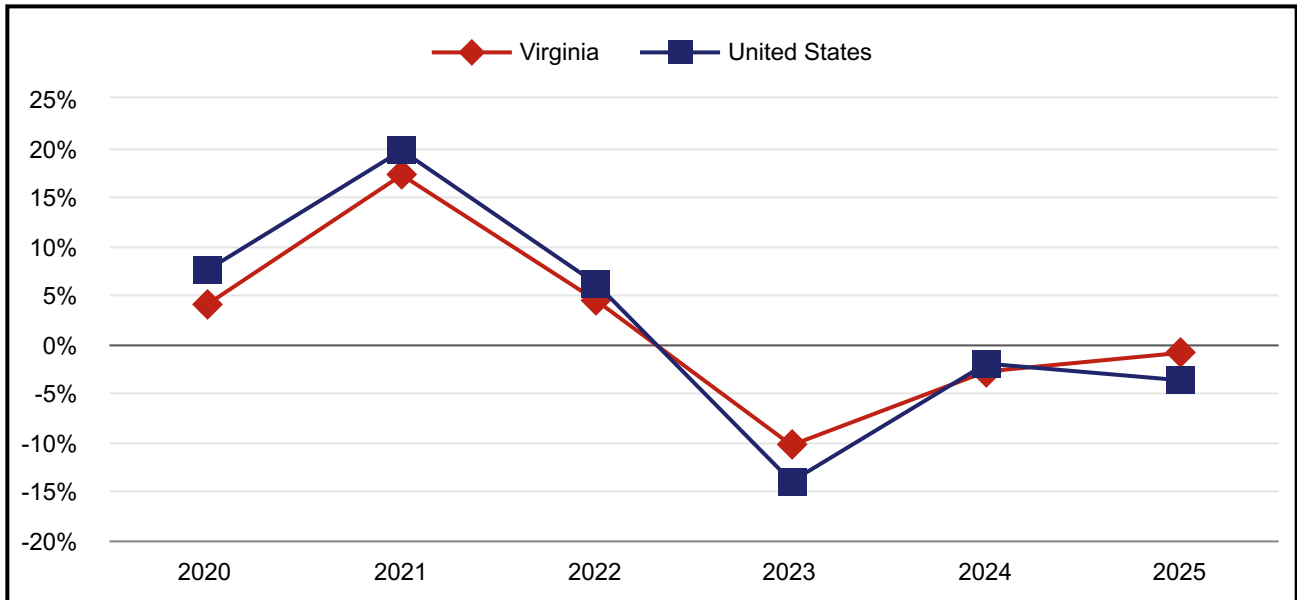
Taxable sales are adjusted for inflation using the Bureau of Labor Statistics Consumer Price Index for All Urban Consumers, All Items.

Housing Market

Virginia’s housing market activity continued to weaken during fiscal year 2025 but the rate of decline slowed. Sales of existing homes increased for the first time since fiscal year 2021, and residential building permit issuance decreased for the third year in a row. According to data available from the Virginia Association of Realtors, sales of single-family homes, townhomes, and condos increased from 98,613 units in fiscal year 2024 to 102,266 units in fiscal year 2025. This represents a 3.7 percent rate of increase compared to a 8.3 percent rate of decrease in fiscal year 2024. Building permit data show the number of new privately-owned housing units authorized for construction in Virginia decreased by 0.9 percent in fiscal year 2025 (**Figure 9**). This follows a steeper decrease of 2.8 percent in fiscal year 2024. The drop in Virginia building permits was relatively smaller than the national 3.7 percent decline in fiscal year 2025.

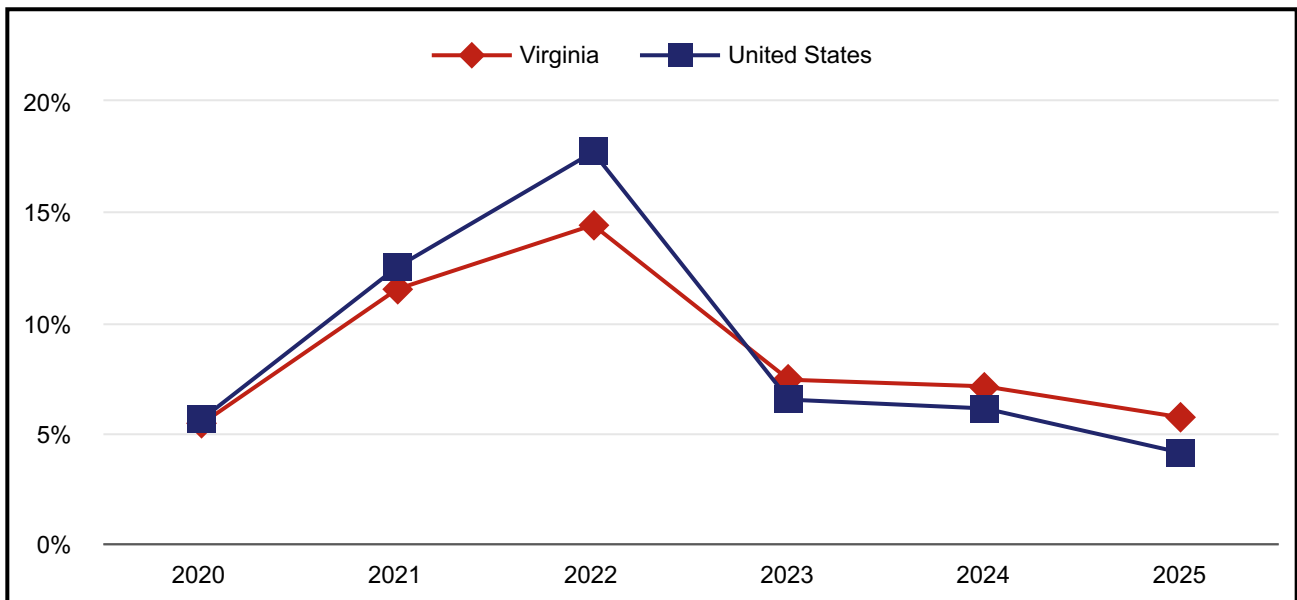
Data from the Federal Housing Finance Agency show that housing prices continued to outpace inflation. **Figure 10** shows the percentage change in housing prices for Virginia and the nation. Virginia housing prices increased 5.7 percent in fiscal year 2025, down from 7.1 percent in fiscal year 2024. This rate was higher than the 4.1 percent national growth rate in fiscal year 2025. Housing demand was dampened by continued high mortgage rates and a cooling labor market during the fiscal year. However, inventories of homes remained below normal levels.

Figure 9
New Privately Owned Housing Units Authorized, Annual Percentage Change
 Fiscal Years 2020 – 2025



Source: U.S. Census Bureau

Figure 10
Annual Percentage Change in Housing Prices
 Fiscal Years 2020 – 2025



Source: Federal Housing Finance Agency

Conclusion

Virginia's economy expanded for the fourth year in a row in fiscal year 2025, albeit at a declining pace. Employment grew 1.3 percent compared to 1.8 percent the year before, indicating a continued gradual cooling in the labor market. Real personal income increased by 2.5 percent compared to 3.2 percent in fiscal year 2024, another sign that the economy grew but lost some momentum. Some other economic metrics were not as positive. Real taxable sales decreased by 0.6 percent, perhaps reflecting a combination of continued post-pandemic consumer spending shifts towards services and a slight weakening in spending by lower income consumers. Virginia housing market activity adjusted somewhat to continued elevated mortgage interest rates. Existing home sales increased for the first time since 2021, but residential building permit issuance continued to decrease, albeit at a slower pace than the year before. The rate of housing price appreciation also slowed a bit, but limited housing inventories continued to put pressure on housing prices.

Inflation continued to ease during fiscal year 2025 as a result of the Federal Reserve's ongoing restrictive monetary policy. The Fed had begun raising its benchmark federal funds interest rate in March 2022, with the last quarter percentage point increase occurring in July 2023. Towards the end of fiscal year 2025, inflationary gauges such as the Personal Consumption Expenditures (PCE) Price Index and Consumer Price Index (CPI) were still slowly approaching the Fed's target of two percent. This progress was achieved by a significant decrease in employment growth but without tipping the economy into recession. The success in taming inflation opened the possibility that the Fed would continue to lower interest rates in the next fiscal year, creating conditions that are favorable for the economy to experience a "soft landing." Continued federal funds interest rate easing could support growth next year, and fiscal policy is likely to add stimulus through tax cuts, though the effects may be tempered by certain offsetting spending reductions and lingering tariff impacts. However, in Virginia, the risk of contraction appears more concerning given the Commonwealth's reliance on federal employment and contracting sectors, which have seen recent significant declines that may continue into fiscal year 2026.

MAJOR INITIATIVES

The ACFR has received unmodified audit opinions from fiscal year 1986 through fiscal year 2024. During this period, the Commonwealth has also received the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting. While we are very proud of these unmodified audit opinions and awards, we must be mindful of the fact that they are not automatic. The successes of the State Comptroller's office are directly attributable to not only the professionalism, experience and integrity of the State Comptroller's technical and accounting personnel, but also to the professionalism, experience and integrity of the financial and accounting personnel throughout the Commonwealth. These major initiatives will support efforts to continue our legacy of quality financial management.

Long-term Financial Planning

In 1992, an amendment to the Constitution of Virginia required the establishment of a Revenue Stabilization Fund. Annually, revenue collections are evaluated to determine whether deposits are required to the Fund. Withdrawals can only occur if the general fund revenues appropriated exceed the revised general fund revenue forecast by more than 2.0 percent of the certified tax revenues collected in the most recently ended fiscal year. Additionally, a withdrawal from the Fund cannot compensate for more than one-half of the difference between the general fund appropriations and revised estimate, nor can it exceed more than one-half of the Fund balance. Further, pursuant to the constitutional amendment of Article X, Section 8, effective January 1, 2011, the amount on deposit cannot exceed 15.0 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years.

During fiscal year 2018, the Code of Virginia established the Revenue Reserve Fund to mitigate certain anticipated revenue shortfalls when appropriations based on previous revenue forecasts exceed expected revenues in subsequent forecasts. Annually, revenue collections are evaluated to determine whether deposits are required to the Fund. Generally, withdrawals can only occur if a revised general fund revenue forecast is less than appropriated general fund revenues, and the decrease is 2.0 percent or less of general fund revenues collected in the most recently ended fiscal year. Additionally, a withdrawal from the Fund may not exceed more than one-half of the Fund balance. For fiscal year 2025, the combined balance of the Revenue Reserve Fund and Revenue Stabilization Fund cannot exceed 17.53 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years.

A deposit of \$294.5 million was made during fiscal year 2025. This amount represents the fiscal year 2024 revenue collected in excess of the estimate reduced by the amounts appropriated in Chapter 1, 2024 Acts of Assembly Special Session I, for the I-81 Corridor Improvement Program and Water Quality Improvement Fund Matching Grants, as well as the statutory deposit to the Water Quality Fund for excess revenues. Additionally, withdrawals totaling \$432.8 million were made during fiscal year 2025 pursuant to Chapter 725, 2025 Acts of Assembly Reconvened Session. Section 3-1.01 J3 required a withdrawal of \$332.3 million, and \$100.5 million was withdrawn as required by Section 3-1.01 J2. These required withdrawals reduced the combined balance that can be deposited in the Revenue Stabilization and Revenue Reserve Fund to the fiscal year 2025 specified limit of \$4.7 billion.

Enterprise Application Project

The Cardinal Project represents a shared vision between the offices of the Secretary of Transportation, Secretary of Finance, Secretary of Administration, and the Virginia Information Technologies Agency to replace aging statewide enterprise applications. This effort began with the effort to replace the Commonwealth's financial system (CARS) and the Virginia Department of Transportation's (VDOT) financial system with a modern, enterprise-wide financial system (base financial system). The base financial system provides a solid foundation for the Commonwealth to expand system functionality and facilitates better integration of key administrative systems across the state. This foundation enables the Commonwealth to re-engineer activities to include taking advantage of shared services, increasing functionality for better fiscal management, and reducing redundant agency financial systems and related costs. Effective July 1, 2016 (fiscal year 2017), Cardinal Financials became the official general ledger accounting system for the Commonwealth, and CARS was retired. VDOT implemented broader system functionality, and the Commonwealth intended to expand to other Commonwealth agencies. However, functional roll-out to other agencies was paused in order to focus attention on payroll and benefits. As a result, many agencies use non-Cardinal transactional applications to interface their data into Cardinal Financials.

The most recent phase of this project involved a partnership between the Department of Accounts (DOA) and the Department of Human Resource Management (DHRM) to replace the existing statewide payroll system (CIPPS), along with the Commonwealth's statewide Personnel Management Information System (PMIS) and Benefits Eligibility System (BES), by integrating the required functions into Cardinal. As a result, the Human Capital Management System (Cardinal HCM) was implemented in three phases from October 2021 through October 2022. Effective October 3, 2022, Cardinal HCM became the official payroll, benefits, human resource, and time and absence management system for the Commonwealth.

A Cardinal Governance Committee (Committee), co-chaired by me as the State Comptroller, and Janet Lawson as head of the DHRM was formed in 2021. Through coordination with the Committee and Secretaries of Finance and Administration, the Department of Accounts is leading the effort to identify the business needs of our agencies to evaluate the potential to decommission agency-based systems and expand Cardinal Financials functionality. The assessments were conducted from June 2024 to August 2025 to understand the current state and determine Cardinal's path forward. The goals of the work focused on software updates and transformation, increased agency adoption, and functionality growth. To ensure the goals are attainable, we developed a roadmap that targets immediate priorities, sets mid-term objectives, and establishes long-term objectives.

- The immediate 2025-2026 priorities are to complete the Cardinal upgrade and restore Business Intelligence capabilities.
- The mid-term milestones (2026-2028) focus on expanding Cardinal functionality and replacing our current fixed asset and lease accounting systems contingent upon the General Assembly approving funding, identifying agency systems to be decommissioned and replaced with Cardinal functionality, and performing regular Cardinal updates to remain on current software releases.
- The long-term objectives (5-8 years) include remaining on current software releases and transitioning to a Cloud ERP contingent upon the General Assembly approving funding.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the Commonwealth for its ACFR for the fiscal year ended June 30, 2024. The Certificate of Achievement is a prestigious national award that recognizes conformance with the highest standards for preparation of state and local government financial reports. To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized annual comprehensive financial report that conforms to program standards. Such reports must satisfy both accounting principles generally accepted in the United States of America and all applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. The Commonwealth has received a Certificate of Achievement for the last 39 consecutive years (fiscal years 1986-2024). I believe that this year's report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

This report could not have been prepared without the full cooperation of all state agencies within the Executive Branch, the Legislature, the Judiciary, the Component Units, and especially the dedication and professionalism of the financial reporting staff in the Department of Accounts.

Respectfully submitted,



Scott L. Adams
Comptroller of the Commonwealth of Virginia



Government Finance Officers Association

Certificate of
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Presented to

Commonwealth of Virginia

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

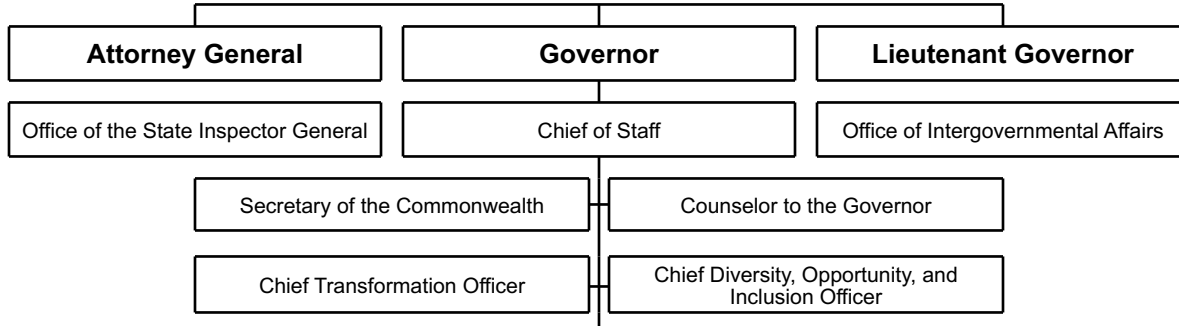
Christopher P. Morill

Executive Director/CEO

Organization Charts

Organization of Executive Branch of Government

As of June 30, 2025

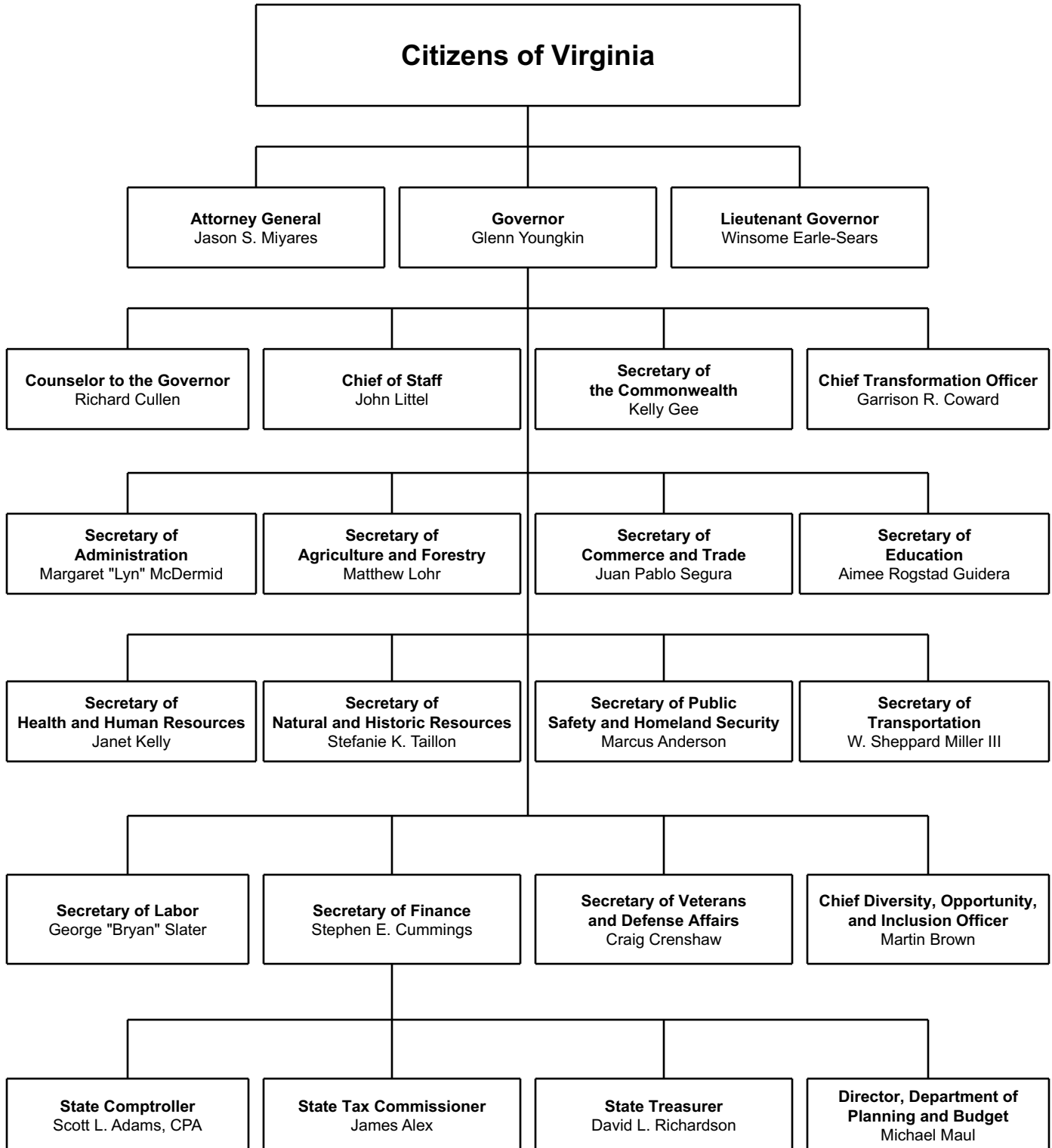


<u>Secretary of Administration</u> Compensation Board Department of Elections Department of General Services Department of Human Resource Management Virginia Information Technologies Agency	<u>Secretary of Education</u> Christopher Newport University Department of Education Frontier Culture Museum of Virginia George Mason University Gunston Hall Institute for Advanced Learning and Research James Madison University Jamestown-Yorktown Foundation Longwood University New College Institute Norfolk State University Old Dominion University Radford University Richard Bland College Roanoke Higher Education Authority Southern Virginia Higher Education Center Southwest Virginia Higher Education Center State Council of Higher Education for Virginia The College of William and Mary The Library of Virginia The Science Museum of Virginia University of Mary Washington University of Virginia Virginia Commission for the Arts Virginia Commonwealth University Virginia Community College System Virginia Institute of Marine Science Virginia Military Institute Virginia Museum of Fine Arts Virginia Museum of Natural History Virginia Polytechnic Institute and State University Virginia School for the Deaf and the Blind Virginia State University	<u>Secretary of Natural and Historic Resources</u> Department of Conservation and Recreation Department of Environmental Quality Department of Historic Resources Department of Wildlife Resources Marine Resources Commission
<u>Secretary of Agriculture and Forestry</u> Agricultural Council Department of Agriculture and Consumer Services Department of Forestry Virginia Racing Commission		<u>Secretary of Public Safety and Homeland Security</u> Commonwealth Attorneys' Services Council Department of Corrections Department of Criminal Justice Services Department of Emergency Management Department of Fire Programs Department of Forensic Science Department of Juvenile Justice Department of State Police Virginia Alcoholic Beverage Control Authority Virginia Cannabis Control Authority Virginia Correctional Enterprises Virginia Parole Board
<u>Secretary of Commerce and Trade</u> Center for Rural Virginia Department of Housing and Community Development Department of Energy Department of Small Business and Supplier Diversity Tobacco Region Revitalization Commission Virginia Economic Development Partnership Virginia Housing Development Authority Virginia Innovation Partnership Authority Virginia Tourism Corporation		<u>Secretary of Transportation</u> Department of Aviation Department of Motor Vehicles Department of Rail and Public Transportation Department of Transportation Motor Vehicle Dealer Board Office of Intermodal Planning and Investment Office of Public-Private Partnerships Virginia Commercial Space Flight Authority Virginia Passenger Rail Authority Virginia Port Authority
<u>Secretary of Health and Human Resources</u> Assistive Technology Loan Fund Authority Department for Aging and Rehabilitative Services Department for the Blind and Vision Impaired Department for the Deaf and Hard-of-Hearing Department of Behavioral Health and Developmental Services Department of Health Department of Health Professions Department of Medical Assistance Services Department of Social Services Office of Children's Services Opioid Abatement Authority Virginia Board for People with Disabilities Virginia Foundation for Healthy Youth Virginia Rehabilitation Center for the Blind and Vision Impaired Wilson Workforce and Rehabilitation Center	<u>Secretary of Finance</u> Board of Accountancy Department of Accounts Department of Planning and Budget Department of Taxation Department of the Treasury Virginia College Building Authority Virginia Public Building Authority Virginia Public School Authority Virginia Resources Authority	<u>Secretary of Veterans and Defense Affairs</u> Department of Military Affairs Department of Veterans Services
		<u>Secretary of Labor</u> Department of Labor and Industry Department of Professional and Occupational Regulation Department of Workforce Development and Advancement Virginia Employment Commission

Organization of Government

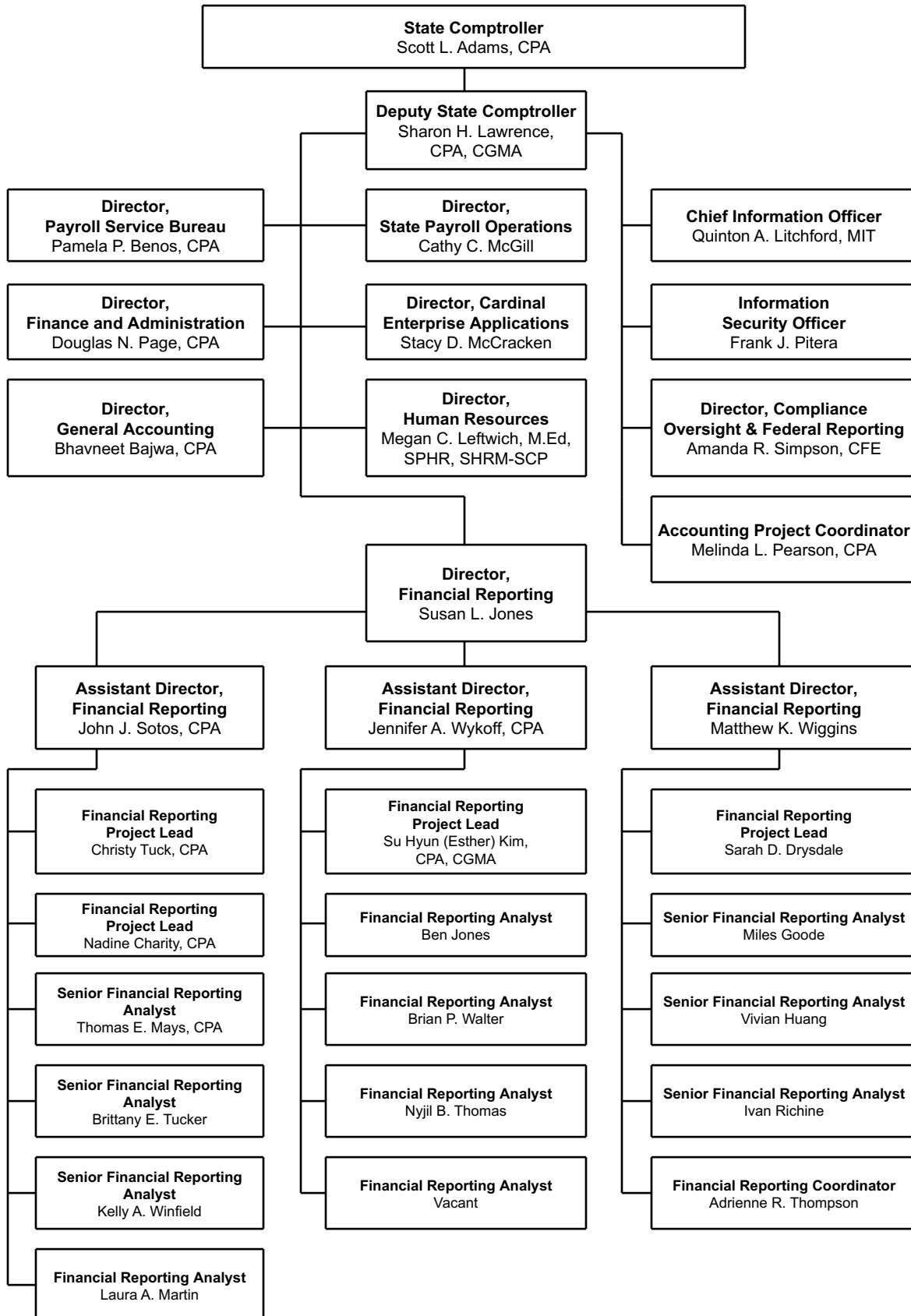
Selected Government Officials - Executive Branch

As of December 15, 2025



Organization of the Department of Accounts

As of December 15, 2025



FINANCIAL SECTION

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Required Supplementary Information
Combining and Individual Fund Statements and Schedules



Commonwealth of Virginia

Auditor of Public Accounts

Staci A. Henshaw, CPA
Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

December 15, 2025

The Honorable Glenn Youngkin
Governor of Virginia

Joint Legislative Audit
and Review Commission

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information 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 Commonwealth'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 governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Commonwealth 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 certain blended and discretely presented component units of the Commonwealth, which are discussed at Note 1.B. These component units account for the following percentages of total assets and deferred outflows of resources; revenues, additions, and other financing sources; and net position/fund balance of the opinion units affected as of June 30, 2025.

Opinion Unit	Total Assets and Deferred Outflows	Net Position/Fund Balance	Revenues, Additions, and Other Financing Sources
Governmental Activities	2.01 %	3.69 %	0.36 %
Aggregate Remaining Fund Information	1.05 %	1.14 %	0.51 %
Aggregate Discretely Presented Component Units	31.85 %	23.68 %	12.55 %

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinions, insofar as they relate to the amounts included for certain blended and discretely presented component units of the Commonwealth, 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 Commonwealth of Virginia, 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.

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The financial statements of Danville Science Center Inc., Science Museum of Virginia Foundation, and Virginia Museum of Fine Arts Foundation, which were audited by other auditors upon whose reports we are relying, were not audited in accordance with Government Auditing Standards.

Emphasis of Matters

Change in Accounting Principle

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

Correction of 2024 Financial Statements

As discussed in Note 2 of the accompanying financial statements, the fiscal year 2024 governmental activities, business-type activities, nonmajor governmental funds, the Commonwealth Savers Plan major enterprise fund, and the nonmajor component unit financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Other Matters

Investments with Values that are not Readily Determined

As discussed in Note 8, the Commonwealth Savers Plan major fund includes investments valued at \$1.9 billion (57.9 percent and 28.5 percent of the major fund and business-type activity total assets, respectively) and \$441.3 million for the private purpose trust fund (4.1 percent of the aggregate remaining fund information's total assets), whose fair values have been estimated by management in the absence of readily determinable values. Management's estimates are based on information provided by the fund managers or the general partners. 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 Commonwealth of Virginia'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 Commonwealth of Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commonwealth of Virginia'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 27 through 37; Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General and Major Special Revenue Funds; Schedule of Changes in Employers' Net Pension Liability; Schedule of Employer Contributions - Pension Plans; Schedule of Changes in Employers' Net Other Postemployment Benefit Liability (Asset); Schedule of the Commonwealth's Proportionate Share of the Net Other Postemployment Benefit Liability; Schedule of Employer Contributions - Other Postemployment Benefit Plans; Schedule of Changes in Employers' Total Other Postemployment Benefit Liability; Claims Development Information - Risk Management; Claims Development Information - Health Care; Claims Development Information - Line of Duty; and Notes to the Required Supplementary Information schedules on pages 206 through 248. 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 Commonwealth of Virginia's basic financial statements. The Combining and Individual Fund Statements and Schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Statements and Schedules 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 introductory section and statistical section 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, our report dated December 15, 2025, on our consideration of the Commonwealth of Virginia'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 is issued in the Commonwealth of Virginia Single Audit Report. We anticipate releasing that report on or before February 13, 2026. 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 Commonwealth of Virginia's internal control over financial reporting and compliance.

Staci A. Henshaw

AUDITOR OF PUBLIC ACCOUNTS

Management's Discussion and Analysis

(Unaudited)

The following is a discussion and analysis of the Commonwealth of Virginia's (the Commonwealth) financial performance, including an overview and analysis of the financial activities of the Commonwealth for the fiscal year ended June 30, 2025. Readers should consider this information in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the Commonwealth's financial statements, including the notes to the financial statements, which are located after this analysis. Fiscal year 2024 amounts throughout this section do not include impacts for prior year adjustments made for restatements associated with changes in accounting principle or reporting entities. For fiscal year 2025, restatements related to GASB Statement No. 101, *Compensated Absences*, are not included in the prior year comparisons.

Financial Highlights

Government-wide Highlights

The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2025, by \$50.1 billion. Net position of governmental activities decreased by \$784.8 million and net position of business-type activities increased by \$178.1 million. Component units reported an increase in net position of \$5.3 billion from June 30, 2024.

Fund Highlights

At the end of the fiscal year, the Commonwealth's governmental funds reported a combined ending fund balance of \$24.3 billion, a decrease of \$1.3 billion in comparison with the prior year. Of this total fund balance, \$575.7 million represents nonspendable fund balance, \$6.2 billion represents restricted fund balance, \$17.5 billion represents committed fund balance, and \$62.4 million represents assigned fund balance. The Enterprise Funds reported net position at June 30, 2025, of \$3.7 billion, an increase of \$180.7 million during the year which is primarily attributable to increases for the Commonwealth Savers Plan Fund (formerly Virginia College Savings Plan) (major). See page 33 for additional information regarding the Commonwealth Savers Plan.

The General Fund recognized higher total fund assets, total fund liabilities, and expenditures, as well as lower revenues when compared to fiscal year 2024. See page 34 for additional information.

Long-term Debt

The Commonwealth's total debt rose during the fiscal year to \$59.4 billion, an increase of \$1.7 billion, or 3.0 percent. During the fiscal year, the Commonwealth issued new debt in the amount of \$867.8 million and \$4.3 billion for the primary government and component units, respectively. Debt balances for the primary government held steady at \$18.0 billion. Debt balances for the component units increased to \$41.4 billion.

Overview of the Financial Statements

This discussion and analysis is an introduction to the Commonwealth's basic financial statements, which include three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. The report also contains additional required supplementary information and other information.

Government-wide Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Commonwealth's finances in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Commonwealth's financial position which helps readers determine whether the Commonwealth's financial position has improved or deteriorated during the fiscal year. These statements include all non-fiduciary financial activity on the full accrual basis of accounting. This means that all revenue and expenditures are reflected in the financial statements even if the related cash has not been received or paid as of June 30.

The Statement of Net Position (pages 40 and 41) presents information on all of the Commonwealth's assets and deferred outflows of resources, and liabilities and deferred inflows of resources; net position represents the difference between all other elements in a statement of financial position and is displayed in three components – net investment in capital assets; restricted; and unrestricted. Over time, increases or decreases in net position may indicate whether the financial position of the Commonwealth is improving or deteriorating.

The Statement of Activities (pages 42 through 44) presents information showing how the Commonwealth's net position changed during fiscal year 2025. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the Statement of Net Position and Statement of Activities report three separate activities. These activities are described as follows:

Governmental Activities – account for functions of the Commonwealth that are primarily supported by taxes and intergovernmental revenues. The majority of the Commonwealth's basic services, such as education, individual and family services, transportation, resources and economic development, administration of justice, and general government, fall within this category.

Business-type Activities – account for functions that are intended to recover all or a significant portion of their costs through user fees and charges. The major business-type activities of the primary government include the Virginia Lottery, Commonwealth Savers Plan, and Unemployment Compensation Fund.

Discretely Presented Component Units – account for functions of legally separate entities for which the Commonwealth is financially accountable. The Commonwealth has 25 non-higher education and 21 higher education component units that are reported as discretely presented component units. Information regarding the individual financial statements of the component units is presented in the notes to the financial statements.

This report includes two schedules (pages 48 and 52) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities on the appropriate government-wide statements (full accrual accounting). The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.

- Capital assets used in governmental activities are not reported on governmental fund statements.
- Long-term liabilities, unless due and payable, are not included in the fund financial statements. These liabilities are only included in the government-wide statements.
- Internal service funds are reported as governmental activities in the government-wide statements, but are reported as proprietary funds in the fund financial statements.
- Other long-term assets that are not available to pay for current period expenditures are deferred in the governmental fund statements, but not deferred in the government-wide statements.
- Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.
- Bond proceeds provide current financial resources on the fund financial statements, but are recorded as long-term liabilities in the government-wide financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Commonwealth, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the Commonwealth's funds can be divided into three categories: governmental, proprietary, and fiduciary. Each of these categories uses different accounting approaches. Fund financial statements begin on page 46 and provide detailed information about the major individual funds.

- **Governmental funds** – Most of the basic services provided by the Commonwealth are reported in the governmental funds. These statements provide a detailed, short-term view of the functions reported as governmental activities in the government-wide financial statements. The government-wide financial statements are reported using the full accrual basis of accounting, but the governmental fund financial statements are reported using the modified accrual basis of accounting. This allows the reader to focus on assets that can be readily converted to cash and determine whether there are adequate resources to meet the Commonwealth's current needs.

Because the focus of governmental funds is more limited than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. This comparison can help readers better understand the long-term impact of the Commonwealth's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The Commonwealth reports 15 individual governmental funds. Information is presented separately in the governmental fund statements for the General, Commonwealth Transportation, Federal Trust, and Literary funds, which are all considered major funds. Data from the other 11 governmental funds are aggregated into a single column on the fund statements. Individual fund data for these nonmajor governmental funds is provided in the combining financial statements immediately following the required supplementary information.

- **Proprietary funds** – The Commonwealth maintains two different types of proprietary funds: enterprise and internal service. These funds report activities that operate more like those of private-sector business and use the full accrual basis of accounting.

Enterprise funds report activities that charge fees for supplies or services to the general public like the Virginia Lottery. Enterprise funds are reported as business-type activities on the government-wide financial statements. The enterprise funds use the full accrual basis of accounting and the only differences between amounts reported on the government-wide statements and the enterprise fund statements are due to internal service fund activity (see reconciliations on pages 54 and 56).

Internal service funds report activities that charge fees for supplies and services to other Commonwealth agencies, like Fleet Management. Internal service funds are reported as governmental activities in the government-wide statements because these types of services predominantly benefit governments rather than business-type functions.

The Commonwealth reports 26 individual proprietary funds. Information is presented separately in the proprietary fund statements for the Virginia Lottery, Commonwealth Savers Plan, and Unemployment Compensation Fund, all of which are considered major funds. Data from the other enterprise funds is aggregated into a single column on the fund statements. All internal service funds are aggregated into a single column on the fund statements. Individual fund data for all nonmajor proprietary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Fiduciary funds** – These funds are used to account for resources held for the benefit of parties outside the government and use the full accrual basis of accounting in accordance with GASB Statement No. 84, *Fiduciary Activities*. Fiduciary funds are excluded from the government-wide financial statements because the resources of these funds are restricted and cannot be used to finance the Commonwealth's operations. The Commonwealth's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position beginning on page 64.

The Commonwealth's fiduciary funds are the:

- Private Purpose Trusts, which reports the activities for four separate funds and accounts for transactions of trust arrangements in which the principal and income benefit individuals, private organizations, or other governments;
- Pension and Other Employee Benefit Trusts, which reports the activities of nine separate pension and other employment retirement plans for employees;
- Custodial Funds - External Investment Pool, which accounts for the activity of the external investment pool not meeting the GASB Statement No. 84 trust criteria; and,
- Custodial Funds - Other, which accounts for 10 separate funds similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria.

Individual fund data for all fiduciary funds is provided in the combining financial statements immediately following the required supplementary information.

- **Component Units** – The government-wide financial statements report information for all component units aggregated in a single column. Information is provided separately in the component unit fund statements for the Virginia Housing Development Authority, Virginia Public School Authority, Virginia Resources Authority, and Virginia College Building Authority, all of which are considered major component units. Data from the other component units is aggregated into a single column on the fund statements. Individual fund data for all nonmajor component units is provided in the combining financial statements immediately following the required supplementary information.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the component unit fund financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes budgetary comparison schedules reconciling the statutory and generally accepted accounting principles fund balances at June 30. It also includes information concerning net pension liability, other postemployment benefit liability plans, and employer contributions for pension and other postemployment benefit plans, as well as trend information for Commonwealth-managed risk pools.

Other Information

The combining statements referred to earlier in connection with nonmajor funds and component units can be found beginning on page 252 of this report. The individual fund information is aggregated into a single total on the combining financial statements, which carries forward to the fund financial statements.

Government-wide Financial Analysis

The primary government's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$50.1 billion during the fiscal year. The net position of the governmental activities decreased by \$784.8 million, or 1.7 percent, primarily due to increases in long-term and other liabilities, which were offset by an increase in cash, cash equivalents, and investments related to General Fund (major) and Transportation Fund (major), and capital assets. The General Fund is discussed further on page 34. Capital assets are discussed further on page 35, and long-term liabilities are discussed further on page 36. Business-type activities had an increase of \$178.1 million, or 5.1 percent, primarily due to increases in the Commonwealth Savers Plan (major). See page 33 for additional information regarding the Commonwealth Savers Plan. As discussed in Note 2, the government-wide beginning balance was restated for the implementation of GASB Statement No. 101, *Compensated Absences*, and the correction of prior year errors to arrive at a restated beginning balance of \$50.6 billion. As stated previously, fiscal year 2024 amounts in Figures 11 and 12 do not include impacts for prior year adjustments made for restatements associated with changes in accounting principle or reporting entities.

Figure 11
Net Position as of June 30, 2025 and 2024
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024 as restated	2025	2024 as restated	2025	2024 as restated
Current and other assets	\$ 45,800,522	\$ 45,567,609	\$ 6,085,695	\$ 5,831,712	\$ 51,886,217	\$ 51,399,321
Capital assets	42,540,319	41,531,436	486,896	521,188	43,027,215	42,052,624
Total Assets	88,340,841	87,099,045	6,572,591	6,352,900	94,913,432	93,451,945
Deferred outflows of resources	1,724,510	1,780,038	58,758	60,606	1,783,268	1,840,644
Total assets and deferred outflows of resources	90,065,351	88,879,083	6,631,349	6,413,506	96,696,700	95,292,589
Long-term liabilities outstanding	16,024,040	15,871,481	1,955,639	2,108,076	17,979,679	17,979,557
Other liabilities	18,412,712	16,385,347	967,417	779,807	19,380,129	17,165,154
Total Liabilities	34,436,752	32,256,828	2,923,056	2,887,883	37,359,808	35,144,711
Deferred inflows of resources	9,159,918	9,368,742	31,537	26,999	9,191,455	9,395,741
Total liabilities and deferred inflows of resources	43,596,670	41,625,570	2,954,593	2,914,882	46,551,263	44,540,452
Net position:						
Net investment in capital assets	28,771,345	27,962,221	96,479	113,820	28,867,824	28,076,041
Restricted	6,321,962	6,067,152	1,438,102	1,471,131	7,760,064	7,538,283
Unrestricted	11,375,374	13,224,140	2,142,175	1,913,673	13,517,549	15,137,813
Total net position	\$ 46,468,681	\$ 47,253,513	\$ 3,676,756	\$ 3,498,624	\$ 50,145,437	\$ 50,752,137

The largest portion of the primary government's net position reflects its investment in capital assets (e.g., land, buildings, equipment, infrastructure, construction-in-progress, right-to-use intangible assets, and intangible assets including water rights, easements and software), less any related outstanding debt and deferred inflows of resources used to acquire those assets. These assets are recorded net of depreciation and amortization in the financial statements. The primary government uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Although the primary government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities (Figure 11).

An additional portion of the primary government's net position represents restricted net position. These resources are subject to external restrictions or constitutional provisions specifying how they may be used. The remaining balance of \$13.5 billion is unrestricted net position (Figure 11). The significant increase in restricted net position is primarily due to the required constitutional deposit to the Revenue Stabilization Fund discussed in Note 5.

Approximately 48.5 percent of the primary government's total revenue came from taxes. While the primary government's expenses cover many services, the largest expenses are for individual and family services and education. General revenues normally fund governmental activities. For fiscal year 2025, program and general revenues fell short of governmental expenses by \$1.8 billion. Program and general revenues exceeded expenses from business-type activities by \$1.4 billion. The following condensed financial information (Figure 12) was derived from the Government-wide Statement of Activities and provides detail regarding the change in net position (see page 42).

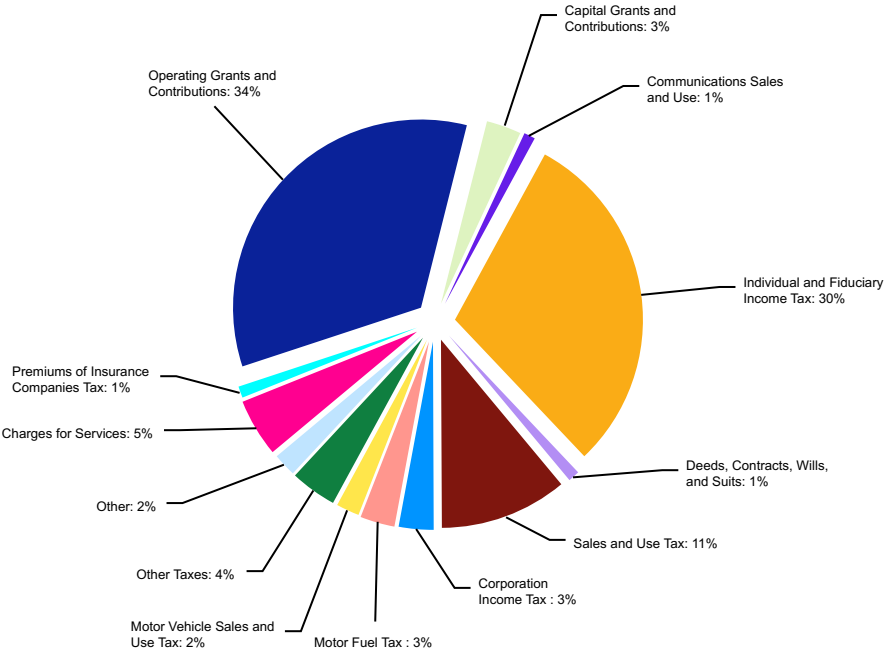
Figure 12
Changes in Net Position for the Fiscal Years Ended June 30, 2025 and 2024
(Dollars in Thousands)

	Governmental Activities		Business-type Activities		Total	
	2025	2024 as restated	2025	2024 as restated	2025	2024 as restated
Revenues:						
Program Revenues:						
Charges for Services	\$ 3,522,546	\$ 3,536,063	\$ 8,613,020	\$ 8,206,079	\$ 12,135,566	\$ 11,742,142
Operating Grants and Contributions	23,594,602	24,040,638	917	3,709	23,595,519	24,044,347
Capital Grants and Contributions	1,899,289	1,810,689	—	—	1,899,289	1,810,689
General Revenues:						
Taxes:						
Individual and Fiduciary Income	20,274,263	21,673,352	—	—	20,274,263	21,673,352
Sales and Use	7,560,169	7,431,702	—	—	7,560,169	7,431,702
Corporation Income	1,752,849	2,003,036	—	—	1,752,849	2,003,036
Motor Fuel	2,061,872	2,013,651	—	—	2,061,872	2,013,651
Motor Vehicle Sales and Use	1,284,932	1,217,641	—	—	1,284,932	1,217,641
Communications Sales and Use	273,628	277,098	—	—	273,628	277,098
Deeds, Contracts, Wills, and Suits	577,289	499,016	—	—	577,289	499,016
Premiums of Insurance Companies	750,754	694,249	—	—	750,754	694,249
Alcoholic Beverage Sales	240,117	243,339	—	—	240,117	243,339
Tobacco Products	206,660	226,778	—	—	206,660	226,778
Estate	990	—	—	—	990	—
Public Service Corporations	132,280	123,868	—	—	132,280	123,868
Beer and Beverage Excise	36,863	38,467	—	—	36,863	38,467
Wine and Spirits/ABC Liter	30,986	30,674	—	—	30,986	30,674
Bank Stock	38,219	26,271	—	—	38,219	26,271
Other Taxes	2,146,519	2,065,828	9,141	9,141	2,155,660	2,074,969
Unrestricted Grants and Contributions	52,350	54,419	—	—	52,350	54,419
Investment Earnings	1,547,098	1,453,826	9,577	9,796	1,556,675	1,463,622
Miscellaneous	473,348	456,447	1,168	597	474,516	457,044
Total Revenues	68,457,623	69,917,052	8,633,823	8,229,322	77,091,446	78,146,374
Expenses:						
General Government	4,093,377	3,874,504	—	—	4,093,377	3,874,504
Education	18,535,551	17,873,628	—	—	18,535,551	17,873,628
Transportation	8,164,811	7,374,179	—	—	8,164,811	7,374,179
Resources and Economic Development	2,378,956	2,111,668	—	—	2,378,956	2,111,668
Individual and Family Services	32,558,066	30,766,997	—	—	32,558,066	30,766,997
Administration of Justice	4,258,740	4,006,271	—	—	4,258,740	4,006,271
Interest and Charges on Long-term Debt	317,023	282,678	—	—	317,023	282,678
Virginia Lottery	—	—	4,854,691	4,574,576	4,854,691	4,574,576
Commonwealth Savers Plan	—	—	245,863	231,871	245,863	231,871
Unemployment Compensation	—	—	306,852	275,429	306,852	275,429
Alcoholic Beverage Control	—	—	1,005,472	1,020,997	1,005,472	1,020,997
Risk Management	—	—	11,938	11,981	11,938	11,981
Local Choice Health Care	—	—	635,386	550,938	635,386	550,938
Line of Duty	—	—	25,810	22,561	25,810	22,561
Advantage Vanpool Self Insurance Fund	—	—	179	145	179	145
Virginia Industries for the Blind	—	—	50,762	47,023	50,762	47,023
Consolidated Laboratory	—	—	15,501	14,575	15,501	14,575
eVA Procurement System	—	—	22,225	26,132	22,225	26,132
Department of Environmental Quality Title V	—	—	10,513	12,966	10,513	12,966
Wireless E-911	—	—	61,210	62,003	61,210	62,003
Museum and Library Gift Shops	—	—	10,052	9,076	10,052	9,076
Behavioral Health Canteen and Work Activity	—	—	254	283	254	283
Total Expenses	70,306,524	66,289,925	7,256,708	6,860,556	77,563,232	73,150,481
Excess/(Deficiency) before transfers	(1,848,901)	3,627,127	1,377,115	1,368,766	(471,786)	4,995,893
Transfers	1,195,396	1,226,145	(1,195,396)	(1,226,145)	—	—
Increase (Decrease) in net position	(653,505)	4,853,272	181,719	142,621	(471,786)	4,995,893
Net Position, July 1, as previously reported	47,183,073	42,117,673	3,507,842	3,370,481	50,690,915	45,488,154
Restatements to Net Position, July 1	(60,887)	282,568	(12,805)	(14,478)	(73,692)	268,090
Net position, July 1, as restated	47,122,186	42,400,241	3,495,037	3,356,003	50,617,223	45,756,244
Net position, June 30	\$ 46,468,681	\$ 47,253,513	\$ 3,676,756	\$ 3,498,624	\$ 50,145,437	\$ 50,752,137

Governmental Activities Revenues

Figure 13 is a graphical representation of the Statement of Activities revenues for governmental activities. Governmental activities revenues decreased by \$1.5 billion, or 2.1 percent. The net decrease is mainly attributable to decreases in the General Fund (see page 34).

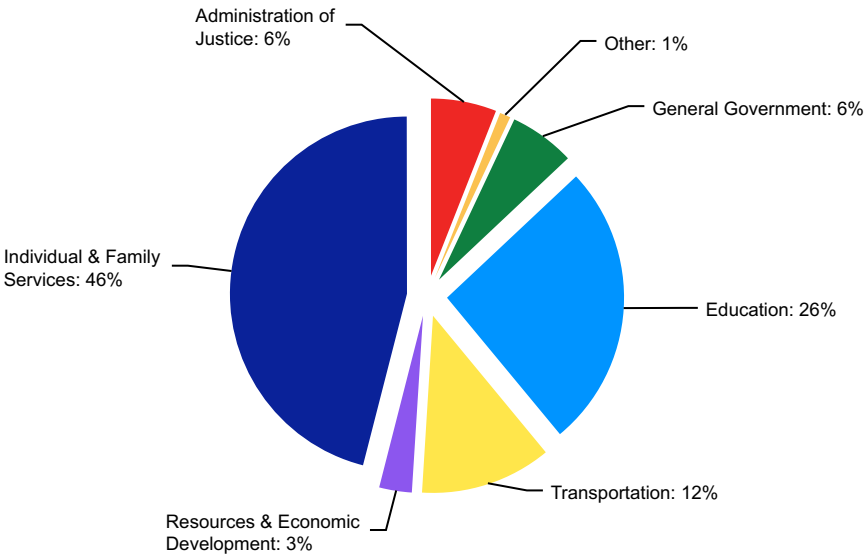
Figure 13
Revenues by Source – Governmental Activities
Fiscal Year 2025



Governmental Activities Expenses

Figure 14 is a graphical representation of the Statement of Activities expenses for governmental activities. Governmental activities expenses increased by \$4.0 billion, or 6.1 percent. While there were increases in multiple expense types, the largest increase was in Individual and Family Services. See pages 34 and 35 for additional information.

Figure 14
Expenses by Type – Governmental Activities
Fiscal Year 2025



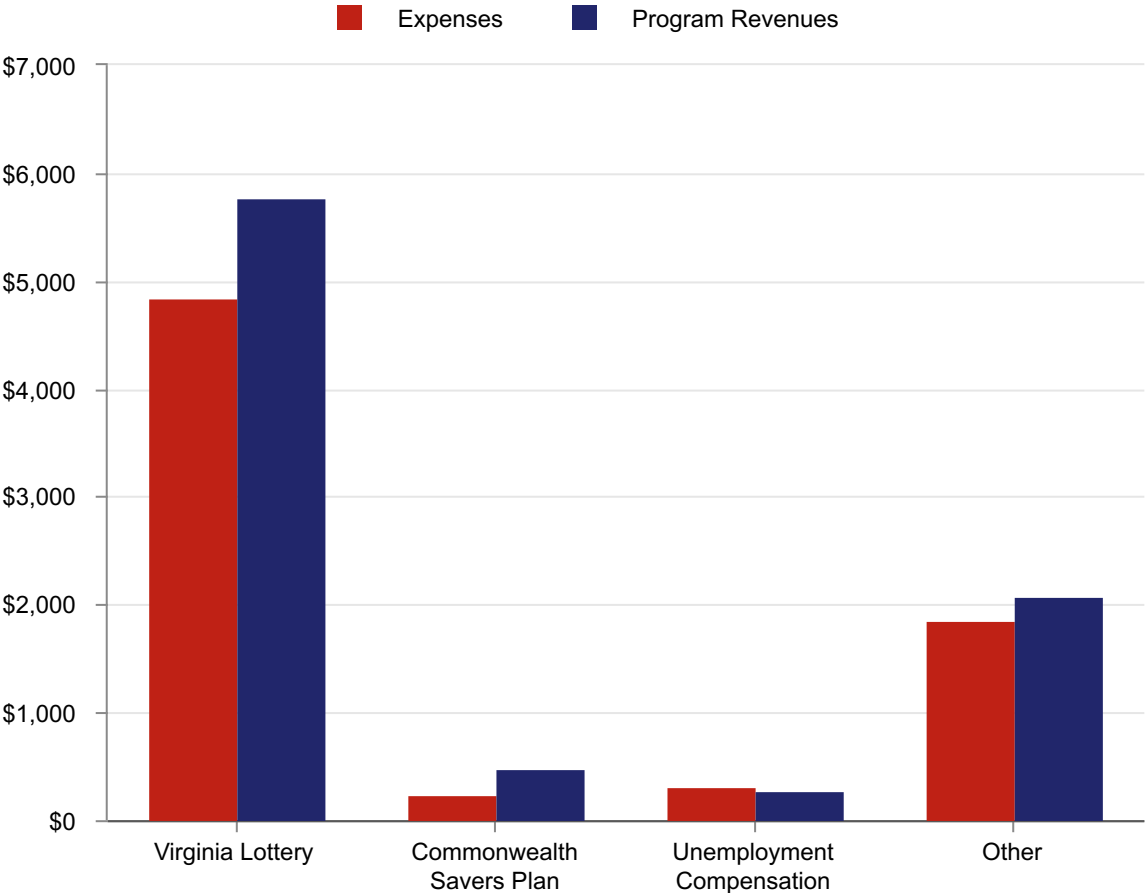
Net Position of Business-type Activities

Net position of business-type activities increased by \$178.1 million during the fiscal year. As shown in **Figure 15**, highlights of the changes in net position for the major enterprise funds were as follows:

- Lottery sales were \$5.8 billion, an increase of \$249.8 million over the prior year. Income before transfers was \$926.3 million, a decrease of \$30.3 million (3.2 percent) from fiscal year 2024. Sales of scratch games decreased by \$36.6 million (2.8 percent) and non-scratch game sales increased by \$286.2 million (6.8 percent). Total expenses increased by \$278.6 million (6.1 percent), primarily attributable to the cost of prizes.
- Commonwealth Savers Plan’s net position increased by \$235.8 million (13.0 percent) during the fiscal year as a result of total revenues exceeding incurred expenses. While Prepaid529 is closed to new participants, existing customers are still being serviced. Additionally, the Tuition Track Portfolio activity grew during fiscal year 2025 and is expected to continue growing in future years. However, the current year change was not significant to the total fund change. During the fiscal year, the majority of the net position increase is attributed to the long-term investment gains as compared to the previous year.
- Unemployment Compensation Fund net position decreased by \$33.8 million during fiscal year 2024, as a result of benefits paid exceeding operating revenues.

Over the one-year period from July 1, 2024, to June 30, 2025, the unemployment rate average was 3.2 percent. The amount of overall individuals receiving unemployment claims increased by 28,352 and the average benefit duration decreased from 12.2 weeks to 12.0 weeks. Additionally, there was an increase in the average weekly benefit amounts from approximately \$345.85 to \$354.49 in fiscal year 2025. These multiple influences led to an increase in the total benefit payments of \$31.4 million over the prior year.

Figure 15
Business-type Activities
Program Revenues and Expenses
Fiscal Year 2025
(Dollars in Thousands)



Fund Statements Financial Analysis

As of the end of the fiscal year, the primary government's governmental funds reported combined ending fund balances of \$24.3 billion. The fund balance includes nonspendable, restricted, committed, or assigned to indicate that it is not available for new spending.

General Fund Highlights

At the end of the fiscal year, the General Fund reported a combined ending fund balance of \$13.1 billion, a decrease of \$1.8 billion in comparison with the prior year. Of this total fund balance, \$82.6 million represents nonspendable fund balance, \$3.0 billion represents restricted fund balance, \$10.1 billion represents committed fund balance, and \$3.4 million represents assigned fund balance.

Fiscal year 2025 General Fund revenues were 3.9 percent, or \$1.3 billion, lower than fiscal year 2024 revenues. This revenue change was due primarily to an overall decrease in taxes of \$1.4 billion, which was primarily attributable to an increase in individual refunds payable, see Note 27.

Fiscal year 2025 expenditures increased by 9.9 percent, or \$3.1 billion, when compared to fiscal year 2024. While most expenditures categories increased during fiscal year 2025, the largest increases were primarily attributable to education and individual and family services expenditures of \$1.2 billion each. Education expenditures increased due to services for state education assistance programs and early childhood care and education programs. Individual and family services was primarily associated with an increase in Medicaid spending that was attributable to member acuity, rate increases and added services. Net other financing sources and uses increased by \$210.5 million, which is primarily due to higher transfers in from other funds offset by an increased transfers out to other funds. The change in transfers was primarily associated with appropriation act transfers per Chapter 725, 2025 Acts of Assembly Reconvened Session, Section 3-1.01.

Budget Highlights

The General Fund began the year with an original revenue budget that was \$187.2 million, or 0.6 percent, higher than the final fiscal year 2024 revenue budget. Additionally, the final revenue budget was \$2.1 billion higher than the original budget. The change between the original and final budget was primarily attributable to increases in the final budget for individual and fiduciary income taxes of \$2.3 billion. Total actual General Fund revenues were higher than final budgeted revenues by \$923.3 million primarily due to individual and fiduciary income taxes (\$334.3 million), interest, dividends, and rents (\$267.0 million), and other revenues (\$143.8 million).

Total final budget expenditures were higher than original budget expenditures by \$5.2 billion, or 15.2 percent. This change between the original and final budget was primarily attributable to increases of budgeted expenditures for education of \$1.3 billion, general government of \$1.1 billion, capital outlay of \$865.5 million, individual and family services of \$788.2 million, and resources and economic development of \$660.0 million.

The Commonwealth spent less than planned so actual expenditures were \$5.6 billion, or 14.2 percent, lower than final budget expenditures. This was primarily attributable to capital outlay (\$1.6 billion), general government (\$1.4 billion), education (\$1.0 billion), and resources and economic development (\$773.1 million).

Budget Outlook

For the fourth straight year, Virginia experienced economic growth in its recovery from the effects of the COVID-19 pandemic, albeit at slower pace. Employment rates continued to rise and real personal income increased during the fiscal year. Existing home sales increased for the first time since 2021. Some state economic activity measures, such as real taxable sales and residential building permits, continued to decline, however. The state's unemployment rate rose in both metropolitan and non-metropolitan areas. Housing prices continued to outpace inflation, as available home inventories remained below normal levels.

During fiscal year 2025, the two General Fund revenue sources that are most closely tied to current economic activity are individual income taxes and retail sales taxes. Individual income taxes increased by \$1.6 billion, where retail sales taxes increased by \$103.1 million. The individual income tax collections were more than the estimated revenue by \$334.3 million (1.6 percent), and the retail sales taxes were more than the estimated revenue by \$14.8 million (0.3 percent).

The fiscal year 2025 revenue collections exceeded the fiscal year 2025 collections estimate and increased from the fiscal year 2024 collections. Based on the most recent General Fund revenue estimate, the fiscal year 2026 revenue is projected to increase by 0.4 percent when compared to the fiscal year 2025 revenue collections. This planned increase is a result of continued growth in individual income taxes and retail sales taxes. The Governor will release his amendments to the 2026-2027 biennial budget on December 17, 2025.

Major Special Revenue Fund Highlights

The Commonwealth Transportation Fund ended the fiscal year with a fund balance of \$6.2 billion. Approximately \$6.2 billion is contractually committed for various highways, public transportation, and rail preservation projects; \$1.9 billion for individual contracts awarded with a contract value of \$1.0 million or more for operational and tolling services, facilities, and other non-highway construction-type contracts (see Note 22). Additionally, revenues increased \$334.1 million, or 3.8 percent, and expenditures increased \$627.0 million, or 7.7 percent. The revenue increase was primarily due to increases in tax collections of \$193.0 million, or 3.3 percent, increases in federal support of \$135.4 million, or 11.5 percent, and rights and privileges primarily associated with concession fees and charges of \$33.3 million, or 3.9 percent, offset by a decrease in other revenue of \$32.8 million, or 4.3 percent. Expenditures increased mainly for highway maintenance for \$643.0 million, offset by a decrease in capital outlay for \$20.6 million.

The Federal Trust Fund balance decreased by \$15.1 million, or 6.7 percent during the current year. The change is primarily due to a decrease in inventory related to donated vaccines being out of manufacturing date, offset by an increase in non-reimbursement based grants relating to low-income home energy assistance. The change in Federal Grants and Contracts of \$50.3 million is mainly attributed to increases in funding received from the federal government for Medicaid. The Other revenue increase of \$40.1 million is associated with timing of Medicaid Rebate collections. Expenditures decreased \$11.5 million primarily due to reduction in education aid to local governments. Net other financing sources and uses experienced a decrease of \$101.8 million, primarily attributable to higher transfers out to other funds which increased by \$98.3 million or 888.6 percent.

The Literary Fund ending balance increased by \$146.1 million, or 26.0 percent. The change is primarily due to transfers from unclaimed property and lottery for \$173.2 million. Revenue exceeded expenditures by \$22.9 million in fiscal year 2025, which is \$11.5 million more than fiscal year 2024. Additionally, loans of \$197.5 million owed to the Virginia Public School Authority (major component unit) increased by \$2.2 million, or 1.1 percent.

Capital Assets and Long-term Debt

Capital Assets. The primary government's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$43.0 billion (net of accumulated depreciation and amortization totaling \$22.8 billion). This investment in capital assets includes land, buildings, improvements, equipment, infrastructure, construction-in-progress, and intangible assets including water rights, easements, and software, as well as intangible right-to-use assets. Infrastructure assets are items that are normally immovable such as roads, bridges, drainage systems, and other similar assets. The increase in the primary government's net investment in capital assets was primarily attributable to the addition of construction-in-progress of \$469.1 million predominately from Virginia Department of Transportation road and bridge construction. The primary government reports equipment with a value of \$50,000 or greater (individually or in aggregate) and an expected useful life of two or more years. The primary government capitalizes all land, buildings, infrastructure, and non right-to-use intangible assets that have a cost or value greater than \$100,000, and an expected useful life of two or more years. In addition, the primary government reports right-to-use intangible assets of equipment, land, and buildings with a present value of \$50,000 or greater, subscription-based information technology arrangements with a present value of \$5,000 or greater and an expected useful life of greater than one year. Additional information on the primary government's capital assets can be found in Note 14, Capital Assets.

Figure 16
Capital Assets as of June 30, 2025
(Net of Depreciation and Amortization)
(Dollars in Thousands)

	Governmental Activities	Business-type Activities	Total
Land	\$ 4,206,775	\$ 11,033	\$ 4,217,808
Buildings	3,257,023	53,595	3,310,618
Equipment	865,177	33,619	898,796
Water Rights/Easements	135,320	—	135,320
Infrastructure	28,524,529	—	28,524,529
Intangible Assets	475,594	12,686	488,280
Right-to-Use Intangible Assets	658,595	374,323	1,032,918
Construction-in-Progress	4,417,306	1,640	4,418,946
Total	<u>\$ 42,540,319</u>	<u>\$ 486,896</u>	<u>\$ 43,027,215</u>

Long-term Debt. The Commonwealth is prohibited from issuing general obligation bonds for operating purposes. At the end of the current fiscal year, the Commonwealth had total debt outstanding of \$59.4 billion, including total tax-supported debt of \$22.9 billion and total debt not supported by taxes of \$36.5 billion. Bonds backed by the full faith and credit of the government and tax-supported total \$1.0 billion. Debt is considered tax-supported if Commonwealth tax revenues are used or pledged for debt service payments. An additional \$919.2 million is considered moral obligation debt which is not tax-supported. The Commonwealth has no direct or indirect pledge of tax revenues to fund reserve deficiencies. However, in some cases, the Commonwealth has made a moral obligation pledge to consider funding deficiencies in debt service reserves that may occur. The remainder of the Commonwealth's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

During fiscal year 2025, the Commonwealth issued \$5.1 billion of new debt for various projects. Of this new debt, \$867.8 million was for the primary government and \$4.3 billion for the component units. Additional information on the Commonwealth's outstanding debt can be found in Note 28, Long-Term Liabilities, as well as in the Debt Schedules beginning on page 318. The Commonwealth maintains a "triple A" bond rating for general obligation debt from the three rating agencies: Moody's Investors Service, S & P Global Ratings, and Fitch Ratings.

State statutes limit the amount of general obligation debt the Commonwealth may issue for each specific type of debt. The 9(a) bonds, which may be issued to fund the defense of the Commonwealth, to meet casual deficits in revenue or in anticipation of the collection of revenues, or to redeem previous debt obligations, are limited to 30.0 percent of 1.15 times the annual tax revenues for fiscal year 2025. The 9(b) bonds, which have been authorized by the citizens of Virginia through bond referenda to finance capital projects, are limited to 1.15 times the average of selected tax revenues for fiscal years 2023, 2024, and 2025. The 9(c) bonds, which have been issued to finance capital projects that will generate revenue upon their completion, are limited to 1.15 times the average of selected tax revenues for fiscal years 2023, 2024, and 2025. The current debt limitation for the Commonwealth is shown below for the 9(a), 9(b), and 9(c) general obligation bond issues. These limits significantly exceed the Commonwealth's outstanding general obligation debt.

Figure 17
Debt Issuance Margin and Outstanding Debt as of June 30, 2025
General Obligation Bonds
(Dollars in Thousands)

	Debt Issuance Margin	Outstanding Debt				Component Units
		Primary Government				
		Governmental Activities	Business-type Activities	Total		
General obligation bonds						
9(a)	\$ 10,064,235	\$ —	\$ —	\$ —	\$ —	
9(b)	32,134,019	76,525	—	76,525	—	
9(c)	31,285,806	2,918	—	2,918	921,820	
Total		\$ 79,443	\$ —	\$ 79,443	\$ 921,820	

Economic Factors and Review

Virginia's economy continued its path of employment growth in fiscal year 2025, although the rate of increase at 1.3 percent represented a slowing from the 1.8 percent the year before. Real personal incomes increased by 2.5 percent, due in large part to the role of the increase in real wages and salaries. Other economic metrics were not as favorable. Real taxable sales decreased by 0.6 percent, perhaps due to continued trends in post-pandemic consumer spending. Virginia housing market activity adjusted slightly to the effects of rising mortgage interest rates. Existing home sales and residential building permit issuance decreased at a slower rate than the prior year. Although housing price appreciation slowed, limited inventory continued to affect housing prices. Inflation began to ease some by the end of fiscal year 2025. Continued restrictive monetary policies by the Federal Reserve helped slow inflation during fiscal year 2025.

Requests for Information

This financial report is designed to provide a general overview of the Commonwealth's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State Comptroller's Office, Commonwealth of Virginia, P. O. Box 1971, Richmond, Virginia 23218. This report is also available for download at www.doa.virginia.gov.

The Commonwealth's component units issue their own separate financial statements. Contact information regarding each component unit is provided in Note 1.B.



Government-wide Financial Statements

Statement of Net Position

June 30, 2025

(Dollars in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 8)	\$ 16,033,918	\$ 2,334,514	\$ 18,368,432	\$ 5,572,984
Investments (Notes 1 and 8)	15,980,268	3,076,983	19,057,251	20,413,979
Assets Held Pending Distribution (Note 1)	5,094	187,538	192,632	—
Receivables, Net (Notes 1 and 9)	10,920,674	443,995	11,364,669	3,454,809
Contributions Receivable, Net (Notes 1 and 10)	—	—	—	636,705
Internal Balances (Note 1)	103,241	(103,241)	—	—
Due from Primary Government (Note 11)	—	—	—	1,389,625
Due from Component Units (Note 11)	43,860	—	43,860	70,024
Due from External Parties (Fiduciary Funds) (Note 11)	775	—	775	—
Inventory (Note 1)	263,627	129,232	392,859	264,309
Prepaid Items (Note 1)	298,580	6,430	305,010	252,144
Other Assets (Notes 1 and 12)	2,543	478	3,021	432,021
Loans Receivable from Primary Government (Notes 1 and 11)	—	—	—	197,510
Restricted Cash and Cash Equivalents (Notes 8 and 13)	1,628,704	—	1,628,704	4,595,926
Restricted Investments (Notes 8 and 13)	309,593	—	309,593	11,092,949
Restricted Receivables, Net (Note 13)	—	—	—	17,202,174
Other Restricted Assets (Note 13)	209,645	9,766	219,411	642,755
Nondepreciable Capital Assets (Notes 1 and 14)	12,726,495	12,673	12,739,168	6,881,043
Other Capital Assets, Net (Notes 1 and 14)	29,813,824	474,223	30,288,047	27,646,221
Total Assets	88,340,841	6,572,591	94,913,432	100,745,178
Deferred Outflows of Resources (Notes 1, 15, 16, 17, and 19)	1,724,510	58,758	1,783,268	1,114,225
Total Assets and Deferred Outflows of Resources	\$ 90,065,351	\$ 6,631,349	\$ 96,696,700	\$ 101,859,403
Liabilities and Deferred Inflows of Resources				
Accounts Payable (Notes 1 and 26)	\$ 1,889,586	\$ 153,169	\$ 2,042,755	\$ 1,978,177
Amounts Due to Other Governments	2,233,118	79,317	2,312,435	143,505
Due to Primary Government (Note 11)	—	—	—	43,860
Due to Component Units (Note 11)	1,389,625	—	1,389,625	70,024
Due to External Parties (Fiduciary Funds) (Note 11)	39,985	1,414	41,399	37,193
Unearned Revenue (Note 1)	1,684,844	7,641	1,692,485	797,363
Obligations Under Securities Lending (Notes 1 and 8)	3,957,531	167,095	4,124,626	145,211
Due to Claimants, Participants, Escrows and Providers (Note 1)	372,222	158,875	531,097	—
Other Liabilities (Notes 1, 16, and 27)	6,095,674	297,313	6,392,987	2,517,242
Loans Payable to Component Units (Notes 1 and 11)	197,510	—	197,510	—
Insurance Claims Payable (Notes 1 and 25):				
Due Within One Year	221,809	70,821	292,630	23,829
Due in More Than One Year	330,808	31,772	362,580	38,322
Long-term Liabilities (Notes 1, 23, 24, and 28):				
Due Within One Year	1,008,373	237,614	1,245,987	2,566,221
Due in More Than One Year	15,015,667	1,718,025	16,733,692	38,831,970
Total Liabilities	34,436,752	2,923,056	37,359,808	47,192,917
Deferred Inflows of Resources (Notes 1, 15, 17, 19, and 39)	9,159,918	31,537	9,191,455	1,055,618
Total Liabilities and Deferred Inflows of Resources	\$ 43,596,670	\$ 2,954,593	\$ 46,551,263	\$ 48,248,535

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

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net Position				
Net Investment in Capital Assets	\$ 28,771,345	\$ 96,479	\$ 28,867,824	\$ 18,885,629
Restricted For:				
Nonexpendable:				
Higher Education	—	—	—	6,903,394
Permanent Funds	51,917	—	51,917	—
Other	—	—	—	194,854
Expendable:				
Agriculture and Forestry	11,081	—	11,081	—
Bond Indenture	—	—	—	3,366,001
Capital Projects/Construction/Capital Acquisition	71,059	—	71,059	2,982,465
Contract and Debt Administration	—	—	—	—
COVID-19	2,055	—	2,055	—
Debt Service	108,422	—	108,422	255,107
Economic and Technological Development	154	—	154	—
Educational and Training Programs	2,865	—	2,865	—
Employee Benefit Administration	8,681	—	8,681	—
Environmental Quality and Natural Resource Preservation	17,063	—	17,063	—
Gifts and Grants	239,044	—	239,044	246,660
Health and Public Safety	118,296	—	118,296	—
Higher Education	—	—	—	11,945,059
Literary Fund	737,466	—	737,466	—
Lottery Proceeds Fund	65,336	—	65,336	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	204,035	8,915	212,950	130,685
Permanent Funds	2,345	—	2,345	—
Revenue Stabilization Fund	2,882,213	—	2,882,213	—
Transportation Activities	1,663,134	—	1,663,134	—
Unclaimed and Escheats	112,306	—	112,306	—
Unemployment Compensation Trust Fund	—	1,429,187	1,429,187	—
Virginia Pooled Investment Program	—	—	—	8,173
Virginia Water Supply Assistance Grant Fund	20,913	—	20,913	—
Other	3,577	—	3,577	67,426
Unrestricted	11,375,374	2,142,175	13,517,549	8,625,415
Total Net Position	<u>\$ 46,468,681</u>	<u>\$ 3,676,756</u>	<u>\$ 50,145,437</u>	<u>\$ 53,610,868</u>

Statement of Activities

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

		Program Revenues		
	Expenses	Charges for Services (Note 1)	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs				
Primary Government				
Governmental Activities				
General Government	\$ 4,093,377	\$ 357,833	\$ 680,604	\$ 29,469
Education	18,535,551	812,447	1,894,708	1,698
Transportation	8,164,811	993,913	89,567	1,858,771
Resources and Economic Development	2,378,956	513,756	292,742	8,482
Individual and Family Services	32,558,066	561,772	20,551,406	809
Administration of Justice	4,258,740	282,825	85,575	60
Interest and Charges on Long-term Debt	317,023	—	—	—
Total Governmental Activities	70,306,524	3,522,546	23,594,602	1,899,289
Business-type Activities				
Virginia Lottery	4,854,691	5,770,667	153	—
Commonwealth Savers Plan	245,863	481,852	82	—
Unemployment Compensation	306,852	276,642	—	—
Alcoholic Beverage Control	1,005,472	1,241,908	553	—
Risk Management	11,938	17,250	6	—
Local Choice Health Care	635,386	593,557	4	—
Line of Duty	25,810	24,920	—	—
Advantage Vanpool Self Insurance Fund	179	778	—	—
Virginia Industries for the Blind	50,762	49,585	21	—
Consolidated Laboratory	15,501	18,292	21	—
eVA Procurement System	22,225	32,749	23	—
Department of Environmental Quality Title V	10,513	12,097	37	—
Wireless E-911	61,210	81,886	6	—
Museum and Library Gift Shops	10,052	10,574	11	—
Behavioral Health Canteen and Work Activity	254	263	—	—
Total Business-type Activities	7,256,708	8,613,020	917	—
Total Primary Government	\$ 77,563,232	\$ 12,135,566	\$ 23,595,519	\$ 1,899,289
Component Units				
Virginia Housing Development Authority	\$ 649,763	\$ 497,624	\$ 122,368	\$ —
Virginia Public School Authority	124,903	137,415	7,818	—
Virginia Resources Authority	180,386	110,816	73,873	215,945
Virginia College Building Authority	503,401	42,588	40,968	21,452
Nonmajor	23,395,197	14,753,332	5,014,694	1,629,738
Total Component Units	\$ 24,853,650	\$ 15,541,775	\$ 5,259,721	\$ 1,867,135

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

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total	Component Units
\$ (3,025,471)	\$ —	\$ (3,025,471)	\$ —
(15,826,698)	—	(15,826,698)	—
(5,222,560)	—	(5,222,560)	—
(1,563,976)	—	(1,563,976)	—
(11,444,079)	—	(11,444,079)	—
(3,890,280)	—	(3,890,280)	—
(317,023)	—	(317,023)	—
(41,290,087)	—	(41,290,087)	—
—	916,129	916,129	—
—	236,071	236,071	—
—	(30,210)	(30,210)	—
—	236,989	236,989	—
—	5,318	5,318	—
—	(41,825)	(41,825)	—
—	(890)	(890)	—
—	599	599	—
—	(1,156)	(1,156)	—
—	2,812	2,812	—
—	10,547	10,547	—
—	1,621	1,621	—
—	20,682	20,682	—
—	533	533	—
—	9	9	—
—	1,357,229	1,357,229	—
\$ (41,290,087)	\$ 1,357,229	\$ (39,932,858)	\$ —
\$ —	\$ —	\$ —	\$ (29,771)
—	—	—	20,330
—	—	—	220,248
—	—	—	(398,393)
—	—	—	(1,997,433)
—	—	—	(2,185,019)

Continued on next page

Statement of Activities *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
General Revenues				
Taxes				
Individual and Fiduciary Income	\$ 20,274,263	\$ —	\$ 20,274,263	\$ —
Sales and Use	7,560,169	—	7,560,169	—
Corporation Income	1,752,849	—	1,752,849	—
Motor Fuel	2,061,872	—	2,061,872	—
Motor Vehicle Sales and Use	1,284,932	—	1,284,932	—
Communications Sales and Use	273,628	—	273,628	—
Deeds, Contracts, Wills, and Suits	577,289	—	577,289	—
Premiums of Insurance Companies	750,754	—	750,754	—
Alcoholic Beverage Sales	240,117	—	240,117	—
Tobacco Products	206,660	—	206,660	—
Estate	990	—	990	—
Public Service Corporations	132,280	—	132,280	—
Beer and Beverage Excise	36,863	—	36,863	—
Wine and Spirits/ABC Liter	30,986	—	30,986	—
Bank Stock	38,219	—	38,219	—
Other Taxes	2,146,519	9,141	2,155,660	—
Operating Appropriations from Primary Government	—	—	—	4,641,498
Unrestricted Grants and Contributions	52,350	—	52,350	360,314
Investment Earnings (Note 1)	1,547,098	9,577	1,556,675	1,825,803
Change in Fair Value of Other Derivative Instruments	—	—	—	1,220
Miscellaneous	473,348	1,168	474,516	325,012
Transfers	1,195,396	(1,195,396)	—	—
Contributions to Permanent and Term Endowments	—	—	—	405,195
Total General Revenues, Transfers, and Contributions	40,636,582	(1,175,510)	39,461,072	7,559,042
Change in Net Position	(653,505)	181,719	(471,786)	5,374,023
Net Position, July 1, as previously reported	47,183,073	3,507,842	50,690,915	47,815,147
Restatements to Net Position, July 1	(60,887)	(12,805)	(73,692)	421,698
Net Position, July 1, as restated (Note 2)	47,122,186	3,495,037	50,617,223	48,236,845
Net Position, June 30	\$ 46,468,681	\$ 3,676,756	\$ 50,145,437	\$ 53,610,868

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

Governmental Funds

General Fund

The General Fund accounts for transactions related to resources received and used for those services traditionally provided by a state government, which are not accounted for in any other fund.

Special Revenue Funds

Special Revenue Funds account for specific revenue sources that are restricted or committed to finance particular functions and activities of the Commonwealth.

The Commonwealth Transportation Fund accounts for the revenues and expenditures associated with highway operations, maintenance, construction, and other transportation related activities. Funding for these programs is provided from highway user taxes, fees, and funds received from the federal government.

The Federal Trust Fund accounts for all federal dollars, including the COVID-19 funding, received by the Commonwealth except those received by the Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the

General Fund, the Grant Anticipation Revenue Notes and Build America Bond Subsidies reported in the Debt Service Fund, and institutions of higher education. The entire fund is restricted pursuant to federal regulations.

The Literary Fund accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings. The entire fund is constitutionally restricted for public schools.

Nonmajor Governmental Funds include those Special Revenue, Debt Service, Capital Projects, and Permanent Funds listed on page 251 in the Combining and Individual Fund Statements and Schedules section of this report.

Balance Sheet - Governmental Funds

June 30, 2025

(Dollars in Thousands)

	Special Revenue			
	General	Commonwealth Transportation	Federal Trust	Literary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 8)	\$ 2,746,503	\$ 7,868,995	\$ 1,340,035	\$ 941,670
Investments (Notes 1 and 8)	15,601,817	—	28,980	—
Assets Held Pending Distribution (Note 1)	—	231	—	—
Receivables, Net (Notes 1 and 9)	3,853,745	2,492,319	3,502,993	128,056
Due from Other Funds (Note 11)	51,913	53,341	434	1,789
Due from Component Units (Note 11)	—	59	—	—
Due from External Parties (Fiduciary Funds) (Note 11)	167	—	—	—
Interfund Receivable (Note 11)	—	—	—	—
Inventory (Note 1)	48,666	114,310	72,202	—
Prepaid Items (Note 1)	33,906	120,671	5,263	—
Other Assets (Notes 1 and 12)	1,217	281	371	—
Restricted Cash and Cash Equivalents (Notes 8 and 13)	—	102,387	—	—
Total Assets	22,337,934	10,752,594	4,950,278	1,071,515
Deferred Outflows of Resources (Notes 1 and 15)				
Total Assets and Deferred Outflows of Resources	\$ 22,337,934	\$ 10,752,594	\$ 4,950,278	\$ 1,071,515
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable (Notes 1 and 26)	\$ 553,469	\$ 615,614	\$ 277,418	\$ 4
Amounts Due to Other Governments	531,436	258,309	968,858	1
Due to Other Funds (Note 11)	54,606	92,107	18,952	—
Due to Component Units (Note 11)	55,253	47,756	618	—
Due to External Parties (Fiduciary Funds) (Note 11)	26,290	6,629	3,379	—
Interfund Payable (Note 11)	18,175	4,300	61,221	—
Unearned Revenue (Note 1)	—	335,359	1,098,083	—
Obligations Under Securities Lending Program (Notes 1 and 8)	2,744,267	788,060	10,339	136,534
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	—	1,374	—
Other Liabilities (Notes 1 and 27)	3,557,299	38,146	1,986,014	—
Loans Payable to Component Units (Notes 1 and 11)	—	—	—	197,510
Long-term Liabilities Due Within One Year (Notes 1, 23, and 28)	1,583	626	255	—
Total Liabilities	7,542,378	2,186,906	4,426,511	334,049
Deferred Inflows of Resources (Notes 1, 15, and 39)				
Total Liabilities and Deferred Inflows of Resources	9,228,668	4,557,707	4,741,657	362,974
Fund Balances (Notes 1 and 3):				
Nonspendable	82,572	234,981	77,465	—
Restricted	2,968,637	246,129	131,156	708,541
Committed	10,054,616	5,712,917	—	—
Assigned	3,441	860	—	—
Total Fund Balances	13,109,266	6,194,887	208,621	708,541
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 22,337,934	\$ 10,752,594	\$ 4,950,278	\$ 1,071,515

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 4,024,427	\$ 16,921,630
659,064	16,289,861
4,863	5,094
902,950	10,880,063
74,293	181,770
—	59
196	363
307,757	307,757
5,916	241,094
122,884	282,724
674	2,543
—	102,387
6,103,024	45,215,345
—	—
\$ 6,103,024	\$ 45,215,345
\$ 105,082	\$ 1,551,587
21,321	1,779,925
65,010	230,675
33,839	137,466
3,068	39,366
15,000	98,696
245,033	1,678,475
213,412	3,892,612
369,419	370,793
432,063	6,013,522
—	197,510
148	2,612
1,503,395	15,993,239
488,102	4,889,264
1,991,497	20,882,503
180,717	575,735
2,111,428	6,165,891
1,761,289	17,528,822
58,093	62,394
4,111,527	24,332,842
\$ 6,103,024	\$ 45,215,345

Reconciliation of the Balance Sheet – Governmental Funds to the Government-wide Statement of Net Position

June 30, 2025

(Dollars in Thousands)

Total fund balances - governmental funds (see Balance Sheet - Governmental Funds) \$ 24,332,842

When the amount employers have paid into an other post-employment benefit (OPEB) plan combined with the plan's assets exceeds the amount that is required to pay the actuarially determined future benefits, the cost of employer contributions are reported as expenditures in the governmental funds. However, the Statement of Net Position includes the Net OPEB asset among the assets of the primary government as a whole. 205,768

When capital assets (land, buildings, equipment, construction-in-progress, intangible assets, right-to-use intangible assets, and/or infrastructure) that are to be used in governmental activities are purchased or constructed, the costs of those assets are reported as expenditures in governmental funds. However, the Statement of Net Position includes those capital assets among the assets of the primary government as a whole.

Nondepreciable Capital Assets 12,724,733

Other Capital Assets 29,320,825

Assets to be received for Long-term Debt Service requirements are not reported in the fund statements. 14,336

Deferred outflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds. 1,689,935

Deferred outflows associated with loss on debt refundings are long-term in nature and, therefore, not reported in the funds. 9,786

Long-term liabilities applicable to the primary government's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.

Net Pension Liability (3,674,162)

Net OPEB Liability (683,088)

Total OPEB Liability (189,732)

Long-term Leases (60,948)

Long-term SBITAs (204,855)

Installment Purchases (57,226)

Compensated Absences (516,863)

Uninsured Employer's Fund (22,633)

Bonds (10,093,474)

Accrued Interest Payable (81,551)

Pollution Remediation Liability (2,810)

Internal service funds are used by the primary government to charge costs to individual funds. The assets and deferred outflows, and liabilities and deferred inflows of internal service funds are included in governmental activities in the Statement of Net Position. (36,512)

Other long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. (1,947,831)

Deferred inflows are not available to pay for current period expenditures and, therefore, are not reported in the funds. 2,622,421

Deferred inflows associated with Service Concession Arrangements capital assets are long-term in nature and, therefore, not reported in the funds. (5,786,939)

Deferred inflows associated with pension and other postemployment benefit related costs are long-term in nature and, therefore, not reported in the funds. (1,059,058)

Deferred inflows associated with gain on debt refundings are long-term in nature and, therefore, not reported in the funds. (34,283)

Net position of governmental activities (see Government-wide Statement of Net Position) \$ 46,468,681

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



Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Special Revenue			
	General	Commonwealth Transportation	Federal Trust	Literary
Revenues				
Taxes	\$ 29,482,661	\$ 6,013,197	\$ —	\$ —
Rights and Privileges	137,624	884,834	—	1,038
Institutional Revenue	39,394	—	22	—
Interest, Dividends, Rents, and Other Investment Income (Note 1)	1,380,276	289,950	4,957	56,814
Federal Grants and Contracts	9,076	1,310,261	22,762,794	—
Other (Note 29)	544,065	726,670	497,917	41,276
Total Revenues	31,593,096	9,224,912	23,265,690	99,128
Expenditures				
Current:				
General Government	2,867,979	105,513	480,222	6,193
Education	14,914,898	1,735	1,962,584	70,042
Transportation	137,333	8,594,549	27,130	—
Resources and Economic Development	1,078,659	23,829	633,151	—
Individual and Family Services	10,618,319	—	19,881,313	—
Administration of Justice	3,909,622	10,852	104,722	—
Capital Outlay	539,013	58,397	75,992	—
Debt Service:				
Principal Retirement	27,430	15,394	13,183	—
Interest and Charges	6,014	1,939	1,292	—
Total Expenditures	34,099,267	8,812,208	23,179,589	76,235
Revenues Over (Under) Expenditures	(2,506,171)	412,704	86,101	22,893
Other Financing Sources (Uses)				
Transfers In (Note 35)	1,512,360	371,166	6,197	173,165
Transfers Out (Note 35)	(814,336)	(578,835)	(109,367)	(50,000)
Notes Issued	10,107	—	—	—
Insurance Recoveries	30	—	341	—
Long-term Leases Issued	3,826	118	119	—
Long-term SBITAs Issued	11,612	13,428	1,510	—
Bonds Issued	—	119,610	—	—
Premium on Debt Issuance	—	17,835	—	—
Refunding Bonds Issued	—	—	—	—
Sale of Capital Assets	4,498	8,958	—	—
Payment to Refunded Bond Escrow Agents	—	—	—	—
Total Other Financing Sources (Uses)	728,097	(47,720)	(101,200)	123,165
Net Change in Fund Balances	(1,778,074)	364,984	(15,099)	146,058
Fund Balance, July 1, as previously reported	14,887,340	5,829,903	223,720	562,483
Restatements to Fund Balance	—	—	—	—
Fund Balance, July 1, as restated (Note 2)	14,887,340	5,829,903	223,720	562,483
Fund Balance, June 30	\$ 13,109,266	\$ 6,194,887	\$ 208,621	\$ 708,541

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

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,826,924	\$ 37,322,782
393,090	1,416,586
142,865	182,281
208,792	1,940,789
133,828	24,215,959
1,047,643	2,857,571
3,753,142	67,935,968
294,589	3,754,496
42,583	16,991,842
8,900	8,767,912
609,018	2,344,657
2,192,251	32,691,883
131,911	4,157,107
882,316	1,555,718
505,617	561,624
358,994	368,239
5,026,179	71,193,478
(1,273,037)	(3,257,510)
1,239,105	3,301,993
(537,238)	(2,089,776)
—	10,107
776	1,147
66	4,129
11,440	37,990
499,925	619,535
60,585	78,420
34,220	34,220
10	13,466
(35,535)	(35,535)
1,273,354	1,975,696
317	(1,281,814)
4,109,476	25,612,922
1,734	1,734
4,111,210	25,614,656
\$ 4,111,527	\$ 24,332,842

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds to the Government-wide Statement of Activities

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Net Change in fund balances - total government funds (See Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds)	\$ (1,281,814)
--	-----------------------

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. As a result, fund balance decreases by the amount of financial resources expended, whereas net position decreases by the amount of depreciation and amortization expense charged for the year.

Nondepreciable Capital Assets Constructed/Acquired	2,277,846
Nondepreciable Capital Assets Disposed	(57,086)
Other Capital Assets Acquired	589,931
Other Capital Assets Disposed	(12,290)
Depreciation and Amortization Expense	(1,762,766)

Debt proceeds provide current financial resources to governmental funds by issuing debt, which increases long-term debt in the Statement of Net Position.

Debt Issuance	(619,535)
Long-term Lease Proceeds	(4,129)
Long-term SBITA Proceeds	(37,990)
Bond Premiums	(78,420)
Refunding Bonds Issued	(34,220)
Installment Purchase Proceeds	(10,107)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt in the Statement of Net Position.	561,624
---	---------

Payment to Refunded Bond Escrow Agent is an expenditure in the governmental funds, but the refunding reduces long-term debt in the Statement of Net Position.	35,535
---	--------

Some revenues in the Statement of Activities do not provide current financial resources and, therefore, are deferred inflows of resources in the funds. Also, revenues related to prior periods that became available during the current period are reported in the funds but are eliminated in the Statement of Activities. This amount is the net adjustment.	(121,380)
---	-----------

Increases/decreases of expenses reported in the Statement of Activities that do not require the use of, or provide, current financial resources and, therefore, are not reported in the governmental funds.

Increase (Decrease) in Net OPEB Asset	14,204
(Increase) Decrease in Net Pension Liability	78,346
(Increase) Decrease in Net OPEB Liability	43,778
(Increase) Decrease in Total OPEB Liability	77,612
(Increase) Decrease in Other Long-term Liabilities	2,258
(Increase) Decrease in Compensated Absences	(12,217)
(Increase) Decrease in Interest Expense, Amortization of Long-term Debt premium and discounts, and Accrued Interest Liability	91,416
(Increase) Decrease in Other Liabilities	92,814

Net (increase) decrease in Due to Component Units for capital and other projects resulting from appropriation reductions or amounts which are not reported as expenditures in the fund statements.	(348,461)
--	-----------

Net revenue (expenses) of certain activities of internal service funds is reported within governmental activities.	(235,996)
--	-----------

Deferred inflows and outflows associated with pension and OPEB costs are not included in the funds.	(16,983)
---	----------

Amortization of deferred inflows and/or outflows associated with Service Concession Arrangements capital assets are not included in the funds.	114,525
--	---------

Change in net position of governmental activities (See Government-wide Statement of Activities)	\$ (653,505)
--	---------------------

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

Proprietary Funds

The Proprietary Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Major Enterprise Funds

The Virginia Lottery accounts for receipts and expenses from the operations of the Virginia Lottery, excluding activity related to the regulation and compliance monitoring of casinos and sports betting.

Commonwealth Savers Plan (formerly Virginia College Savings Plan) administers the Defined Benefit 529 Program, which consists of two savings options: Prepaid529 and Tuition Track Portfolio. Prepaid529 services contracts that provide for full future tuition and mandatory fee payments at Virginia's higher education institutions and

differing payouts at private or out-of-state institutions using actuarially determined amounts. Prepaid529 is closed to new contracts. The Tuition Track Portfolio allows for the purchase of units to be redeemed for future tuition costs. The value of a unit is tied to the average tuition inflation rate of Virginia four year institutions.

The Unemployment Compensation Fund administers the temporary partial income replacement payments to unemployed covered workers.

Nonmajor Enterprise Funds include those operations of state agencies which are listed on page 263 in the Combining and Individual Fund Statements and Schedules section of this report.

Internal Service Funds include those operations of state agencies which are listed on page 279 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Fund Net Position - Proprietary Funds

June 30, 2025

(Dollars in Thousands)

Business-type Activities Enterprise Funds

	Virginia Lottery	Commonwealth Savers Plan	Unemployment Compensation	Nonmajor
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents (Notes 1 and 8)	\$ 247,233	\$ 122,288	\$ 1,585,180	\$ 379,813
Investments (Notes 1 and 8)	—	7,905	—	—
Assets Held Pending Distribution (Note 1)	13,029	—	—	—
Receivables, Net (Notes 1 and 9)	222,498	48,738	71,855	71,990
Due from Other Funds (Note 11)	442	—	399	5,887
Due from External Parties (Fiduciary Funds) (Note 11)	—	—	—	—
Due from Component Units (Note 11)	—	—	—	—
Inventory (Note 1)	—	—	—	129,232
Prepaid Items (Note 1)	1,259	3,286	—	1,885
Other Assets (Notes 1 and 12)	1	—	—	477
Total Current Assets	484,462	182,217	1,657,434	589,284
Noncurrent Assets:				
Investments (Notes 1 and 8)	—	3,069,078	—	—
Assets Held Pending Distribution (Note 1)	174,509	—	—	—
Receivables, Net (Notes 1 and 9)	—	28,914	—	—
Other Assets (Notes 1 and 12)	1,595	882	—	7,289
Nondepreciable Capital Assets (Notes 1 and 14)	—	—	—	12,673
Other Capital Assets, Net (Notes 1 and 14)	18,756	8,106	—	447,361
Total Noncurrent Assets	194,860	3,106,980	—	467,323
Total Assets	679,322	3,289,197	1,657,434	1,056,607
Deferred Outflows of Resources (Notes 1, 15, 16, 17, and 19)				
Total Assets and Deferred Outflows of Resources	688,811	3,294,359	1,657,434	1,100,714
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable (Notes 1 and 26)	45,889	3,423	33	103,824
Amounts Due to Other Governments	—	—	69,059	10,258
Due to Other Funds (Note 11)	35,293	168	282	14,702
Due to External Parties (Fiduciary Funds) (Note 11)	255	132	—	1,027
Interfund Payable (Note 11)	—	6,000	—	47,806
Unearned Revenue (Note 1)	1,773	—	—	5,868
Due to Claimants, Participants, Escrows and Providers (Note 1)	—	2	158,873	—
Obligations Under Securities Lending Program (Notes 1 and 8)	127,674	2,905	—	36,516
Other Liabilities (Notes 1 and 27)	264,967	32,209	—	137
Insurance Claims Payable Due Within One Year (Notes 1 and 25)	—	—	—	70,821
Long-term Liabilities Due Within One Year (Notes 1, 23, and 28)	22,136	173,919	—	41,559
Total Current Liabilities	497,987	218,758	228,247	332,518
Noncurrent Liabilities:				
Interfund Payable (Note 11)	—	—	—	—
Insurance Claims Payable Due in More Than One Year (Notes 1 and 25)	—	—	—	31,772
Long-term Liabilities Due in More Than One Year (Notes 1, 23, and 28)	206,733	1,028,255	—	483,037
Total Noncurrent Liabilities	206,733	1,028,255	—	514,809
Total Liabilities	704,720	1,247,013	228,247	847,327
Deferred Inflows of Resources (Notes 1, 15, 17, and 19)				
Total Liabilities and Deferred Inflows of Resources	709,378	1,249,360	228,247	871,859
Net Position				
Net Investment in Capital Assets	7,362	5,967	—	83,150
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	1,568	805	—	6,542
Restricted for Unemployment Compensation	—	—	1,429,187	—
Unrestricted	(29,497)	2,038,227	—	139,163
Total Net Position (Deficit) (Note 4)	\$ (20,567)	\$ 2,044,999	\$ 1,429,187	\$ 228,855

Some amounts reported for business-type activities in the Statement of Net Position are different because certain internal service fund assets and liabilities are included in business-type activities.

Net position of business-type activities

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

	Governmental Activities	
	Total	Internal Service Funds
\$ 2,334,514	\$ 638,606	
7,905	—	
13,029	—	
415,081	26,275	
6,728	104,150	
—	412	
—	42,062	
129,232	22,533	
6,430	15,856	
478	35,831	
2,913,397	885,725	
3,069,078	—	
174,509	—	
28,914	—	
9,766	3,877	
12,673	1,762	
474,223	492,999	
3,769,163	498,638	
6,682,560	1,384,363	
58,758	24,789	
6,741,318	1,409,152	
153,169	129,784	
79,317	1	
50,445	11,528	
1,414	619	
53,806	50,655	
7,641	8,084	
158,875	—	
167,095	64,919	
297,313	521	
70,821	221,809	
237,614	58,340	
1,277,510	546,260	
—	104,600	
31,772	330,808	
1,718,025	456,919	
1,749,797	892,327	
3,027,307	1,438,587	
31,537	12,795	
3,058,844	1,451,382	
96,479	54,294	
8,915	3,658	
1,429,187	—	
2,147,893	(100,182)	
\$ 3,682,474	\$ (42,230)	
(5,718)		
\$ 3,676,756		

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Commonwealth Savers Plan	Unemployment Compensation	Nonmajor
Operating Revenues				
Charges for Sales and Services	\$ 5,770,639	\$ 102,985	\$ 226,296	\$ 2,034,880
Interest, Dividends, Rents, and Other Investment Income (Note 1)	—	264,746	50,346	—
Other (Note 29)	—	114,021	—	35,236
Total Operating Revenues	5,770,639	481,752	276,642	2,070,116
Operating Expenses				
Cost of Sales and Services	248,511	—	—	735,252
Prizes and Claims (Note 31)	4,498,672	—	306,852	639,169
Educational Benefits Expense	—	174,783	—	—
Personal Services	43,063	22,699	—	225,595
Contractual Services	49,743	17,569	—	90,900
Supplies and Materials	438	108	—	11,853
Depreciation and Amortization (Note 32)	10,168	2,579	—	53,536
Rent, Insurance, and Other Related Charges	2,716	—	—	20,384
Non-recurring Cost Estimate Payments to Providers	—	—	—	49,925
Other (Note 33)	—	27,553	—	2,268
Total Operating Expenses	4,853,311	245,291	306,852	1,828,882
Operating Income (Loss)	917,328	236,461	(30,210)	241,234
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	9,605	100	—	13,743
Other (Note 34)	(674)	(285)	—	(7,582)
Total Nonoperating Revenues (Expenses)	8,931	(185)	—	6,161
Income (Loss) Before Transfers	926,259	236,276	(30,210)	247,395
Transfers In (Note 35)	—	—	—	211
Transfers Out (Note 35)	(924,693)	(309)	(3,634)	(266,971)
Change in Net Position	1,566	235,967	(33,844)	(19,365)
Net Position (Deficit), July 1, as previously reported	(21,726)	1,818,372	1,463,031	251,278
Restatements to Beginning Net Position	(407)	(9,340)	—	(3,058)
Net Position (Deficit), July 1, as restated (Note 2)	(22,133)	1,809,032	1,463,031	248,220
Total Net Position (Deficit), June 30 (Note 4)	\$ (20,567)	\$ 2,044,999	\$ 1,429,187	\$ 228,855

Some amounts reported for business-type activities in the Statement of Activities are different because the net revenue (expense) of certain internal service funds is reported with business-type activities.

Change in Net Position of business-type activities

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

	Governmental Activities	
	Total	Internal Service Funds
\$ 8,134,800	\$ 2,669,421	
315,092	—	
149,257	6,888	
8,599,149	2,676,309	
983,763	68,958	
5,444,693	2,055,544	
174,783	—	
291,357	90,233	
158,212	472,633	
12,399	10,968	
66,283	96,709	
23,100	65,850	
49,925	—	
29,821	32,775	
7,234,336	2,893,670	
1,364,813	(217,361)	
23,448	31,807	
(8,541)	(36,226)	
14,907	(4,419)	
1,379,720	(221,780)	
211	1,483	
(1,195,607)	(18,304)	
184,324	(238,601)	
3,510,955	197,935	
(12,805)	(1,564)	
3,498,150	196,371	
\$ 3,682,474	\$ (42,230)	

(2,605)

\$ 181,719

Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Business-type Activities			
	Enterprise Funds			
	Virginia Lottery	Commonwealth Savers Plan	Unemployment Compensation	Nonmajor
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 5,634,975	\$ 102,673	\$ 216,363	\$ 2,034,846
Receipts from Investments	—	—	50,346	—
Internal Activity-Receipts from Other Funds	—	—	—	15,019
Internal Activity-Payments to Other Funds	—	(245)	—	(6,289)
Payments to Suppliers for Goods and Services	(248,511)	(439)	—	(762,010)
Payments for Contractual Services	(28,347)	(17,024)	—	(89,736)
Payments for Prizes, Claims, and Loss Control (Note 37)	(4,386,055)	—	(307,798)	(614,309)
Payments for Educational Benefits	—	(174,783)	—	—
Payments to Employees	(44,381)	(22,973)	—	(232,814)
Payments to Providers for Non-recurring Cost Estimates	—	—	—	(52,158)
Other Operating Revenue (Note 37)	—	3	—	30,442
Other Operating Expense (Note 37)	—	(27,221)	—	(17,542)
Net Cash Provided by (Used for) Operating Activities	927,681	(140,009)	(41,089)	305,449
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	—	—	—	211
Transfers Out to Other Funds	(967,050)	(309)	(3,634)	(607,382)
Other Noncapital Financing Receipt Activities (Note 37)	673	—	—	397,529
Other Noncapital Financing Disbursement Activities (Note 37)	—	—	—	(54,755)
Net Cash Provided by (Used for) Noncapital Financing Activities	(966,377)	(309)	(3,634)	(264,397)
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(2,699)	(1,860)	—	(3,392)
Payment of Principal and Interest on Bonds and Notes	(7,197)	(2,765)	—	(47,821)
Proceeds from Sale of Capital Assets	15	—	—	57
Other Capital and Related Financing Receipt Activities (Note 37)	—	—	—	2,031
Other Capital and Related Financing Disbursement Activities (Note 37)	—	—	—	(408)
Net Cash Used for Capital and Related Financing Activities	(9,881)	(4,625)	—	(49,533)
Cash Flows from Investing Activities				
Purchase of Investments	(4,509)	(2,288,873)	—	—
Proceeds from Sales or Maturities of Investments	13,370	2,250,139	—	—
Investment Income on Cash, Cash Equivalents, and Investments	9,577	146,816	—	9,644
Net Cash Provided by Investing Activities	18,438	108,082	—	9,644
Net Increase (Decrease) in Cash and Cash Equivalents	(30,139)	(36,861)	(44,723)	1,163
Cash and Cash Equivalents, July 1	149,699	156,244	1,629,903	342,563
Cash and Cash Equivalents, June 30	<u>\$ 119,560</u>	<u>\$ 119,383</u>	<u>\$ 1,585,180</u>	<u>\$ 343,726</u>
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 247,233	\$ 122,288	\$ 1,585,180	\$ 379,813
Cash and Travel Advances	1	—	—	429
Less:				
Securities Lending Cash Equivalents	(127,674)	(2,905)	—	(36,516)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 119,560</u>	<u>\$ 119,383</u>	<u>\$ 1,585,180</u>	<u>\$ 343,726</u>

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

	Governmental Activities	
Total	Internal Service Funds	
\$ 7,988,857	\$ 1,011,227	
50,346	—	
15,019	1,575,892	
(6,534)	(13,323)	
(1,010,960)	(151,328)	
(135,107)	(473,890)	
(5,308,162)	(2,053,497)	
(174,783)	—	
(300,168)	(93,078)	
(52,158)	—	
30,445	6,888	
(44,763)	(32,238)	
1,052,032	(223,347)	
211	1,483	
(1,578,375)	(18,304)	
398,202	41,991	
(54,755)	(75,393)	
(1,234,717)	(50,223)	
(7,951)	(3,862)	
(57,783)	(84,585)	
72	1,977	
2,031	—	
(408)	—	
(64,039)	(86,470)	
(2,293,382)	—	
2,263,509	—	
166,037	27,850	
136,164	27,850	
(110,560)	(332,190)	
2,278,409	905,877	
\$ 2,167,849	\$ 573,687	
2,334,514	638,606	
430	—	
(167,095)	(64,919)	
\$ 2,167,849	\$ 573,687	

Continued on next page

Statement of Cash Flows - Proprietary Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Business-type Activities Enterprise Funds			
	Virginia Lottery	Commonwealth Savers Plan	Unemployment Compensation	Nonmajor
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 917,328	\$ 236,461	\$ (30,210)	\$ 241,234
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization	10,168	2,579	—	53,536
Interest, Dividends, Rents, and Other Investment Income	(3,677)	(264,745)	—	—
Miscellaneous Nonoperating Income	—	—	—	128
Other	(180)	—	—	(70)
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	(135,430)	12,377	(23,827)	11,742
(Increase) Decrease in Due from Other Funds	—	—	1,014	(4,259)
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	—	—	—	—
(Increase) Decrease in Due from Component Units	—	—	—	—
(Increase) Decrease in Other Assets: Due Within One Year	—	—	—	(12)
(Increase) Decrease in Other Assets: Due in More Than One Year	(156)	(109)	—	(642)
(Increase) Decrease in Inventory	—	—	—	(13,635)
(Increase) Decrease in Prepaid Items	(833)	667	—	(309)
(Increase) Decrease in Deferred Outflows of Resources	81	(429)	—	2,146
Increase (Decrease) in Accounts Payable	1,962	1,216	14	10,230
Increase (Decrease) in Amounts Due to Other Governments	—	—	1,125	(699)
Increase (Decrease) in Due to Other Funds	886	49	96	196
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	10	2	—	(104)
Increase (Decrease) in Unearned Revenue	(235)	—	—	(177)
Increase (Decrease) in Due to Claimants, Participants, Escrows and Providers	—	(1,159)	10,699	—
Increase (Decrease) in Other Liabilities	143,900	(1)	—	27
Increase (Decrease) in Insurance Claims Payable: Due Within One Year	—	—	—	6,739
Increase (Decrease) in Insurance Claims Payable: Due in More Than One Year	—	—	—	556
Increase (Decrease) in Long-term Liabilities: Due Within One Year	420	(8,377)	—	(2,815)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(7,095)	(118,811)	—	(2,128)
Increase (Decrease) in Deferred Inflows of Resources	532	271	—	3,765
Net Cash Provided by (Used for) Operating Activities	<u>\$ 927,681</u>	<u>\$ (140,009)</u>	<u>\$ (41,089)</u>	<u>\$ 305,449</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Subscription-Based Technology Arrangements Used to Finance Capital Assets	\$ 2,516	\$ 2,349	\$ —	\$ 587
Long-term Leases Used to Finance Capital Assets	9,295	—	—	9,811
Trade-ins of Used Equipment on New Equipment	—	—	—	—
Installment Purchases Used to Finance Capital Assets	—	—	—	—
Change in Fair Value of Investments	—	82,846	—	—
Accounts Payable Increase (Decrease) related to Capital Assets	—	—	—	2
Other	—	—	—	553
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 11,811</u>	<u>\$ 85,195</u>	<u>\$ —</u>	<u>\$ 10,953</u>

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

	Governmental Activities
Total	Internal Service Funds

\$	1,364,813	\$	(217,361)
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66,283	96,709
(268,422)	94
128	386
(250)	(1,704)

(135,138)	36,309
(3,245)	(23,327)
—	(137)
—	(5,273)
(12)	(7,735)
(907)	(629)
(13,635)	(3,256)
(475)	(950)
1,798	(5,305)
13,422	(44,312)
426	(3)
1,227	6,795
(92)	7
(412)	(86,555)
9,540	—
143,926	(375)
6,739	24,761
556	14,644
(10,772)	1,643
(128,034)	(8,199)
4,568	426
\$ 1,052,032	\$ (223,347)

\$ 5,452	\$ 4,251
19,106	46,632
—	10
—	8,006
82,846	—
2	—
553	7,564
\$ 107,959	\$ 66,463



Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds reflect funds that benefit individuals, organizations, and other governments; have a trust that meets GASB Statement No. 84, Fiduciary Activities, criteria; and are not required to be reported in another fiduciary fund type.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect activities of the pension, other postemployment, and employee benefit plans with trusts that meet GASB Statement No. 84 criteria, and are administered by the Virginia Retirement System.

Custodial Funds - External Investment Pool

Custodial Funds - External Investment Pool reflects the external portion of the Local Government Investment Pool sponsored by the Commonwealth. This fund does not have a trust that meets GASB Statement No. 84 criteria.

Custodial Funds - Other

Custodial Funds - Other reflect funds that are similar to Private Purpose Trust Funds, except they do not have a trust that meets GASB Statement No. 84 criteria.

A listing of all Fiduciary Funds is located on pages 288-289 in the Combining and Individual Fund Statements and Schedules section of this report. Combining financial statements for all Fiduciary Funds begin on page 290.

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2025

(Dollars in Thousands)

			Custodial Funds	
	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	External Investment Pool	Other
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents (Notes 1 and 8)	\$ 618,730	\$ 596,095	\$ 3,951,795	\$ 219,362
Investments (Notes 1 and 8):				
Bonds and Mortgage Securities	1,077,966	23,978,627	430,699	17,401
Stocks	1,718	31,511,744	—	22,868
Fixed Income Commingled Funds	682,165	2,832	—	2
Index and Pooled Funds	5,463,241	15,376,495	—	11,157
Real Estate	140,652	15,713,508	—	11,404
Private Equity	—	41,288,807	—	29,962
Mutual and Money Market Funds	784,714	—	—	—
Short-term Investments	—	4,353,204	6,714,602	3,515
Other	2,056,916	—	—	—
Total Investments	10,207,372	132,225,217	7,145,301	96,309
Assets Held Pending Distribution (Note 1)	4,472	—	—	512,104
Receivables, Net (Notes 1 and 9):				
Accounts	—	—	—	149
Contributions	—	327,884	—	—
Interest and Dividends	27,914	379,509	34,422	276
Security Transactions	—	7,068,737	—	5,129
Taxes	—	—	—	204,719
Other Receivables	9,047	122,568	—	64
Total Receivables	36,961	7,898,698	34,422	210,337
Due from Internal Parties (Governmental Funds and Business-type Activities) (Note 11)	—	41,017	—	382
Due from Component Units (Note 11)	—	37,193	—	—
Property, Plant, Furniture, Equipment, and Intangibles	—	17,043	—	—
Total Assets	10,867,535	140,815,263	11,131,518	1,038,494
Deferred Outflows of Resources (Note 1)				
Total Assets and Deferred Outflows of Resources	10,867,535	140,815,263	11,131,518	1,038,494
Liabilities and Deferred Inflows of Resources				
Accounts Payable (Notes 1 and 26)	11,401	54,283	—	3,161
Amounts Due to Other Governments	—	—	—	367,870
Due to Internal Parties (Governmental Funds and Business-type Activities) (Note 11)	—	412	29	334
Obligations Under Securities Lending (Notes 1 and 8)	304	5,763,211	—	5,939
Due to Claimants, Participants, Escrows and Providers (Note 1)	1,950	—	—	148
Other Liabilities (Notes 1 and 27)	17	46,354	—	2,979
Retirement Benefits Payable	—	575,496	—	—
Refunds Payable	—	6,162	—	—
Compensated Absences Payable (Notes 1 and 23)	—	4,766	—	—
Insurance Premiums and Claims Payable	—	124,474	—	81
Payable for Security Transactions	32,906	10,366,706	—	7,523
Lease Liabilities	—	3,088	—	—
Subscription-Based Information Technology Arrangement Liabilities	—	1,578	—	—
Total Liabilities	46,578	16,946,530	29	388,035
Deferred Inflows of Resources (Note 1)				
Total Liabilities and Deferred Inflows of Resources	46,578	16,946,530	29	388,035
Net Position Restricted for:				
Pensions	—	118,666,156	—	—
Other Employment Benefits	—	5,202,577	—	—
Pool Participants, Individuals, Organizations, and Other Governments	10,820,957	—	11,131,489	650,459
Total Net Position	\$ 10,820,957	\$ 123,868,733	\$ 11,131,489	\$ 650,459

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

Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds	Custodial Funds	
			External Investment Pool	Other
Additions:				
Investment Income:				
Interest, Dividends, and Other Investment Income (Note 1)	\$ 1,074,110	\$ 13,016,296	\$ 476,181	\$ 8,179
Total Investment Income	1,074,110	13,016,296	476,181	8,179
Less Investment Expenses	5,460	1,037,806	1,162	615
Net Investment Income	1,068,650	11,978,490	475,019	7,564
Contributions:				
Participants	1,167,737	—	—	—
Member	—	1,382,867	—	51
Employer	—	3,954,828	—	1,222
Total Contributions	1,167,737	5,337,695	—	1,273
Shares Sold	—	—	13,111,058	—
Reinvested Distributions	—	—	475,033	—
Other Revenue (Note 29)	96	4,852	—	16,129
Sales Tax Collections for Other Governments	—	—	—	1,918,943
Child Support Collections	—	—	—	593,055
Legal Settlement Collections	131	—	—	—
Collections for Inmates and Wards	—	—	—	6,735
Collections for Behavioral Health Patients	—	—	—	2,798
Collateral Received and Related Additions	—	—	—	290,922
Fee Collections for Other Governments	—	—	—	10,892
Collections for Veterans' Care Center Residents	—	—	—	1,287
Other Additions	25,000	—	—	6,139
Transfers In	—	167	—	—
Total Additions	2,261,614	17,321,204	14,061,110	2,855,737
Deductions:				
Educational Expense Benefits	741,365	—	—	—
Retirement Benefits	—	6,837,296	—	—
Refunds to Former Members	—	127,972	—	218
Retiree Health Insurance Credits	—	190,071	—	—
Insurance Premiums and Claims	—	294,223	—	25
Beneficiary Payments	651	—	—	—
Administrative Expenses	4,297	69,953	—	619
Other Expenses (Note 33)	—	5,374	—	1,741
Shares Redeemed	56,435	—	13,976,808	—
Long-term Disability Benefits	—	43,851	—	—
Sales Tax Payments to Other Governments	—	—	—	1,918,915
Child Support Payments to Individuals	—	—	—	593,296
Legal Settlement Payments to Injured Parties	127	—	—	—
Payments for Inmates and Wards	—	—	—	4,848
Payments for Behavioral Health Patients	—	—	—	3,035
Collateral Disbursed and Related Deductions	—	—	—	293,190
Distributions to Shareholders from Net Investment Income	—	—	475,019	—
Fee Payments to Other Governments	—	—	—	10,280
Payments for Veterans' Care Center Residents	—	—	—	1,382
Other Deductions	7,400	—	—	6,177
Transfers Out	—	167	—	—
Total Deductions	810,275	7,568,907	14,451,827	2,833,726
Net Increase (Decrease) in Fiduciary Net Position	1,451,339	9,752,297	(390,717)	22,011
Net Position, July 1, as previously reported	9,369,618	114,116,436	11,522,206	628,448
Restatements to Net Position, July 1	—	—	—	—
Net Position, July 1, as restated	9,369,618	114,116,436	11,522,206	628,448
Net Position, June 30	\$ 10,820,957	\$ 123,868,733	\$ 11,131,489	\$ 650,459

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



Component Units

Component Units are organizations that are legally separate from the primary government. Each discrete component unit serves or benefits those outside of the primary government.

The Virginia Housing Development Authority provides financing for the acquisition, construction and rehabilitation of affordable housing for home ownership or occupancy by low or moderate income Virginians.

The Virginia Public School Authority provides financing to cities and counties for capital construction of primary and secondary schools.

The Virginia Resources Authority provides financing for the construction of local water supply and wastewater treatment facilities and other local infrastructure projects.

The Virginia College Building Authority provides financing of capital projects and equipment purchases by state-supported colleges and universities.

Nonmajor Component Units include those listed on pages 304-305 in the Combining and Individual Fund Statements and Schedules section of this report.

Statement of Net Position - Component Units

June 30, 2025

(Dollars in Thousands)

	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents (Notes 1 and 8)	\$ 145,597	\$ 40,786	\$ 10,698
Investments (Notes 1 and 8)	59,607	—	33,201
Receivables, Net (Notes 1 and 9)	524,204	62,033	36,404
Contributions Receivable, Net (Notes 1 and 10)	—	—	—
Due from Primary Government (Note 11)	—	—	—
Due from Component Units (Note 11)	—	—	—
Inventory (Note 1)	—	—	—
Prepaid Items (Note 1)	299	—	36
Other Assets (Notes 1 and 12)	26,006	—	447
Loans Receivable from Primary Government (Notes 1 and 11)	—	197,510	—
Restricted Cash and Cash Equivalents (Notes 8 and 13)	1,566,267	380,594	894,228
Restricted Investments (Notes 8 and 13)	1,199,800	86,768	662,634
Restricted Receivables, Net (Note 13)	8,774,854	3,896,304	4,390,590
Other Restricted Assets (Note 13)	20,545	—	—
Nondepreciable Capital Assets (Notes 1 and 14)	3,667	—	—
Other Capital Assets, Net (Notes 1 and 14)	29,285	—	758
Total Assets	12,350,131	4,663,995	6,028,996
Deferred Outflows of Resources (Notes 1, 15, 16, 17, and 19)	6,030	21,490	17,473
Total Assets and Deferred Outflows of Resources	12,356,161	4,685,485	6,046,469
Liabilities and Deferred Inflows of Resources			
Accounts Payable (Notes 1 and 26)	45,796	501	41
Amounts Due to Other Governments	—	137,977	—
Due to Primary Government (Note 11)	—	—	—
Due to Component Units (Note 11)	—	—	—
Due to External Parties (Fiduciary Funds) (Note 11)	—	—	—
Unearned Revenue (Note 1)	—	—	—
Obligations Under Securities Lending Program (Notes 1 and 8)	—	—	—
Other Liabilities (Notes 1, 16, and 27)	528,764	56,134	24,066
Insurance Claims Payable (Notes 1 and 25):			
Due Within One Year	—	—	—
Due in More Than One Year	—	—	—
Long-term Liabilities (Notes 1, 23, and 28):			
Due Within One Year	309,514	360,285	204,017
Due in More Than One Year	7,429,254	4,017,794	3,023,616
Total Liabilities	8,313,328	4,572,691	3,251,740
Deferred Inflows of Resources (Notes 1, 15, 16, 17, 19, and 39)	79,727	136	16,228
Total Liabilities and Deferred Inflows of Resources	8,393,055	4,572,827	3,267,968
Net Position			
Net Investment in Capital Assets	7,885	—	(69)
Restricted For:			
Nonexpendable:			
Higher Education	—	—	—
Other	—	—	—
Expendable:			
Bond Indenture	3,366,001	—	—
Capital Projects/Construction/Capital Acquisition	—	—	2,732,406
Debt Service	—	72,228	—
Gifts and Grants	—	—	—
Higher Education	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	—	—	—
Virginia Pooled Investment Program	—	—	8,173
Other	19,680	—	447
Unrestricted	569,540	40,430	37,544
Total Net Position (Deficit) (Note 4)	\$ 3,963,106	\$ 112,658	\$ 2,778,501

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

Virginia College Building Authority	Nonmajor Component Units	Total
\$ 262	\$ 5,375,641	\$ 5,572,984
—	20,321,171	20,413,979
1,535	2,830,633	3,454,809
—	636,705	636,705
618	1,389,007	1,389,625
—	70,024	70,024
—	264,309	264,309
—	251,809	252,144
—	405,568	432,021
—	—	197,510
372,964	1,381,873	4,595,926
—	9,143,747	11,092,949
—	140,426	17,202,174
—	622,210	642,755
—	6,877,376	6,881,043
—	27,616,178	27,646,221
375,379	77,326,677	100,745,178
10,546	1,058,686	1,114,225
385,925	78,385,363	101,859,403
21	1,931,818	1,978,177
—	5,528	143,505
—	43,860	43,860
70,024	—	70,024
—	37,193	37,193
—	797,363	797,363
—	145,211	145,211
88,491	1,819,787	2,517,242
—	23,829	23,829
—	38,322	38,322
405,570	1,286,835	2,566,221
4,992,285	19,369,021	38,831,970
5,556,391	25,498,767	47,192,917
22,120	937,407	1,055,618
5,578,511	26,436,174	48,248,535
—	18,877,813	18,885,629
—	6,903,394	6,903,394
—	194,854	194,854
—	—	3,366,001
—	250,059	2,982,465
—	182,879	255,107
—	246,660	246,660
303,437	11,641,622	11,945,059
—	130,685	130,685
—	—	8,173
—	47,299	67,426
(5,496,023)	13,473,924	8,625,415
\$ (5,192,586)	\$ 51,949,189	\$ 53,610,868

Statement of Activities - Component Units

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions (Note 1)	Capital Grants and Contributions	Net (Expenses) Revenue
Virginia Housing Development Authority	\$ 649,763	\$ 497,624	\$ 122,368	\$ —	\$ (29,771)
Virginia Public School Authority	124,903	137,415	7,818	—	20,330
Virginia Resources Authority	180,386	110,816	73,873	215,945	220,248
Virginia College Building Authority	503,401	42,588	40,968	21,452	(398,393)
Total Major Component Units	1,458,453	788,443	245,027	237,397	(187,586)
Nonmajor Component Units:					
Higher Education	21,495,774	13,314,151	4,878,977	1,024,489	(2,278,157)
Other	1,899,423	1,439,181	135,717	605,249	280,724
Total Nonmajor Component Units	23,395,197	14,753,332	5,014,694	1,629,738	(1,997,433)
Total Component Units	\$ 24,853,650	\$ 15,541,775	\$ 5,259,721	\$ 1,867,135	\$ (2,185,019)

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

General Revenues

Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings (Note 1)	Change in Fair Value of Other Derivative Instruments	Miscellaneous
\$ —	\$ —	\$ 133,405	\$ —	\$ —
—	—	23,178	—	1,603
—	—	—	—	—
600,302	—	—	—	—
600,302	—	156,583	—	1,603
3,791,026	154,200	1,524,391	1,220	315,284
250,170	206,114	144,829	—	8,125
4,041,196	360,314	1,669,220	1,220	323,409
<u>\$ 4,641,498</u>	<u>\$ 360,314</u>	<u>\$ 1,825,803</u>	<u>\$ 1,220</u>	<u>\$ 325,012</u>

Continued on next page

Statement of Activities - Component Units *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit), July 1, as previously reported	Restatements to Net Position (Deficit), July 1	Net Position (Deficit), July 1 (as restated) (Note 2)	Net Position (Deficit), June 30 (Note 4)
Virginia Housing Development Authority	\$ —	\$ 103,634	\$ 3,859,472	\$ —	\$ 3,859,472	\$ 3,963,106
Virginia Public School Authority	—	45,111	67,547	—	67,547	112,658
Virginia Resources Authority	—	220,248	2,558,253	—	2,558,253	2,778,501
Virginia College Building Authority	—	201,909	(5,394,495)	—	(5,394,495)	(5,192,586)
Total Major Component Units	—	570,902	1,090,777	—	1,090,777	1,661,679
Nonmajor Component Units:						
Higher Education	389,224	3,897,188	41,013,421	450,506	41,463,927	45,361,115
Other	15,971	905,933	5,710,949	(28,808)	5,682,141	6,588,074
Total Nonmajor Component Units	405,195	4,803,121	46,724,370	421,698	47,146,068	51,949,189
Total Component Units	\$ 405,195	\$ 5,374,023	\$ 47,815,147	\$ 421,698	\$ 48,236,845	\$ 53,610,868

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Notes to the Financial Statements

June 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying financial statements have been prepared in conformance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB).

B. Reporting Entity

For financial reporting purposes, the Commonwealth of Virginia's (the Commonwealth's) reporting entity consists of (1) the primary government, (2) component unit organizations for which the primary government is financially accountable or for which the resources of the component unit primarily benefit the primary government (blended component units), and (3) other component unit organizations for which the nature and significance of their relationship with the primary government is such that exclusion would cause the reporting entity's financial statements to be misleading, and they are financially accountable to the primary government (discrete component units). The funds of all agencies, boards, commissions, foundations, and authorities that have been identified as part of the primary government or a component unit have been included. GASB standards require the inclusion of numerous organizations that raise and hold funds for the direct benefit of the primary government.

Section 2100 of the *GASB Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) describes the criteria for determining which organizations, functions, and activities should be considered part of the Commonwealth for financial reporting purposes. The basic criteria include appointing a voting majority of an organization's governing body, and the Commonwealth's ability to impose its will on that organization or the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Commonwealth. Additionally, in instances where the voting majority is not appointed, the above benefit/burden criteria apply. If the organization's assets are also held for, or can be accessed by, the Commonwealth, the organization is considered part of the reporting entity.

(1) Primary Government – A primary government consists of all the organizations that make up its legal entity. All funds, organizations, institutions, agencies, and departments are, for financial reporting purposes, part of the primary government.

(2) Blended Component Units – Though legally separate entities, these component units are, in substance, part of the primary government's operations. The blended component units serve or benefit the primary government almost exclusively. Financial information from these units is combined with that of the primary government. The Commonwealth's blended component units are:

Virginia Public Building Authority (nonmajor governmental fund) – The Authority was created as a body politic and corporate and is fiscally independent. A government instrumentality, the Authority finances the acquisition and construction of buildings for the use of the Commonwealth and other approved purposes. The Governor appoints the 7-member board, and the primary government is able to impose its will on the Authority. The Auditor of Public Accounts (APA) audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Hampton Roads Transportation Accountability Commission (nonmajor governmental fund) – The Commission is a political subdivision of the Commonwealth of Virginia, created by the Hampton Roads Transportation Accountability Commission Act. The Commission has a 23-member board comprised primarily of representatives from participating localities in Planning District 23. Its primary function is determining how the Hampton Roads Transportation Fund regional sales and use tax and fuel tax monies will be invested in new construction projects to provide the greatest impact on reducing congestion for the greatest number of citizens residing within Planning District 23. Based on the projects that the Commission is presently funding, the majority of capital assets funded by the Commission are reported as Commonwealth assets by the Virginia Department of Transportation (VDOT) (part of primary government). Accordingly, while the Commonwealth is not obligated to pay the Commission's debt, it would be misleading to exclude the Commission from the Commonwealth's financial statements. The administrative offices of the Commission are located at 723 Woodlake Drive, Chesapeake, Virginia 23320. The Commission is audited by PBMAres, LLP.

Virginia Alcoholic Beverage Control Authority (nonmajor enterprise fund) – The Authority was created as an independent political subdivision of the Commonwealth, exclusive of the legislative, executive, or judicial branches of state government. A government instrumentality,

the Authority controls the possession, sale, transportation, distribution, and delivery of alcoholic beverages in the Commonwealth. The Governor appoints the 5-member board, and while an independent entity, the Authority works in concert with all branches of the government. Additionally, all net profits of the Authority are transferred to the General Fund of the Commonwealth after required disbursements are made in accordance with the Appropriations Act. The administrative offices of the Authority are located at 7450 Freight Way, Mechanicsville, Virginia 23116. The Auditor of Public Accounts (APA) audits the Authority, and a separate report is issued.

- (3) **Discrete Component Units** – Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the primary government. They are financially accountable to the primary government, or have relationships with the primary government such that exclusion would cause the reporting entity's financial statements to be misleading. These discrete component units serve or benefit those outside of the primary government.

GASB statements generally require any organization that raises and holds economic resources for the direct benefit of the reporting entity to be reported as a component unit, even if the reporting entity is not financially accountable for the organization. The entities are included in the Commonwealth's reporting entity as nonprofit charitable organizations and exist solely to support the Commonwealth's higher education institutions and certain state agencies. The higher education institution nonprofit organizations are included in the applicable higher education institution's column in the accompanying financial statements. In all instances where separate disclosure of these nonprofit organizations is required in the accompanying footnotes, the entities' totals are aggregated and disclosed as "foundations".

The criteria for reporting certain component units as major component units focuses on the nature and significance of the component unit's relationship to the primary government versus other component units.

Discretely presented component units are:

Virginia Housing Development Authority (major) – The Authority was created as a political subdivision and instrumentality of the Commonwealth and is granted both politic and corporate powers by the *Code of Virginia*. The Governor appoints a majority of the Authority's board members and the remaining board members are ex-officio. The Commonwealth may make grants to the Authority including, but not limited to, reserve funds, which is a potential financial benefit/burden to the primary

government. The Commonwealth is not legally obligated by the debt of the Authority. The Authority was created in the public interest to provide the financing for the acquisition, construction, and rehabilitation of affordable housing for home ownership or occupancy by low or moderate income Virginians. The administrative offices of the Authority are located at 601 South Belvidere Street, Richmond, Virginia 23220. CliftonLarsonAllen, LLP audits the Authority, and a separate report is issued.

Virginia Public School Authority (major) – The Authority was created as a public body corporate, and an agency and instrumentality of the Commonwealth to finance capital projects of city and county school boards. The Governor appoints the board members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Auditor of Public Accounts (APA) audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Virginia Resources Authority (major) – The Authority was created as a public body corporate and a political subdivision of the Commonwealth to provide financing of infrastructure projects for water supply, wastewater, storm water, solid waste treatment, airports, public safety, brownfields remediation and redevelopment, and other infrastructure projects. The Governor appoints the 11-member board and the Executive Director of the Authority. The primary government is able to impose its will on the Authority, and there is a financial benefit/burden to the primary government. The Commonwealth does not guarantee any bonds issued by the Authority, however, the Authority has outstanding bonds that are backed by the moral obligation of the Commonwealth. The administrative offices of the Authority are located at 1111 East Main Street, Suite 1920, Richmond, Virginia 23219. CliftonLarsonAllen, LLP audits the Authority, and a separate report is issued.

The Authority issued bonds through the Virginia Green Communities Program (VGCP), which uses the Commonwealth's allocation of Qualified Energy Conservation Bonds to provide subsidized financing for energy efficiency, renewable energy, alternative fueling, and other qualified conservation purposes. The Authority is a conduit issuer for public borrowers with a third-party funding source providing financing for eligible projects. The terms of the VGCP bonds stipulate that the Authority does not guarantee repayment of principal and interest to the bondholders. In accordance with GASB Statement 91, conduit debt liabilities and the associated loan assets are not recorded on the Statement of Net Position.

Virginia College Building Authority (major) – The Authority was created as a public body corporate, a political subdivision, and an agency

and instrumentality of the Commonwealth. The Governor appoints a majority of the board and members serve at his pleasure. Therefore, the primary government is able to impose its will on the Authority. The Authority finances certain capital projects and equipment purchases of state-supported colleges and universities. The Auditor of Public Accounts (APA) audits the Authority, and a separate report is issued from the Department of the Treasury, Post Office Box 1879, Richmond, Virginia 23218-1879.

Only the activity of the Authority that relates to the financing of capital projects and equipment purchases by state-supported colleges and universities is included in the accompanying financial statements. The state-supported colleges and universities reported revenue from the Authority of \$211.8 million as Program Revenue Capital Grants and Contributions for the 21st Century Program and \$85.5 million as Program Revenue Operating Grants and Contributions for equipment. The Authority reported Operating Appropriations from Primary Government of approximately \$600.3 million. In addition, the Authority reported approximately \$31.5 million in payments from the state-supported colleges and universities for 21st Century and Equipment Program debt service costs and approximately \$3.6 million in interest on Build America Bonds. Eliminations have been made related to the Pooled Bond program to prevent the overstatement of assets and liabilities since higher education institutions also report assets and liabilities related to this program.

The Authority assists private institutions of higher education in the financing and refinancing of a broad range of facilities. The Authority is authorized to issue obligations and lend the proceeds to private institutions; however, such financings or refinancings are not obligations of the primary government nor the Authority, but are payable solely from the revenues pledged by the respective private institution. This indebtedness, totaling \$594.4 million, is not included in the accompanying financial statements.

Higher Education Institutions (nonmajor) – The Commonwealth's higher education institutions are granted broad corporate powers by state statutes. The Governor appoints the members of each institution's board of trustees. In addition to the annual appropriations to support the institutions' operations, the Commonwealth provides funding for, and construction of, major academic plant facilities for the institutions. Institutions reported Operating Appropriations from the Primary Government of approximately \$3.8 billion and Program Revenue Capital Grants and Contributions of approximately \$646.8 million. Therefore, there is a financial benefit/burden to the primary government. The higher education institutions are: the University of Virginia,

including the University of Virginia Medical Center and the University of Virginia's College at Wise; Virginia Polytechnic Institute and State University; Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority; the College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science; Virginia Military Institute; Virginia State University; Norfolk State University; University of Mary Washington; James Madison University; Radford University; Old Dominion University; George Mason University; Virginia Community College System; Christopher Newport University; and Longwood University. The Southwest Virginia Higher Education Center, Roanoke Higher Education Authority, Institute for Advanced Learning and Research, Southern Virginia Higher Education Center, and New College Institute are also included as higher education institutions. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. As previously noted, certain foundations are considered component units of the higher education institutions, and are included in the accompanying financial statements as well as the higher education institutions' separately issued financial statements. The Auditor of Public Accounts (APA) does not audit the Roanoke Higher Education Authority, the Institute for Advanced Learning and Research, and the component units of the higher education institutions, including foundations, but relies on the reports issued by other auditors to render their opinion.

The APA audits the colleges and universities, and individual reports are issued under separate cover. Complete financial statements for each institution may be obtained from their respective administrative offices. The addresses for these institutions may be obtained from the Department of Accounts, 101 North 14th Street, Richmond, Virginia 23219-3638.

Virginia Innovation Partnership Authority (nonmajor) - The Authority provides a collaborative, consistent, and consolidated approach that assists the Commonwealth in identifying its entrepreneurial strengths, including the identification of talents and resources that make Virginia a unique place to grow and attract technology-based business. The Governor and Joint Rules Committee appoint the 11-member board, and the primary government can impose its will on the Authority. The Authority's combined financial statements include the accounts of the Virginia Innovation Partnership Corporation (VIPC) after elimination of all significant intercompany balances and transactions. VIPC is a non-stock, not-for-profit corporation, which acts as the operating arm of the Authority. The address for the administrative offices of the Authority is 2214 Rock Hill Road, Suite 600, Herndon, Virginia 20170. The Auditor of Public

Accounts (APA) audits the Authority, and a separate report is issued.

Virginia Economic Development Partnership (nonmajor) – The Partnership was created as a body corporate and operates to encourage, stimulate, and support the development and expansion of both domestic and international commerce in the Commonwealth. The Governor and the General Assembly appoint the 17-member board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Cary Street, Suite 900, Richmond, Virginia 23219. The Auditor of Public Accounts (APA) audits the Partnership, and a separate report is issued.

Virginia Outdoors Foundation (nonmajor) – The Foundation was created as a body politic and is administratively assigned to the Department of Conservation and Recreation (part of primary government) and charged with promoting preservation through the acceptance of donated conservation easements and raising funds for the purchase of preservation land. The Governor appoints the 7-member board of trustees, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 39 Garrett Street, Suite 200, Warrenton, Virginia 20186. Hickok, Brown & Company CPAs audits the Foundation, and a separate report is issued.

Virginia Port Authority (nonmajor) – The Authority was established as a political subdivision of the Commonwealth of Virginia and operates to serve the citizens and promote, develop and increase commerce at the ports of Virginia and other port related industries in the Commonwealth. The Governor appoints a majority of the 13-member board, and the primary government is able to impose its will on the Authority. There is also a financial benefit/burden to the primary government. The administrative offices of the Authority are located at 600 World Trade Center, Norfolk, Virginia 23510. PBMares, LLP, audits the Authority, and a separate report is issued.

Virginia Passenger Rail Authority (nonmajor) – The Authority is responsible for promoting, sustaining, and expanding the availability of passenger and commuter rail service including the administration of the capital expansion, infrastructure, and land acquisitions related to the Commonwealth's Transforming Rail in Virginia initiative. The Governor appoints the majority of the board, and the primary government is able to impose its will on the Authority. The address for the administrative offices of the Authority is 919 East Main Street, Suite 2400, Richmond, Virginia 23219. PBMares, LLP audits the Authority, and a separate report is issued.

Virginia Tourism Authority (nonmajor) – The Authority was created as a public body corporate and as a political subdivision of the Commonwealth. The Authority encourages, stimulates, and promotes tourism and film production industries of the Commonwealth. The Governor appoints all of the board members, and there is a financial benefit/burden to the primary government. The administrative offices are located at 901 East Cary Street, Suite 900, Richmond, Virginia 23219. The Auditor of Public Accounts (APA) audits the Authority.

Virginia Foundation for Healthy Youth (nonmajor) – The Foundation was created as a body corporate and as a political subdivision of the Commonwealth. The Foundation was established to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund which receives the majority of its funding from the Tobacco Master Settlement Agreement (MSA). On occasion, the Foundation receives non-MSA funds from other state and federal sources. The Foundation is charged with distributing monies in these funds for such efforts as reducing and preventing the use of tobacco and substance products by minors and promoting healthy lifestyles. The Governor appoints the majority of the Board of Trustees, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 500, Richmond, Virginia 23219. The Auditor of Public Accounts (APA) audits the Foundation.

Tobacco Region Revitalization Commission (nonmajor) – The Commission was created as a body corporate and as a political subdivision of the Commonwealth. The Commission was established to determine the appropriate recipients of the monies in the Tobacco Indemnification and Community Revitalization Fund. This fund provides monies to revitalize tobacco dependent communities. The Governor appoints the majority of the board, and there is a financial benefit/burden to the primary government. The administrative offices are located at 701 East Franklin Street, Suite 501, Richmond, Virginia 23219. The Auditor of Public Accounts (APA) audits the Commission.

Hampton Roads Sanitation District Commission (nonmajor) – The Commission was established as a political subdivision of the Commonwealth and a government instrumentality. The Commission, which is the governing board of the district, was granted corporate powers by the *Code of Virginia*. The Governor appoints the Commission members, who serve at his pleasure. Therefore, the primary government is able to impose its will on the Commission. The Commonwealth is not obligated by the debt of the Commission. The Commission was established to benefit the inhabitants of the district and operates a wastewater treatment system for 20 localities in

the Chesapeake Bay area. The address for the administrative offices of the Commission is 1434 Air Rail Avenue, Virginia Beach, Virginia 23455. Cherry Bekaert, LLP, audits the Commission, and a separate report is issued.

Virginia Biotechnology Research Partnership Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in the development of a biotechnology research park. The Governor appoints the board members of the Authority, and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at 800 East Leigh Street, Richmond, Virginia 23219. The Auditor of Public Accounts (APA) audits the Authority, and a separate report is issued.

The Authority has previously issued Series 2002 revenue bonds for specific customers. At this time, there are no outstanding Series 2002 revenue bonds. In the event that future Series 2002 revenue bonds are issued, they would be secured by a letter of credit and payable solely from the payments made by the borrower under the loan agreement. None of the bonds would constitute a debt or pledge of the Authority or the Commonwealth. Accordingly, such bonds would not be reported as liabilities on relevant accompanying financial statements.

Virginia Small Business Financing Authority (nonmajor) – Section 2.2-2280 of the *Code of Virginia* established the Authority as a public body corporate and a political subdivision of the Commonwealth. The Governor appoints the 11-member board, and the primary government is able to impose its will on the Authority. The Authority was created to assist small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses. The Authority provides financial assistance to small businesses by providing loans, guarantees, insurance, and other assistance, thereby assisting small businesses in the Commonwealth with access to financing. The Authority provides direct loans to small businesses as defined by the *Code of Virginia* and to local governments for economic development purposes. The Authority also guarantees loans and provides credit support for loans made to small businesses by banks. The administrative offices of the Authority are located at 101 North 14th Street, 11th Floor, Richmond, Virginia 23218-0446. The Auditor of Public Accounts (APA) audits the Authority.

The Authority issues tax-exempt and taxable private activity bonds to provide financial assistance to private sector entities for the acquisition, construction, and expansion of capital projects deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans.

Neither the Authority nor the Commonwealth is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities on the accompanying financial statements.

Virginia School for the Deaf and Blind Foundation (nonmajor) – The Foundation operates as a nonprofit educational and fundraising organization solely in connection with, and exclusively for the benefit of, the Virginia School for the Deaf and Blind (part of primary government). The Foundation uses a December 31 calendar year-end. The administrative offices are located at Post Office Box 2069, Staunton, Virginia 24402. Didawick & Company, P.C. audits the Foundation and a separate report is issued.

Science Museum of Virginia Foundation (nonmajor) – The Foundation is a non-stock, nonprofit corporation established to implement and fund programs, projects, and operations that are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). There is a financial benefit/burden relationship to the primary government, and the economic resources of the Foundation are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Foundation are located at 2500 West Broad Street, Richmond, Virginia, 23220. Keiter, CPAs, audits the Foundation, and a separate report is issued.

Virginia Commercial Space Flight Authority (nonmajor) – The Authority is a legally separate political subdivision of the Commonwealth created by the General Assembly to facilitate and coordinate scientific and technological research and development and to promote the industrial and economic development of the Commonwealth. The Governor appoints the 9-member board, and there is a potential financial benefit/burden to the primary government. The Commonwealth plans to transfer 1.0 percent of the Transportation Trust Fund revenue to the Authority annually. The administrative offices of the Authority are located at 101 W Main Street, Suite 602, Norfolk, Virginia 23510. Brown Edwards & Company, LLP, audits the Authority, and a separate report is issued.

Danville Science Center, Inc. (nonmajor) – The Center is a nonprofit corporation formed in 1994, for the purpose of implementing and funding those programs, projects and operations which are authorized and approved by the trustees of the Science Museum of Virginia (part of primary government). There is a financial benefit/burden to the primary government, and the economic resources of the Center are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Center are located at 677 Craghead Street, Danville, Virginia 24541. Harris, Harvey, Neal & Company,

LLP, audits the Organization, and a separate report is issued.

Virginia Museum of Fine Arts Foundation (nonmajor) – The Foundation operates as a nonprofit corporation under the laws of Virginia to fund exhibitions, programs, and capital asset expansion to ensure that the Virginia Museum of Fine Arts (part of primary government) has the space and resources for art to help improve the quality of life for many. There is a financial benefit/burden to the primary government, and the economic resources of the Foundation are entirely for the direct benefit of the Commonwealth and its citizens. The administrative offices of the Foundation are located at 200 N. Arthur Ashe Boulevard, Richmond, Virginia 23220. Forvis Mazars, LLP audits the Foundation, and a separate report is issued.

A. L. Philpott Manufacturing Extension Partnership (nonmajor) – The Partnership (operating as GENEDGE Alliance) has the mission to foster economic growth by enhancing the competitiveness of Virginia's manufacturers. GENEDGE provides manufacturing firms with fee-based technology consulting services, access to business modernization resources, and support for interfirm collaboration. Further, GENEDGE provides direct assistance to increase sales, decrease costs, and improve quality, productivity, and competitiveness. GENEDGE has a 24-member board of trustees, of which 19 are currently serving. The board consists of the presidents (or Governor approved representatives) of two public four-year institutions of higher education; three community college presidents; one president of a private four-year institution of higher education; the director of the Virginia Innovation Partnership Corporation; the Secretaries of Education and of Labor from the Governor's cabinet; and 15 non-legislative citizen members, representing manufacturing industries, appointed by the Governor. There is also a financial benefit/burden to the primary government. The administrative office is located at 191 Fayette Street, Martinsville, Virginia 24112-6216. The Joachim Group CPAs & Consultants, LLC audits GENEDGE and a separate report is issued.

Fort Monroe Authority (nonmajor) – The Authority is a legally separate, political subdivision of the Commonwealth created by the General Assembly to assist in implementing a reuse plan for Fort Monroe. The Governor appoints a majority of the 14-member board, and there is a potential financial benefit/burden to the primary government. The administrative offices of the Authority are located at 20 Ingalls Road, Fort Monroe, Virginia 23651. CliftonLarsonAllen LLP audits the Authority, and a separate report is issued.

Assistive Technology Loan Fund Authority (nonmajor) – The Authority was created as a

political subdivision and public body corporate by the *Code of Virginia*. The Governor appoints the board of directors as directed by the *Code*, and the primary government is able to impose its will on the Authority. The Authority manages a fund to provide loans to Virginians with disabilities to acquire assistive technology, other equipment, or other authorized purposes designed to help these individuals become more independent. The administrative offices are located at 1602 Rolling Hills Drive, Suite 107, Richmond, Virginia 23229. The Auditor of Public Accounts (APA) audits the Authority.

Virginia Land Conservation Foundation (nonmajor) – The Foundation was created as a body politic and corporate to serve the Department of Conservation and Recreation (DCR) (part of primary government) by acquiring interests in preservation land and providing grants to other entities to acquire interests in preservation land. The Governor appoints the 19-member board, and the primary government can impose its will on the Foundation. The administrative offices of the Foundation are located at 600 East Main Street, 24th Floor, Richmond, Virginia 23219. The Auditor of Public Accounts (APA) audits the Foundation as part of DCR.

Library of Virginia Foundation (nonmajor) – The Foundation was created as a private, nonprofit 501(c)(3) corporation supporting the Library of Virginia (part of primary government). The articles of incorporation stipulate that the Foundation shall at all times be operated solely in connection with, and exclusively for the benefit of, the Library of Virginia. The Foundation is governed by a separate board of directors, and promotes and supports the Library of Virginia in all activities. The administrative offices of the Foundation are located at 800 East Broad Street, Richmond, Virginia 23219. Frank Barcalow CPA, PLLC, audits the Foundation, and a separate report is issued.

Virginia Health Workforce Development Authority (nonmajor) – The Authority is a legally separate public body corporate and a political subdivision of the Commonwealth created by the General Assembly. The Authority facilitates the development of statewide health professions pathways. The Governor appoints a majority of the board members, and the primary government is able to impose its will on the Authority. The administrative offices of the Authority are located at 313 East Broad Street, Suite 314, Richmond, Virginia 23219. The Auditor of Public Accounts (APA) audits the Authority.

- (4) **Related Organizations** – Organizations for which the primary government appoints a majority of the board, but is not financially accountable, are related organizations. Related organizations are:

Tobacco Settlement Financing Corporation –

The Corporation was created by the Tobacco Settlement Financing Corporation Act, Chapters 482 and 488 of the Acts of the General Assembly during the 2002 General Assembly Session. The Corporation is a public body corporate entity and an independent instrumentality of the Commonwealth, managed by a 6-member board, including the State Treasurer. The Corporation purchased all of the future tobacco settlement revenue allocated to the Tobacco Region Revitalization Commission (nonmajor component unit). Neither the Commonwealth's nor the Virginia Foundation for Healthy Youth's (nonmajor component unit) tobacco revenue was securitized. The administrative offices of the Corporation are located at 101 North 14th Street, 3rd Floor, Post Office Box 1879, Richmond, Virginia 23218-1879. CliftonLarsonAllen, LLP, audits the Corporation, and a separate report is issued.

Jamestown-Yorktown Educational Trust –

The Trust was created as a nonprofit corporation by the *Code of Virginia* to assist the Jamestown-Yorktown Foundation (Foundation). The Trust board consists of no more than six members selected by the Foundation's board of trustees. Several Commonwealth officials serve as ex-officio members of the Foundation's board, and the Governor appoints 12 members. The Trust operates the Jamestown Settlement and American Revolution Museum at Yorktown gift shops and café. The address for the administrative offices of the Trust is Post Office Box 3605, Williamsburg, Virginia 23187. Keiter, CPAs audits the Trust, and a separate report is issued.

Virginia Birth-Related Neurological Injury Compensation Program –

The Program was created to provide a no-fault alternative for birth-related neurological injuries. The Governor appoints the 9-member board. The administrative offices of the Program are located at 7501 Boulders View Drive, Suite 600, Richmond, Virginia 23225. BDO USA, PC, audits the Program, and a separate report is issued.

Chesapeake Bay Bridge and Tunnel Commission –

The Commission was created to establish policy and administer operations of the Chesapeake Bay Bridge Tunnel District. Any of the 11 members of the Commission appointed or reappointed on or after July 1, 1998, shall be appointed by the Governor, subject to confirmation by each house of the General Assembly. The administrative offices of the Commission are located at 32386 Lankford Highway, Cape Charles, Virginia 23310. Cherry Bekaert, LLP audits the Commission, and a separate report is issued.

C. Government-wide and Fund Financial Statements

The government-wide financial statements, the Statement of Net Position and the Statement of Activities, report information on all nonfiduciary activities of the primary government and component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Also, the primary government activity is reported separately from the legally separate component units for which the Commonwealth is financially accountable.

The Statement of Activities demonstrates the degree to which direct expenses of a specific function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. In addition, to the extent that indirect costs are allocated to the various functions, the program expenses will include both direct and indirect costs. Program revenues include charges to customers who purchase, use, or directly benefit from goods or services provided by a given function, segment, or component unit, as well as investment income generated by operations. Program revenues also include grants, contributions, and investment income that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items properly excluded from program revenues are reported as general revenues.

Fund equity is restricted when constraints are placed on them that are imposed by external parties or constitutional provisions. When both restricted and unrestricted resources are available for use, the Commonwealth's policy is to use the restricted resources first. Some component units may follow a different policy. When committed, assigned, and unassigned resources are available for use, the Commonwealth's policy is to use the committed resources first, assigned resources next, and unassigned resources last.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds, and component units. However, fiduciary funds are not included in the government-wide statements. Major governmental funds, enterprise funds, and component units are reported in separate columns in the fund financial statements, with nonmajor funds being aggregated into a single column.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year (or one year for Medicaid). Significant revenues subject to accrual include federal grants and income and sales taxes. Income tax revenues for tax underpayments are only recognized to the extent of the primary government's estimated refunds for tax overpayments received. Revenues that the primary government earns by incurring obligations are recognized in the same period as when the obligations are recognized.

Expenditures generally are recorded when a liability is incurred, as under full accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when the payment is due.

The primary government reports the following major governmental funds:

General Fund – Accounts for the transactions related to resources received and used for those services traditionally provided by a state government, and which are not accounted for in any other fund. These services include general government, legislative and judicial activities, public safety, health and behavioral health programs, resources and economic development, licensing and regulation, and primary and secondary education.

Commonwealth Transportation Special Revenue Fund – Accounts for the revenues and expenditures associated with highway operations, maintenance, construction, and other transportation related activities. Funding for these programs is received from highway user taxes, fees, and funds received from the federal government.

Federal Trust Special Revenue Fund – Accounts for all federal dollars, including COVID-19 funding, received by the Commonwealth except those received by the

Commonwealth Transportation Fund, the Unemployment Compensation Fund, certain Medicaid reimbursements recorded in the General Fund, the Grant Anticipation Revenue Notes and Build America Bond Subsidies reported in the Debt Service Fund, and component units.

Literary Fund Special Revenue Fund – Accounts for revenues from fines, forfeitures, and proceeds from unclaimed property used primarily to support public education in the Commonwealth. This fund provides low interest loans to school divisions for construction, renovations, and expansion of school buildings.

Proprietary Funds, Fiduciary Funds, and Component Units Financial Statements – The financial statements of the proprietary funds, fiduciary funds, and component units are reported using the economic resources measurement focus and the full accrual basis of accounting. As with the government-wide statements, revenues are recorded when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating.

Foundations' (component units) financial statements are prepared using the economic resources measurement focus and the full accrual basis of accounting. The financial statements are prepared under FASB rather than GASB standards. In some instances, activities of the foundations (component units) are reported separately within the footnotes because of the different reporting standards. Also, some foundations (component units) have an August 31st, December 31st, or March 31st year-end rather than a fiscal year-end. Foundations (component units) with different year-ends are included in these financial statements for the year ending August 31, 2024, December 31, 2024, or March 31, 2025. Significant intrafund activity/balances between each higher education institution and their foundations have been eliminated.

The following amounts could not be eliminated due to the differing year-ends:

- University of Virginia (nonmajor component unit):
 - institution revenue of \$12.9 million
 - foundation assets of \$1.4 million
 - foundation liabilities of \$2.6 million
 - foundation expenses of \$34.2 million

- Old Dominion University (nonmajor component unit):
 - institution liabilities of \$32.6 million
 - foundation assets of \$27.7 million
- George Mason University (nonmajor component unit):
 - foundation revenue of \$21.1 million
 - foundation expenses of \$26.7 million
- Longwood University (nonmajor component unit):
 - foundation assets of \$42.3 million
 - institution liabilities of \$40.4 million
 - institution expenses of \$14.2 million
 - institution revenue of \$870,257

The primary government reports the following major enterprise funds:

Virginia Lottery Fund – Accounts for all receipts and expenses of the Virginia Lottery, excluding activity related to the regulation and compliance monitoring of casinos and sports betting.

Commonwealth Savers Plan Fund (formerly Virginia College Savings Plan) – Administers the Defined Benefit 529 Program.

Unemployment Compensation Fund – Accounts for receipts from employers and expenses incurred to provide benefits to eligible unemployed workers.

Additionally, the primary government reports the following fund types:

Governmental Fund Types:

Special Revenue Funds – Account for transactions related to resources received and used for restricted, committed, or specific purposes.

Debt Service Funds – Account for transactions related to resources retained and used for the payment of interest and principal on bonds. Additionally, this fund includes the activity of the Hampton Roads Transportation Accountability Commission (blended component unit).

Capital Project Funds – Account for transactions related to resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds with the exception of certain Virginia Public Building Authority (blended component unit) disbursements. The primary resource for these funds is the proceeds of bond issues and energy performance contracts. Principal uses are for construction and improvement of state office buildings, correctional and behavioral health facilities, and parks. Additionally, this fund includes the activity of the Hampton Roads Transportation Accountability Commission

(blended component unit) for construction projects related to new or existing highways, bridges or tunnels in the localities comprising Planning District 23.

Permanent Funds – Account for transactions of the Commonwealth Health Research Fund and the Behavioral Health Endowment Funds whose principal must remain intact and whose income is used to benefit the Commonwealth's citizens and behavioral health patients.

Proprietary Fund Types:

Enterprise Funds – Account for transactions related to resources received and used for financing self-supporting activities of the primary government that offer products and services on a user-charge basis to external users.

Internal Service Funds – Account for transactions related to the financing and sale of goods or services provided by the agencies of the primary government to other agencies and institutions of the Commonwealth. Activities include the provision of information technology, manufacturing activities, insurance programs, fleet services, facilities and property management, engineering and payroll services.

Fiduciary Fund Types:

Private Purpose Trust Funds – Account for transactions that benefit individuals, organizations, and other governments; have a trust that meets GASB Statement No. 84, *Fiduciary Activities* criteria; and are not required to be reported in another fiduciary fund type. These trusts include those for the Commonwealth-sponsored educational savings plan and other purposes.

Pension and Other Employee Benefit Trust Funds – Account for transactions of the Virginia Retirement System administered pension plans, other postemployment and employee benefit plans with trusts that meet GASB Statement No. 84 criteria.

Custodial Funds - External Investment Pool – Accounts for the external portion of the Local Government Investment Pool (LGIP) that is sponsored by the Commonwealth and does not have a trust that meets GASB Statement No. 84 criteria.

Custodial Funds - Other – Accounts for transactions similar to Private Purpose Trust Funds except they do not have a trust that meets GASB Statement No. 84 criteria. These funds include collection of sales tax and fees imposed by and distributed to localities, deposits of insurance carriers, child support collections, and other miscellaneous accounts.

E. Budgetary Process

Budgetary amounts shown in the Required Supplementary Information and Combining and Individual Fund Statements and Schedules sections represent the total of the original budgeted amounts and all supplemental appropriations. The Commonwealth's budget is prepared principally on a cash basis and represents appropriations as authorized by the General Assembly. Unexpended appropriations at the end of the fiscal year generally lapse. However, they may be reappropriated for expenditure in the following fiscal year. The Governor, as required by the *Code of Virginia*, submits a budget composed of all proposed expenditures for the Commonwealth, and of estimated revenues and borrowing for a biennium, to the General Assembly. Budgets are adopted for the General and Special Revenue Funds, except for the Literary (major special revenue) and Unclaimed Property (nonmajor special revenue) Funds. Formal budgetary integration is not employed for the Capital Projects (nonmajor governmental), Debt Service (nonmajor governmental), Permanent (nonmajor governmental), Literary (major special revenue) and Unclaimed Property (nonmajor special revenue) Funds because effective budgetary control is alternatively achieved through the General Fund and the remaining special revenue funds.

The budget is prepared on a biennial basis; however, the budgets of the General and Special Revenue Funds contain separate appropriations for each year within the biennial budget, as approved by the General Assembly and signed into law by the Governor. For management control purposes, the lowest level of budgetary control is the program level. The Governor may transfer an appropriation within a state agency or from one state agency to another, provided that total fund appropriations, as contained within the budget, are not exceeded without further General Assembly action. Additionally, the Governor may reduce appropriations up to 15.0 percent without further General Assembly action. Increases in General Fund appropriations must be approved by the General Assembly.

Appropriations for programs funded from Special Revenue Funds may allow expenditures in excess of the original appropriations to the extent that revenues of the funds exceed original budget estimates and such additional expenditures are approved by the Governor through supplemental appropriations.

F. Cash, Cash Equivalents, Investments and Derivative Instruments

Cash

In order to maximize the Commonwealth's earning potential, the majority of the primary government's cash balances are pooled together in the general account for investment purposes. The amounts

required for operations are liquidated as needed. Since all amounts not required for operations are held in investment securities, it is possible that the cash balances could be negative due to timing differences in liquidating the investments.

As of June 30, 2025, the General Fund had a negative cash balance of \$14.3 billion. In order to properly reflect the general account position, this negative cash balance has been eliminated in the accompanying statements and offset against the primary government's cash equivalents and investments (see Note 8).

Cash Equivalents

Cash equivalents are investments with an original maturity of 90 days or less.

Investments

Investments are principally comprised of monies held by component units, the Virginia Retirement System (the System), and monies held by the State Treasurer in both the general account and other fiduciary accounts. The System aggregates all funds that the Board of Trustees is responsible for investing and commingles these amounts for investing purposes. The System's pooled investments represent all cash and investment amounts reported in the Pension and Other Employee Benefit Trust Funds, the VRS Investment Portfolio and Volunteer Firefighters Rescue Squad Workers (custodial funds - other), the Commonwealth Health Research Board (permanent), and Federal Special Revenue (major).

The primary government's policy for managing interest rate risk, with the exception of Commonwealth Savers Plan (Commonwealth Savers) and the System, uses the segmented time distribution method.

Commonwealth Savers, for its investment portfolio reported as Defined Benefit 529 Program (major enterprise fund) and Defined Contribution 529 Program (private purpose trust fund), and the System, for the System's pooled investments, manage the interest rate risk using the effective duration methodology. To be consistent with management practices for each portfolio, the Commonwealth has elected to disclose the interest rate risk exposures, using the segmented time distribution for the primary government (excluding Defined Benefit 529, Defined Contribution 529, and the System's pooled investments) and the effective duration method for Defined Benefit 529, Defined Contribution 529, and the System's pooled investments. The Commonwealth discloses the component unit's interest rate risk using the segmented time distribution method (see Note 8).

Governmental and proprietary funds, both primary government and component units, report investments in money market and in the Commonwealth sponsored investment pools at amortized cost which approximates fair value. All other investments,

including investments in the Commonwealth sponsored Extended Maturity portfolio, are reported at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining fair value measurements using the level of fair value hierarchy and valuation techniques (see Note 8).

Investments administered by the System are reported at fair value, except for certain cash equivalents and other short-term, highly liquid investments which are reported at amortized cost. The cost of investments sold is the average cost of the aggregate holding of the specific investment sold. For investments in limited partnerships, the System's share of the partnership's earnings or losses for the period are included in investment income.

Derivative Instruments

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates, or financial indexes (see Note 16).

G. Assets Held Pending Distribution

Assets held pending distribution include various assets that have been placed in safekeeping until final disposition has been determined.

H. Receivables

Receivables in the governmental funds consist primarily of the accrual of taxes and amounts relating to the Opioid Settlement, as well as receivables of the primary government's Medicaid program and up-front amounts to be received for a Service Concession Arrangement. Additionally, receivables include amounts to be received for debt service payments related to certain bonds. Receivables in the proprietary funds consist primarily of educational contribution receivables and unemployment compensation. Receivables of fiduciary funds are primarily the accrual of security transactions in the Pension and Other Employee Benefit Trust Funds. Receivables of the component units consist primarily of mortgage receivables, loans receivable, patient receivables, and student receivables, for further details see the individually published financial statements. Receivables are recorded net of allowances for doubtful accounts (see Note 9). Restricted receivables due within one year with no long-term portion are included in receivables rather than Restricted Assets (Note 13) due to their liquidity.

I. Contributions Receivable, Net

Contributions Receivable reported by the foundations (component units) represents pledges or unconditional promises to give that have been discounted (see Note 10).

J. Internal Balances

Interfund receivables and payables have been eliminated from the Statement of Net Position, except for the residual amounts due between governmental and business-type activities (see Note 11).

K. Inventory

Inventories consist of materials and supplies and are reported as expenditures when consumed. These assets are classified as nonspendable fund balance. Inventories exceeding \$1.0 million of the General and the Special Revenue Funds are maintained at cost using the first-in, first-out (FIFO) methodology, except for the following:

- Department of Emergency Management (VDEM)
- Department of State Police (VSP)
- Virginia Department of Transportation (VDOT)

VDEM supply inventories are recorded in the Federal Trust Fund (major special revenue) using the average cost methodology and maintained at average cost. VDH supply inventories are recorded in the General (major), Federal Trust (major special revenue), and Health and Social Services (nonmajor special revenue) Funds using the FIFO methodology and are maintained at either cost or current market cost. VSP inventories are recorded in the General (major) and Other (nonmajor special revenue) Funds using the FIFO and average cost methodology and are maintained at cost. VDOT inventories are recorded in the Commonwealth Transportation Fund (major special revenue) using the FIFO and average cost methodologies and are maintained at either cost or average cost.

In addition to inventories maintained as stated above, the following agencies reported donated inventory balances on hand as of June 30, 2025:

- Department of Behavioral Health and Developmental Services (DBHDS)
- Department of Health (VDH)
- Department of Juvenile Justice (DJJ)
- Virginia Department of Transportation (VDOT)
- Virginia School for the Deaf and Blind

Inventories maintained by the Virginia Museum of Fine Arts and the Consolidated Laboratory (nonmajor enterprise funds) are stated at cost using FIFO.

Inventories maintained by the Science Museum of Virginia (nonmajor enterprise fund) are stated at cost using LIFO.

Inventories maintained by the Alcoholic Beverage Control (nonmajor enterprise fund) are stated at average cost using the weighted average method.

Inventories maintained by the Virginia Industries for the Blind (nonmajor enterprise fund) are stated at average cost using the lower of cost or market methodology.

Inventories maintained by Virginia Correctional Enterprises (internal service fund) are stated at the lower of cost or market using FIFO. Inventories maintained by the internal service funds except for Virginia Correctional Enterprises are stated at cost using FIFO.

Institutions of higher education (nonmajor component units) use several methods for inventory valuations, including cost using FIFO, the lower of cost or market using FIFO, or weighted average methods. Inventories maintained by the Virginia Port Authority and the Danville Science Center (nonmajor component units) are reported using the moving average unit cost methodology. Inventories at the gift shop run by the Library of Virginia Foundation and at the Hampton Roads Sanitation District Commission (nonmajor component units) are stated at lower of cost or market using the average cost methodology.

L. Prepaid Items

Prepaid assets for rent, insurance, and similar items are recognized when purchased and expensed when used.

M. Loans Receivable/Payable

Loans Receivable/Payable represents working capital advances between the primary government and component units (see Note 11).

N. Other Assets

Other Assets include those balances of a miscellaneous nature that are not specifically classified elsewhere. Additionally, this account includes the Virginia Sickness and Disability Program Net Other Postemployment Benefit Plan Asset applicable to the proprietary funds (see Note 12).

O. Capital Assets

Capital assets of governmental funds are recorded as expenditures at the time of purchase and capitalized in the governmental activities column of the Government-wide Statement of Net Position. Capital assets of the other funds and component units are capitalized in the fund in which they are utilized. All other capital assets are depreciated/amortized on the straight-line basis over their useful lives (see Note 14).

Capital assets are stated at historical cost or, in some instances, estimated historical cost. Assets received pursuant to service concession arrangements and donated capital assets from entities external to the reporting entity are stated at acquisition value when they are placed in service or at the time of donation, respectively. Asset transfers or donations from within the reporting entity are recorded at the carrying value of the transferring entity as required by GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. The primary government capitalizes all equipment that has a cost

or value greater than \$50,000 (individually or in aggregate) and expected useful life of greater than two years. The primary government capitalizes all land, water rights/easements, buildings, infrastructure, and software that have a cost or value greater than \$100,000 and an expected useful life of greater than two years. In addition, the primary government reports right-to-use intangible assets of equipment, land, and buildings with a present value of \$50,000 or greater and subscription-based information technology arrangements with a present value of \$5,000 or greater, all of which have an expected useful life of more than one year. Selected agencies, business-type entities, and component units utilize a capitalization limit lower or higher than the primary government's established thresholds for various reasons. Accordingly, reported capital assets may include some items that cost less than those thresholds. Infrastructure, including highways, bridges, and rights-of-way, is capitalized using the historical approach and includes any assets acquired prior to fiscal year 1980.

The amortization of long-term lease and SBITA contracts related to right-to-use intangible assets are reported separately from other capital assets as required by GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*.

Intangible right-to-use lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset. Land leases are amortized over the lease term. Leases with purchase options that are reasonably certain to be exercised are amortized over the useful life of the underlying asset. In circumstances where the underlying asset is nondepreciable, such as land, the lease asset is not amortized.

Intangible right-to-use subscription assets are amortized over the shorter of the subscription term or the useful life of the underlying IT asset.

The primary government's capitalization policy regarding works of art/historical treasures is that capitalization is encouraged, but not required, for works of art/historical treasures that meet the following conditions:

- The collection is held for public exhibition, education, or research in furtherance of public service, rather than financial gain;
- The collection is protected, kept unencumbered, cared for and preserved; and,
- The collection is subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for the collection.

The primary government capitalizes construction-in-progress when project expenditures, including construction of intangible assets, exceed \$100,000.

Expenditures are classified as construction-in-progress if:

- (1) They extend the asset life, improve productivity, or improve the quality of service; and,
- (2) They fall into the planning, acquisition, construction, improvement, renovation, repair, replacement, relocation, or demolition phase of the asset life.

The estimated lives of capital assets are as follows:

	<u>Years</u>
Buildings	10–75
Equipment	2–50
Infrastructure	2–50
Software	2–25
Right-to-Use Lease Assets	See Above
Right to-Use Subscription Assets	See Above

Selected agencies, business-type entities, and component units may utilize estimated lives and policies that differ from the above for various reasons.

P. Deferred Outflows of Resources

Deferred outflows of resources are a consumption of net assets by the government that is applicable to a future reporting period. Deferred outflows have a natural debit balance and, therefore increase net position similar to assets (see Notes 15, 16, 17, and 19).

Q. Accounts Payable

Accounts payable represent amounts, including salaries and wages, owed for goods and services received prior to year-end. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, accounts payable also includes payments for nonexchange transactions that met eligibility requirements prior to fiscal year-end (see Note 26).

R. Unearned Revenue

Unearned revenue represents monies received or revenues accrued but not earned as of June 30, 2025.

In the special revenue funds, unearned revenue is composed primarily of prepaid toll revenue, contributions from localities and private sectors for highway construction projects, multi-year vehicle registrations recorded in the Commonwealth Transportation Fund (major); federal grants (including COVID-19 funding) in the Federal Trust Fund (major); and multi-year motor vehicle safety inspections, emission inspections, mining permits, and casino, hunting, fishing and trapping licenses, and annual registration fees recorded in the Other and Health and Social Services Funds (nonmajor).

In the enterprise funds, a majority of unearned revenue represents online ticket monies received by the Virginia Lottery (major) for which corresponding drawings have not been held; monies for products that have not been shipped yet by Virginia Industries for the Blind (nonmajor), test kits and certifications from Consolidated Labs (nonmajor) which are paid for prior to shipping and certification being performed; and online sales of product where customers prepay before picking up and gift cards in the Alcoholic Beverage Control (nonmajor).

Unearned revenue in the internal service funds primarily represents prepaid rent and work orders in the Property Management Fund.

Unearned revenue reported by higher education institutions (nonmajor component units) is primarily composed of revenue for student tuition accrued in advance of the semester and advance payments on grants and contracts. Unearned revenues in the other component units consist primarily of prepaid fees related to various future activities.

S. Unearned Taxes

Unearned taxes represent income taxes related to the period January through June 2025. This amount is the estimate to be refunded (overpayments by taxpayers) reduced by the estimate to be received (underpayments from taxpayers) that will be finalized when income tax returns are filed in subsequent years. Individual income tax estimated overpayments total \$1.3 billion and estimated underpayments total \$2.0 billion. When underpayments exceed overpayments, revenue on the fund statements is only recognized to the extent of estimated overpayments. Since underpayments exceed overpayments for the individual income taxes, the unearned tax amount is zero for the fiscal year.

Corporate income tax estimated overpayments total \$74.7 million and estimated underpayments total \$122.4 million. When underpayments exceed overpayments, revenue on the fund statements is only recognized to the extent of estimated overpayments. Since underpayments exceed overpayments for the corporate income taxes, the unearned tax amount is zero for the fiscal year.

T. Obligations Under Securities Lending Program

In accordance with GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions*, liabilities resulting from these transactions have been recorded as obligations under securities lending transactions.

U. Due to Claimants, Participants, Escrows and Providers

Due to claimants, participants, escrows and providers represent monies that the Commonwealth is holding on behalf of third parties as of June 30, 2025. In governmental funds, the majority of the amount

represents unemployment benefit claims and estimated unclaimed and escheat property that the Commonwealth is holding until claimed by the rightful owner.

In the enterprise funds, the amounts represent payments due to benefit claimants and employers for tax overpayments in the Unemployment Compensation Fund (major) and to participants of the Defined Benefit 529 Program in the Commonwealth Savers Plan (major).

In the private purpose trust funds, the amounts represent payments due to participants in the Defined Contribution 529 Program offered by the Commonwealth Savers Plan.

In the Custodial Funds - Other, the amounts represent accounts of inmates of the Commonwealth's correctional facilities.

V. Other Liabilities

Other liabilities represent amounts owed for various governmental and proprietary activities. Some of these amounts will be paid shortly after fiscal year-end (see Note 27).

W. Insurance Claims Payable

Insurance claims payable, reported in the proprietary funds of the primary government, represent both health and liability insurance claims payable as of June 30, 2025. This includes both actual claims submitted, as well as actuarially determined claims incurred but not reported. Claims relating to the primary government's liability insurance programs are reported in the Risk Management - internal service fund and the Risk Management - nonmajor enterprise fund. Also, health insurance claims are reported in the Health Care - internal service fund, the Local Choice Health Care - nonmajor enterprise fund and Line of Duty - internal service fund and nonmajor enterprise fund (see Notes 25.A. and 25.B.). Claims payable reported by the Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University - nonmajor component unit) represents estimated malpractice, workers' compensation, and other insurance coverages claims payable amounts.

X. Long-term Liabilities

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column. The governmental fund statements reflect the portion of long-term liabilities that will be paid from expendable resources that represent payments to employees for separations that occurred prior to June 30, 2025. The proprietary fund statements and discrete component unit statements reflect total long-term liabilities and distinguish between those portions payable within one year and those payable in future years (see Note 28).

Bond premiums and discounts are amortized over the life of the bond. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, excluding prepaid insurance, are expensed.

Expenditures for principal and interest payments for governmental fund general obligation bonds and revenue bonds are recognized in the Debt Service Fund (nonmajor) when due. In the General Fund (major) and special revenue funds, expenditures for principal and interest payments are recognized for long-term leases, long-term SBITAs and installment purchases. In the fund statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures (see Note 28).

Y. Deferred Inflows of Resources

Deferred inflows of resources are an acquisition of net assets by the government that is applicable to a future reporting period. Deferred inflows have a natural credit balance and, therefore decrease net position similar to liabilities (see Notes 15, 17, 19 and 39).

Z. Nonspendable Fund Balances

Nonspendable fund balances indicate the portion of fund balance that cannot be spent because it is either not in spendable form or is legally or contractually required to be maintained intact.

AA. Restricted Fund Balances

Restricted fund balances are amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

BB. Committed Fund Balances

Committed fund balance includes amounts that must be spent for specific purposes that have been legislatively mandated by the Governor and General Assembly. Further action by the Governor and the General Assembly would be required to modify these commitments.

CC. Assigned Fund Balances

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Assignments are identified by Commonwealth management pursuant to the delegation of authority granted by the General

Assembly and Governor specified in the Appropriation Act.

DD. Unassigned Fund Balances

Unassigned fund balance is the amount of fund balance that has not been assigned to other funds and has not been restricted, committed or assigned to specific purposes within the General Fund (major). The General Fund is the only fund that could potentially report a positive unassigned fund balance amount. For fiscal year 2025, there are no unassigned balances in the governmental funds.

EE. Cash Management Improvement Act

Included in Amounts Due to Other Governments is the Commonwealth's Cash Management Improvement Act (CMIA) interest liability to the federal government, which is calculated in accordance with the interest calculation and exchange provisions of the Federal Cash Management Improvement Act of 1990. The Commonwealth's interest liability is subject to review and final confirmation by the Bureau of the Fiscal Service (BFS) of the U.S. Treasury. If required, the payment is to be made on March 31 of the following year. Payment will be made from a sum sufficient appropriation authorized for this purpose by the Appropriation Act. The CMIA interest rate of exchange is based by law on the average of the bond equivalent rates of 13-week Treasury Bills auctioned during the annual reporting period as calculated by BFS.

FF. Investment Income

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investment income reported in the accompanying financial statements includes changes in the fair value of investments and the amount reported may be negative. Additionally, the Commonwealth's policy is to record all unrealized gains or losses for the State Treasurer's Portfolio in the General Fund. For Pension and Other Employee Benefit Trust Funds, the Interest, Dividends, and Other Investment Income includes Net Appreciation/Depreciation at Fair Value of Investments.

GG. Intrafund Eliminations

Eliminations have been incorporated into the report to eliminate intrafund transactions within the related fund type. These eliminations prevent overstatement of financial activity.

HH. Interfund Activity

Generally, the effect of interfund activity has been eliminated from the government-wide statements, with the exception of interfund services provided and used between functions. Elimination of these activities would distort the direct costs and program revenues for the functions.

In the fund financial statements, transfers represent the movement of resources or the accrual to move resources between funds. For example, transfers are recorded when a fund receives revenue and subsequently disburses the resources to another fund for expenditure.

2. RESTATEMENT OF BEGINNING BALANCES

The beginning balance restatements resulted from the following:

Government-wide Activities

Governmental Activities

- The Commonwealth implemented GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year ended June 30, 2025. This implementation resulted in restated beginning balances of \$131.3 million. The Long-term Liabilities for compensated absences were understated and Net Position was overstated.
- The Right-to-Use Subscription-Based Information Technology Arrangements (SBITAs) were understated by \$55.8 million for the Governmental Activities due to error corrections predominately by the Department of Labor and Industry, the Library of Virginia, the Virginia Department of Health, the Virginia Department of Transportation, the Virginia Department of Social Services, and the Department of Human Resource Management, along with system programming errors at the Department of Accounts. The Construction in Progress for SBITAs was overstated by \$6.3 million for the Governmental Activities due to error corrections predominately by the Virginia Department of Transportation.
- Long-term Liabilities were understated by \$32.4 million for Governmental Activities due to error corrections predominately by the Library of Virginia, the Virginia Department of Health, the Virginia Department of Transportation, the Virginia Department of Social Services, and the Department of Human Resource Management. The Long-term Liabilities for SBITAs were understated and the Net Position-Net Investment in Capital Assets was overstated.
- Capital Asset balances were understated by \$51.6 million. Nondepreciable Capital Assets were overstated by \$72.6 million and depreciable capital assets were understated by \$124.2 million. The restatements were predominantly a result of errors by the Department of General Services, Department of Transportation (VDOT), Department of Corrections, Department of Aging and Rehabilitative Services, Department of State Police, and Department of Social Services.
- The Hampton Roads Transportation Accountability Commission Capital Projects Fund (nonmajor governmental) has been restated for a VDOT interest reporting error for interest earned on the funding advances related to the Hampton Roads Bridge-Tunnel Expansion Project. The error resulted from the omission of interest earned on certain investments held at year-end. The correction increased interest income and net position by \$1.7 million.

Business-Type Activities

The government-wide and fund statements were restated for the following:

- As a result of the implementation of GASB Statement No. 101 as discussed previously, Virginia Lottery (major), Commonwealth Savers Plan (major), and numerous nonmajor enterprise funds have restated beginning balances by \$406,733, \$122,155, and \$3.1 million, respectively. The Long-term Liabilities for compensated absences were understated and the Net Position-Unrestricted line item was overstated.
- The Commonwealth Savers Plan (major) has been restated for an actuarial error. The Long-term Liabilities for educational benefits payable were understated by \$9.2 million and the Net Position-Unrestricted line item was overstated.

Fund Statements

- The Hampton Roads Transportation Accountability Commission Capital Projects Fund (nonmajor governmental) has been restated by \$1.7 million as previously discussed.
- As a result of the implementation of GASB Statement No. 101 as discussed previously, the following funds have been restated:
 - Virginia Lottery (major), Commonwealth Savers Plan (major), and numerous nonmajor enterprise funds have restated beginning balances by \$406,733, \$122,155, and \$3.1 million, respectively.
 - Internal Service funds have been restated by \$1.6 million.
- The Commonwealth Savers Plan (major enterprise) has been restated by \$9.2 million as previously discussed.

Component Units

The government-wide and fund statements were restated for GASB Statement No. 101 resulting in a change in accounting principle for the following:

- Higher education institutions (nonmajor component units) restatements total \$91.8 million. The Long-term Liabilities for compensated absences were understated by \$91.8 million and the following line items were overstated: Net Position-Unrestricted \$91.3 million and Net Position-Restricted for Expendable-Higher Education \$513,515.
- Other Component unit GASB Statement No. 101 restatements total \$11.8 million. The Long-term Liabilities for compensated absences were understated and Net Position-Unrestricted overstated.

Old Dominion University (nonmajor component unit) had a restatement for a change in reporting entity because of the merger with the Eastern Virginia Medical School effective July 1, 2024. The effect of this restatement is shown in the Beginning Net Position/Beginning Fund Balance table. Additional information regarding the merger can be found in the institution's separately issued financial statements.

The following nonmajor component units have restatements for error corrections that total \$37.2 million:

- University of Virginia - The following line items were understated: Other Capital Assets, Net, \$32.4 million, Net Position-Net Investment In Capital Assets \$27.1 million. In addition, the following line items were overstated: Receivables, Net \$59.2 million, Net Position-Restricted for Expendable-Higher Education \$5.7 million, and Net Position-Unrestricted \$48.2 million. These restatements are primarily related to errors regarding accounting for receivables, and capital assets.
- Norfolk State University - The following line items were understated: Nondepreciable Capital Assets \$3.5 million, Other Capital Assets, Net \$9.7 million, and Net Investment in Capital Assets \$13.2 million. These restatements are for errors regarding accounting for capital assets.
- Old Dominion University - The following line items were understated: Cash and Cash Equivalents \$1.6 million, Investments \$55,351, Inventory \$53,071, Other Assets \$391,658, Other Capital Assets, Net \$10.4 million, Net Investment in Capital Assets \$10.4 million, and Net Position-Unrestricted \$2.1 million. These restatements are primarily related to errors regarding accounting for capital assets.
- Longwood University - Long-term Liabilities for other was understated by \$19.1 million and Net Position-Unrestricted was overstated by \$19.1 million. These restatements are primarily related to liabilities between the University and foundations that have a calendar year-end.
- Virginia Biotechnology Research Partnership Authority - Unearned Revenue/Refundable Grant Advances were understated by \$13.3 million. Non-Depreciable Capital Assets were overstated \$3.7 million.

Beginning Net Position/Fund Balance Restatement

(Dollars in Thousands)

	Balance as of June 30, 2024	Change in Accounting Principle for GASB Statement No. 101, Compensated Absences	Changes to or within Financial Reporting Entity	Error Corrections	Balance as of June 30, 2024, as restated
Government-wide Activities:					
Primary Government:					
Governmental Activities	\$ 47,183,073	\$ (131,326)	\$ —	\$ 70,439	\$ 47,122,186
Business-Type Activities	3,507,842	(3,587)	—	(9,218)	3,495,037
Total Primary Government	<u>\$ 50,690,915</u>	<u>\$ (134,913)</u>	<u>\$ —</u>	<u>\$ 61,221</u>	<u>\$ 50,617,223</u>
Component Units	<u>\$ 47,815,147</u>	<u>\$ (103,633)</u>	<u>\$ 562,522</u>	<u>\$ (37,191)</u>	<u>\$ 48,236,845</u>
Fund Statements:					
Governmental Funds					
Major Governmental Funds:					
General	\$ 14,887,340	\$ —	\$ —	\$ —	\$ 14,887,340
Special Revenue Funds:					
Commonwealth Transportation	5,829,903	—	—	—	5,829,903
Federal Trust	223,720	—	—	—	223,720
Literary	562,483	—	—	—	562,483
Nonmajor Governmental Funds	4,109,476	—	—	1,734	4,111,210
Total Governmental Funds	<u>\$ 25,612,922</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,734</u>	<u>\$ 25,614,656</u>
Proprietary Funds					
Major Enterprise Funds:					
Virginia Lottery	\$ (21,726)	\$ (407)	\$ —	\$ —	\$ (22,133)
Commonwealth Savers Plan	1,818,372	(122)	—	(9,218)	1,809,032
Unemployment Compensation	1,463,031	—	—	—	1,463,031
Nonmajor Enterprise Funds	251,278	(3,058)	—	—	248,220
Total Enterprise Funds	<u>\$ 3,510,955</u>	<u>\$ (3,587)</u>	<u>\$ —</u>	<u>\$ (9,218)</u>	<u>\$ 3,498,150</u>
Internal Service	<u>\$ 197,935</u>	<u>\$ (1,564)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 196,371</u>
Component Units:					
Virginia Housing Development Authority	\$ 3,859,472	\$ —	\$ —	\$ —	\$ 3,859,472
Virginia Public School Authority	67,547	—	—	—	67,547
Virginia Resources Authority	2,558,253	—	—	—	2,558,253
Virginia College Building Authority	(5,394,495)	—	—	—	(5,394,495)
Nonmajor Component Units	46,724,370	(103,633)	562,522	(37,191)	47,146,068
Total Component Units	<u>\$ 47,815,147</u>	<u>\$ (103,633)</u>	<u>\$ 562,522</u>	<u>\$ (37,191)</u>	<u>\$ 48,236,845</u>

3. NET POSITION/FUND BALANCE CLASSIFICATIONS

Fund Balance

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, improved the reporting of fund balance so that classifications are more easily understood and can be applied consistently between information reported in the government-wide financial statements and the governmental fund financial statements. The governmental fund balance classifications defined in GASB Statement No. 54 are: Nonspendable, Restricted, Committed, Assigned, and Unassigned.

Nonspendable fund balance includes inventories, prepaid items, and the principal of a permanent fund. These funds are not available for expenditure in the current or following period.

Restricted fund balance includes amounts that have constraints placed on the use of resources by the Constitution of Virginia or a party external to the Commonwealth.

Committed fund balance includes amounts that must be spent for specific purposes that have been legislatively mandated by the Governor and General Assembly.

Assigned fund balance represents amounts that the Commonwealth has identified for planned purposes but for which the intended use is not legislatively mandated. The assignments are identified by Commonwealth management pursuant to the delegation of authority granted by the General Assembly and Governor specified in the Appropriation Act. The following schedule includes committed and assigned amounts that share the same purpose and title. The distinction between these classifications results from whether there is a statutory restriction on certain amounts contained within the fund.

Unassigned fund balance for the General Fund represents the residual classification. As of June 30, no unassigned fund balance is reported for the General Fund (major). Additionally, a negative amount indicates that restricted and committed amounts exceed the available modified accrual basis fund balance. For fiscal year 2025, there are no unassigned balances in the governmental funds.

The governmental fund balance classifications and amounts as of June 30, 2025, are shown in the following table.

Governmental Fund Balance Classifications

(Dollars in Thousands)

	General Fund	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental	Total
Nonspendable						
Inventory	\$ 48,666	\$ 114,310	\$ 72,202	\$ —	\$ 5,916	\$ 241,094
Prepaid Items	33,906	120,671	5,263	—	122,884	282,724
Permanent Funds	—	—	—	—	51,917	51,917
Total Nonspendable	82,572	234,981	77,465	—	180,717	575,735
Restricted						
Agriculture and Forestry	—	—	—	—	11,463	11,463
Capital Projects/Construction/Capital Acquisition	—	—	—	—	1,732,881	1,732,881
COVID-19	—	300	5,870	—	—	6,170
Debt Service	—	—	—	—	86,657	86,657
Economic and Technological Development	—	—	—	—	154	154
Educational and Training Programs	—	—	—	—	4,190	4,190
Employee Benefit Administration	—	—	—	—	8,681	8,681
Environmental Quality and Natural Resource Preservation	—	—	—	—	17,155	17,155
Gifts and Grants	—	84,656	125,286	—	3,495	213,437
Government Operations:						
Administrative Services	—	—	—	—	3,577	3,577
Health and Public Safety	—	—	—	—	130,491	130,491
Literary Fund	—	—	—	708,541	—	708,541
Lottery Proceeds Fund	65,336	—	—	—	—	65,336
Revenue Stabilization Fund	2,882,213	—	—	—	—	2,882,213
Transportation Activities	—	161,173	—	—	—	161,173
Unclaimed and Escheats	—	—	—	—	112,684	112,684
Virginia Water Supply Assistance Grant Fund	21,088	—	—	—	—	21,088
Total Restricted	2,968,637	246,129	131,156	708,541	2,111,428	6,165,891
Committed						
Agriculture and Forestry	3,559	—	—	—	51,882	55,441
Amount Required for Mandatory Reappropriation	1,618,832	—	—	—	—	1,618,832
Amount Required for Reappropriation of 2025 Unexpended Balances for Capital Outlay and Restoration Projects	2,938,536	—	—	—	—	2,938,536
Capital Projects/Construction/Capital Acquisition	6,130	—	—	—	680	6,810
Central Capital Planning Fund	55,039	—	—	—	—	55,039
Commonwealth's Development Opportunity Fund	148,020	—	—	—	—	148,020
Contract and Debt Administration	14	—	—	—	3,750	3,764
COVID-19	—	—	—	—	2,622	2,622
Economic and Technological Development	978,243	—	—	—	399,973	1,378,216
Educational and Training Programs	572,823	7,258	—	—	17,469	597,550
Environmental Quality and Natural Resource Preservation	101,364	—	—	—	364,831	466,195
Gifts and Grants	—	—	—	—	3,815	3,815
Government Operations:						
Administrative Services	9,720	—	—	—	110,894	120,614
Legislative Services	—	—	—	—	549	549
Health and Public Safety	126,156	1,746	—	—	626,740	754,642
Individual Income Tax Rebate	63	—	—	—	—	63
Local Government Fiscal Distress	750	—	—	—	—	750
Natural Disaster Sum Sufficient	47,620	—	—	—	—	47,620
Regulatory Oversight	—	—	—	—	176,471	176,471
Reserve for Potential Federal Fund Reduction Impact	184,468	—	—	—	—	184,468
Revenue Reserve Fund	2,179,384	—	—	—	—	2,179,384
Taxpayer Relief Fund	70	—	—	—	—	70
Transportation Activities	78,184	5,703,913	—	—	1,613	5,783,710
Virginia Communication Sales and Use Tax	9,732	—	—	—	—	9,732
Virginia Health Care Fund	26,344	—	—	—	—	26,344
Virginia Military Survivors and Dependents Education Program	65,000	—	—	—	—	65,000
Virginia Water Quality Improvement Fund	796,670	—	—	—	—	796,670
Virginia Water Quality Improvement Fund - Part A	55,200	—	—	—	—	55,200
Virginia Water Quality Improvement Fund - Part B	52,695	—	—	—	—	52,695
Total Committed	10,054,616	5,712,917	—	—	1,761,289	17,528,822
Assigned						
Agriculture and Forestry	—	—	—	—	1,474	1,474
Economic and Technological Development	529	—	—	—	3,258	3,787
Educational and Training Programs	266	—	—	—	14,284	14,550
Employee Benefit Administration	295	—	—	—	—	295
Environmental Quality and Natural Resource Preservation	592	—	—	—	12,697	13,289
Capital Projects/Construction/Capital Acquisition	39	—	—	—	—	39
COVID-19	16	—	—	—	—	16
Government Operations:						
Administrative Services	538	—	—	—	16	554
Legislative Services	216	—	—	—	—	216
Health and Public Safety	950	—	—	—	26,360	27,310
Regulatory Oversight	—	—	—	—	4	4
Transportation Activities	—	860	—	—	—	860
Total Assigned	3,441	860	—	—	58,093	62,394
Total Fund Balance	\$ 13,109,266	\$ 6,194,887	\$ 208,621	\$ 708,541	\$ 4,111,527	\$ 24,332,842

4. DEFICIT FUND BALANCES/NET POSITION

The Virginia Lottery (major enterprise fund), the Department of General Services' Consolidated Laboratory Services Fund, the Department of Environmental Quality's Title V Air Pollution Permit Fund, the Virginia Museum of Fine Arts Gift Shop (nonmajor enterprise funds), and the Payroll Service Bureau (internal service fund) ended the year with deficit net positions of \$20.6 million, \$266,562, \$6.2 million, \$1.3 million, and \$1.1 million, respectively. This was solely attributable to the net pension liability resulting from GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and the other postemployment benefits (OPEB) obligation resulting from GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The Enterprise Application Fund (internal service fund) ended the year with a deficit net position balance of \$14.4 million. The deficit was a result of working capital advances for the Human Capital Management System and noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Property Management Fund (internal service fund) ended the year with a deficit net position balance of \$59.6 million. The deficit was a result of long-term lease liabilities exceeding the amortized lease assets. Further, there are noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Risk Management Fund (internal service fund) ended the year with a deficit net position balance of \$229.8 million. The deficit was the result of the Worker's Compensation Program having estimated insurance claims payable exceeding the available equity in the fund. Claims are paid on a pay-as-you-go basis. To the extent that claims exceed current resources, they will ultimately become a liability of the fund from which the claim originated. Further, there are noncurrent liabilities related to net pension liabilities and other postemployment benefit obligations.

The Virginia College Building Authority (major component unit) ended the year with a deficit net position balance of \$5.2 billion. This deficit occurs because the Authority issued bonds for the 21st Century College and Equipment programs subject to future appropriations from the General Fund of the Commonwealth without any other security. These future appropriations are not included as assets of the Authority. The General Assembly has never failed to appropriate funds to the Authority for payment of debt service on the Authority's bonds.

The Southern Virginia Higher Education Center (nonmajor component unit) ended the year with a deficit net position balance of \$1.1 million. This deficit is solely attributable to net pension liability and other postemployment benefit obligations.

The Virginia Economic Development Partnership (nonmajor component unit) ended the year with a deficit net position balance of \$13.7 million. This deficit is solely attributable to net pension liability and other postemployment benefit obligations.

5. REVENUE STABILIZATION FUND

In accordance with Article X, Section 8 of the Constitution of Virginia, the amount estimated as required for deposit to the Revenue Stabilization Fund must be appropriated for that purpose by the General Assembly.

Under the provisions of Article X, Section 8 of the Constitution of Virginia, no deposit is required during fiscal year 2026 based on fiscal year 2024 revenue collections. Also, no deposit is required during fiscal year 2027 based on fiscal year 2025 revenue collections.

Section 2.2-1829(b) of the Code of Virginia requires an additional deposit into the Fund when specific criteria have been met. No such deposit is required since the specified criteria were not met for fiscal year 2025.

The Revenue Stabilization Fund has principal and interest on deposit of \$2.9 billion restricted as a part of the General Fund balance. Pursuant to the constitutional amendment of Article X, Section 8, effective January 1, 2011, the amount on deposit cannot exceed 15.0 percent of the Commonwealth's average annual tax revenues derived from taxes on income and retail sales for the preceding three fiscal years. As of June 30, 2025, the constitutional maximum for the upcoming fiscal year is \$4.2 billion.

6. REVENUE RESERVE FUND

Section 2.2-1831.2 of the *Code of Virginia* established the Revenue Reserve Fund. As of June 30, 2025, the fund has principal and interest on deposit of \$1.9 billion committed as part of the General Fund balance. This amount is set aside to mitigate certain anticipated revenue shortfalls when appropriations based on previous revenue forecasts exceed expected revenues in subsequent forecasts.

A deposit of \$294.5 million was made during fiscal year 2025. This amount represents the fiscal year 2024 revenue collected in excess of the estimate reduced by the amounts appropriated in Chapter 1, 2024 Acts of Assembly Special Session I, for the I-81 Corridor Improvement Program and Water Quality Improvement Fund Matching Grants, as well as the statutory deposit to the Water Quality Fund for excess revenues.

Withdrawals totaling \$432.8 million were made during fiscal year 2025 pursuant to Chapter 725, 2025 Acts of Assembly Reconvened Session. Section 3-1.01 J3 required a withdrawal of \$332.3 million and revised the combined amount that can be deposited in the Revenue Stabilization and Revenue Reserve Fund. For fiscal year 2025, the revised limit is \$4.7 billion representing 17.53 percent of the Commonwealth's average annual tax revenues derived from the certified taxes on income and retail sales for the preceding three fiscal years. An additional withdrawal of \$100.5 million was made pursuant to Section 3-1.01 J2 to reduce the combined balance to the \$4.7 billion specified limitation.

Sections 2.2-1831.3 of the *Code of Virginia* specifies the required deposits to the fund. Whenever there is a fiscal year in which there is not a mandatory deposit to the Revenue Stabilization Fund, a deposit is required if the general fund revenue exceeds the official estimate. The

amount to be deposited shall not exceed one percent of the general fund revenues collected in the prior fiscal year. The Department of Planning and Budget has identified a deposit of \$312.3 million to be made to the fund during fiscal year 2026. This amount represents the fiscal year 2025 revenue collected in excess of the estimate reduced by the amounts appropriated in Chapter 725, for the \$20.0 million committed for the 2025 Virginia military survivors and dependents education program, as well as the statutory deposit to the Water Quality Fund for excess revenues. As of June 30, 2025, the constitutional maximum for the upcoming fiscal year is \$2.8 billion.

7. 2025 INDIVIDUAL INCOME TAX REBATE

The 2025 Individual Income Tax Rebate is authorized by Chapter 725, 2025 Acts of Assembly Reconvened Session, Item 258 GG and is in addition to any refund pursuant to §58.1-309 of the *Code of Virginia*. Qualifying individuals and married persons filing jointly are entitled to an additional tax rebate of \$200 or \$400, respectively. The rebates were disbursed subsequent to June 30. Accordingly, \$977.8 million is reported as a liability in the accompanying financial statements.

8. CASH, CASH EQUIVALENTS, AND INVESTMENTS

As of June 30, 2025, the carrying amount of cash for the primary government (including the Virginia Retirement System Pooled Investments) was \$13.2 billion which includes \$50.0 million in non-negotiable certificates of deposits and the bank balance was \$829.7 million. The carrying amount of cash for component units was \$3.4 billion and the bank balance was \$1.6 billion. Differences between carrying amounts and bank balances are primarily due to timing differences, including, but not limited to, outstanding checks, deposits in transit, and bank service charges. Cash equivalents are investments with an original maturity of 90 days or less. Cash and cash equivalents for foundations (component units) totaled \$950.6 million as of year-end. A portion of this amount and some balances during the year exceeded Federal Deposit Insurance Corporation (FDIC) insurance coverage. Foundation investments are disclosed in the Interest Rate Risk section of this note. Note 8 includes investment derivatives for the primary government and excludes derivatives for the component units. For additional information concerning derivative instruments, see Note 16.

For purposes of this note, primary government includes governmental, business-type activities, and fiduciary funds. The majority of deposits of the primary government and the component units, excluding foundations (component units), are secured in accordance with the provisions of the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the *Code of Virginia*. The act requires any public depository that receives or holds public deposits to pledge collateral to the Treasury Board to cover public deposits in excess of Federal deposit insurance. The required collateral percentage is determined by the Treasury Board and ranges from 50.0 percent to 100.0 percent for financial institutions choosing

the pooled method of collateralization, and from 105.0 percent to 130.0 percent for financial institutions choosing the dedicated method of collateralization. As stated in Note 1.FF, unrealized gains or losses for the State Treasurer's Portfolio are recorded in the General Fund. Public Depositors are required to secure their deposits pursuant to several applicable provisions of the law.

The Local Government Investment Pool Act, Section 2.2-4600 of the *Code of Virginia*, created the Local Government Investment Pool (Pool) program for the benefit of public entities of the Commonwealth. The Treasury Board of Virginia is granted administration of the Local Government Investment Pool (LGIP) and Local Government Investment Pool – Extended Maturity (LGIP EM) on behalf of the participating public entities of the Commonwealth. Participation in this pool is voluntary. Both LGIP and LGIP EM offer two professionally managed investment portfolios in accordance with the Investment of Public Funds Act. The LGIP portfolio is a diversified portfolio structured to provide public entities an investment alternative that seeks to minimize the risk of principal loss while offering daily liquidity, a stable Net Asset Value (NAV), and a competitive rate of return. The LGIP is not registered with the Securities Exchange Commission (SEC) as an investment company. The LGIP EM portfolio is a diversified portfolio with fluctuating NAV structured to provide an investment alternative to public entities who wish to invest monies not needed for daily liquidity. The fair value of the Commonwealth's position in the Pool is the same as the value of the Pool shares for all except for the LGIP EM whose shares fluctuate with changes in the fair value of the portfolio.

Certain deposits are held by trustees in accordance with the Trust Subsidiary Act, Section 6.2-1057 of the *Code of Virginia*. The act requires that cash held by trustees while awaiting investment or distribution is not to be used by an affiliate bank of the trustee in the conduct of its business unless the affiliate bank delivers securities to the trust department as collateral that is at least equal to the fair value of the trust funds held on deposit in excess of amounts insured by the FDIC.

The Commonwealth is authorized, in accordance with the guidelines set forth in Section 2.2-4500 et seq. of the *Code of Virginia*, to invest public funds in the following:

- U.S. Treasury and agency securities
- Corporate debt securities
- Asset-backed securities
- Mortgage-backed securities
- Municipal securities
- AAA rated obligations of foreign governments
- Bankers' acceptances and bank notes
- Commercial Paper
- Negotiable certificates of deposit
- Repurchase agreements
- Money market funds

Permitted investments include agency mortgage-backed securities, corporate or private label mortgage-backed securities, and asset-backed securities, which by definition usually expose the investor to prepayment risk. Prepayment risk, or the prepayment option granted the

borrower, can create uncertainty concerning cash flows, can affect the price of the security causing negative convexity, and can expose the investor to reinvestment risk. Similarly, many agency and corporate securities are callable after some predetermined date at a predetermined price. The call options in regular agency debentures and some corporate securities can be open ended and may significantly impact cash flows, security pricing, and reinvestment risks of these securities.

As of June 30, 2025, the State Treasurer held no security that was in default as to principal or interest. In addition, the State Treasurer held four securities in external manager accounts that were out of compliance with guidelines. Two securities in the form of corporate bonds and notes that totaled \$2.6 million and one asset-backed security for \$4.8 million were out of compliance due to credit rating downgrades. One asset-backed security for \$1.7 million was out of compliance due to a maturity that was extended to more than five years. In all instances, the external managers notified the State Treasurer of the violations per investment guidelines and were allowed to hold the securities.

Public funds held by the Commonwealth, public officers, municipal corporations, political subdivisions, and any other public body of the Commonwealth shall be held in trust for the citizens of the Commonwealth. Any investment of such funds shall be made solely in the interest of the citizens of the Commonwealth and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Certain investments held in trust by the State Treasurer in accordance with bond indentures and resolutions may have more restrictive investment policies. Investment policies of component units are established by the entity's governing boards.

The information presented for the external investment pool was obtained from audited financial statements. Copies of the LGIP report may be obtained from the Department of the Treasury website at www.trs.virginia.gov.

The Board of Trustees (the Board) of the Virginia Retirement System (the System) (part of primary government) has full power to invest and reinvest the trust funds in accordance with Section 51.1-124.30 of the *Code of Virginia*, as amended. This section requires the Board to discharge its duties solely in the interests of members, retirees, and beneficiaries. It also requires the Board to invest the assets with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Board must also diversify such investments so as to minimize the risk of large losses, unless under the circumstances, it is clearly prudent not to do so. The Board does not have investment policies that place specific restrictions on investments related to custodial risk, interest rate risk,

credit risk, or foreign currency risk. The System's investment portfolio is intended to be managed through diversification and prudent judgment, rather than through specific policy restrictions.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of a depository bank failure, the Commonwealth may not be able to recover deposits or collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the Commonwealth may not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Policies related to custodial credit risk pertaining to the Commonwealth's securities lending program are found in the securities lending section of this note.

As of June 30, 2025, the primary government (excluding the System's pooled investments) had \$2.9 million in bank balances that were uninsured and uncollateralized. There is no deposit policy that addresses custodial credit risk.

As of June 30, 2025, investment securities for the System (excluding cash equivalents and repurchase agreements held as securities lending collateral) were registered and held in the name of the System for the benefit of the System's trust and custodial funds and were not exposed to custodial credit risk. It is the standard practice and policy of the System, through the relevant provisions in its contracts and agreements with third parties, to minimize all known and reasonably foreseeable custodial credit risks.

As of June 30, 2025, component units had \$57.7 million in bank balances that were uninsured and uncollateralized, and \$5.9 million in bank balances that were uninsured and collateralized with securities held by the pledging financial institution. The Virginia Housing Development Authority (major) and Old Dominion University (nonmajor) held \$53.6 million, primarily in Commercial Paper, and \$1.2 million, respectively, that were uninsured and held by the counterparty as of June 30, 2025. In addition, the Virginia Small Business Financing Authority (nonmajor) had \$916,289 of cash equivalents that were uninsured and not registered in the government's name as of June 30, 2025.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. As discussed in Note 1.F., the Commonwealth discloses the risk for its debt investments using the segmented time distribution method for the primary government (excluding Commonwealth Savers' Defined Benefit 529 and Defined Contribution 529 programs and the Virginia Retirement System Pooled Investments) and component units. The effective duration method is used for Commonwealth Savers (Defined Benefit 529 and Defined Contribution 529 programs) and the System (Virginia Retirement System Pooled Investments).

The State Treasurer's guidelines limit the following maximum durations for any single security of the following investment types:

Security Type	Maximum Duration
Corporate Security	15 years
Asset-Backed Securities	5 years
Sovereign Government Obligations (excluding U.S.)	5 years
Negotiable Certificates of Deposit and Negotiable Bank Notes	5 years

The State Treasurer's guidelines further describe target durations for the overall general account portfolio of 1.7 years.

Commonwealth Savers manages the risk for fixed income investment securities held in its Defined Benefit 529 and Defined Contribution 529 programs using the effective duration methodology. Commonwealth Savers' Statements of Investment Policy and Guidelines do not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Although not an explicit requirement, duration of fixed income portfolios, if applicable, is expected to be within 20.0 percent of each portfolio's designated benchmark.

The System also manages the risk within its portfolio using the effective duration methodology. It is widely used in the management of fixed income portfolios in that it quantifies, to a much greater degree, the risk of interest rate changes. The methodology takes into account optionality on bonds and scales the risk of price changes on bonds depending on the degree of change in rates and the slope of the yield curve.

As of June 30, 2025, the System's investments included \$3.1 billion, primarily in U.S. Treasury bonds, corporate bonds and notes, and municipal and agency unsecured bonds and notes, which are highly sensitive to interest rate fluctuations in that they have an option adjusted duration of greater than ten years. The resulting reduction in expected total cash flows affects the fair value of these securities.

As of June 30, 2025, the Commonwealth's investments subject to interest rate risk had the following maturities and weighted average effective durations.

Primary Government Investments

(Excluding Commonwealth Savers Plan and Virginia Retirement System Pooled Investments)
(Dollars in Thousands)

Investment Type	June 30, 2025	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
<u>Debt Securities</u>					
Agency Mortgage-Backed Securities	\$ 1,966,420	\$ 61,613	\$ 427,953	\$ 93,916	\$ 1,382,938
Agency Unsecured Bonds and Notes	3,702,932	1,694,875	2,006,777	1,270	10
Asset-Backed Securities	1,886,072	1,677	1,110,407	153,045	620,943
Commercial Paper	10,724,181	10,724,181	—	—	—
Corporate Bonds and Notes	4,409,910	275,498	3,118,841	839,162	176,409
Fixed Income and Commingled Funds	9,720	2,887	6,833	—	—
Municipal Securities	89,965	19,928	44,506	18,471	7,060
Mutual and Money Market Funds (Includes SNAP)	1,437,557	1,437,470	87	—	—
Negotiable Certificates of Deposit	12,752,327	12,750,855	1,472	—	—
Repurchase Agreements	7,253,162	7,253,162	—	—	—
Supranational and Non-U.S. Government Bonds and Notes	722,395	721,608	787	—	—
U. S. Treasury and Agency Securities	4,712,992	754,310	2,605,242	630,806	722,634
Total	<u>\$ 49,667,633</u>	<u>\$ 35,698,064</u>	<u>\$ 9,322,905</u>	<u>\$ 1,736,670</u>	<u>\$ 2,909,994</u>

Primary Government - Commonwealth Savers Investments

(Dollars in Thousands)

Investment Type	Defined Benefit 529 (Major Enterprise Fund)		Defined Contribution 529 (Private Purpose Trust Fund)	
	June 30, 2025	Weighted Avg. Effective Duration	June 30, 2025	Weighted Avg. Effective Duration
<u>Debt Securities</u>				
Agency Mortgage Backed Securities	\$ 170,606	5.7	\$ 137,935	5.7
Agency Unsecured Bonds and Notes	2,766	8.1	1,232	11.7
Asset Backed Securities	176,267	1.8	144,421	1.7
Convertible Bonds and Notes*	101	1.8	—	—
Corporate Bonds and Notes	433,596	3.8	483,182	4.4
Fixed Income and Commingled Funds	738,348	4.3	682,165	6.2
Guaranteed Investment Contracts	—	—	2,056,916	3.5
Municipal Securities	1,265	13.1	469	7.7
Mutual and Money Market Funds	93,483	<0.1	123,382	<0.1
Supranational and Non-U.S. Government Bonds and Notes	76,405	5.4	229,594	6.4
U. S. Treasury and Agency Securities	71,110	10.4	81,133	9.7
Total	<u>\$ 1,763,947</u>	<u>4.1</u>	<u>\$ 3,940,429</u>	<u>4.3</u>

*Effective duration is calculated using a methodology that takes into account the duration impact of equity warrants and rate-sensitive instruments.

Primary Government - Virginia Retirement System Pooled Investments

(Dollars in Thousands)

Investment Type	June 30, 2025	Weighted Avg. Effective Duration
<u>Debt Securities</u>		
Agencies	\$ 3,343,698	6.3
Asset Backed Securities	157,732	3.4
Collateralized Mortgage Obligations	2,459,008	6.1
Commercial Mortgages	149,796	1.9
Commercial Paper	3,446,763	0.1
Corporate Bonds and Notes	3,849,583	5.0
Fixed Income and Commingled Funds	561,947	< 0.1
Fixed Income Derivatives	40,816	16.0
Municipal Securities	44,024	6.9
Mutual and Money Market Funds	259,685	0.2
Negotiable Certificates of Deposit	2,509,742	0.1
Repurchase Agreements	484,201	< 0.1
Supranational and Non-U.S. Government Bonds and Notes	913,297	6.6
Term Loans	11,431	0.1
Time Deposits	33,443	< 0.1
U. S. Treasury and Agency Securities	10,125,327	6.0
<u>Debt Securities - No Effective Duration</u>		
Collateralized Mortgage Obligations	22,199	N/A
Commercial Mortgages	8,070	N/A
Commercial Paper	32,350	N/A
Corporate Bonds and Notes	12,902	N/A
Fixed Income Derivatives	(396,239)	N/A
Mutual and Money Market Funds	198,277	N/A
Supranational and Non-U.S. Government Bonds and Notes	4,331	N/A
Term Loans	433	N/A
U.S. Treasury and Agency Securities	63,248	N/A
Total	<u>\$ 28,336,064</u>	<u>4.4</u>

Component Unit Investments
(Dollars in Thousands)

Investment Type	June 30, 2025	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Debt Securities					
Agency Mortgage-Backed Securities	\$ 799,757	\$ 38,341	\$ 93,129	\$ 16,091	\$ 652,196
Agency Unsecured Bonds and Notes	1,633,660	1,537,773	95,887	—	—
Asset-Backed Securities	484,120	51,784	346,161	46,126	40,049
Collateralized Mortgage Obligations	39,163	5,111	11,619	2	22,431
Commercial Paper	204,274	204,274	—	—	—
Corporate Bonds and Notes	682,482	79,636	563,908	25,954	12,984
Fixed Income and Commingled Funds	64,462	14,652	37,965	11,845	—
Guaranteed Investment Contracts	13,416	2,902	10,514	—	—
International and Emerging Markets Funds	2,534	—	—	2,534	—
Municipal Securities	168,186	16,298	50,881	71,753	29,254
Mutual and Money Market Funds (Includes SNAP)	2,062,755	1,983,067	70,303	2,499	6,886
Negotiable Certificates of Deposit	76,768	48,193	28,575	—	—
Other Debt Securities	50,943	50,803	88	52	—
Repurchase Agreements	117,779	117,779	—	—	—
Supranational and Non-U.S. Government Bonds and Notes	12,681	196	12,485	—	—
U. S. Treasury and Agency Securities	2,009,293	1,109,877	667,334	166,943	65,139
Total	\$ 8,422,273	\$ 5,260,686	\$ 1,988,849	\$ 343,799	\$ 828,939

Foundation Investments
(Dollars in Thousands)

Investment Type	Amount
Agency Mortgage Backed Securities	\$ 27,885
Asset Backed Securities	76,441
Common and Preferred Stocks	878,114
Corporate Bonds and Notes	325,904
Fixed Income	844,092
Hedge Funds	2,970,665
Index Funds	520,358
Institutional Commingled Funds	7,129,103
Municipal Securities	127,042
Mutual and Money Market Funds	852,995
Negotiable Certificates of Deposit	13,456
Other	2,036,244
Partnerships	1,818,122
Private Equity	3,565,239
Real Estate	1,049,980
Repurchase Agreements	107,286
U.S. Treasury and Agency Securities	608,900
Venture Capital	1,742,565
Total	\$ 24,694,391

Note: Foundations represent FASB reporting entities defined in Note 1.B. A portion of these amounts is reported at cost rather than fair value because fair value was not available or readily determinable.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State Treasurer places emphasis on securities of high credit quality and marketability. At the time of purchase, the following limitations are in place:

- Bankers acceptances: At least two ratings of P-1/A-1/F1 by Moody's Investors Service (Moody's), Standard & Poor's (S&P), or Fitch
- Negotiable CDs and bank notes:
 - maturities of one year or less: At least two ratings of P-1/A-1/F1 by Moody's, S&P, or Fitch
 - maturities over one year: At least two ratings of Aa/AA/AA by Moody's, S&P, or Fitch
- Commercial paper: At least two ratings of P-1/A-1/F1 by Moody's, S&P, or Fitch
- Corporate Notes and Bonds: At least two ratings of A-3/A-/A- by Moody's, S&P, or Fitch. However, each external investment manager may invest up to 15.0 percent of their portfolio in Baa2/BBB rated bonds which, must be rated by two rating agencies and one of the two qualifying ratings shall be at least Baa2/BBB/BBB by Moody's, S&P, or Fitch.
- Municipal Bonds: A-3/A- or equivalent by two nationally recognized rating agencies, one of which must be Moody's or S&P
- Asset-backed securities: One of the two qualifying ratings shall be at least Aaa/AAA/AAA by Moody's, S&P, or Fitch

- Dollar denominated obligations of sovereign governments: Must be rated by two rating agencies with two qualifying ratings of at least Aaa/AAA/AAA by Moody's, S&P, or Fitch
- Commercial Mortgage-Backed Securities (CMBS) and Collateralized Mortgage Obligations (CMOs): Must be rated at least Aaa or AAA by two rating agencies. One of the two qualifying ratings shall be at least Aaa/AAA/AAA by Moody's, S&P, or Fitch.

The System's policy for credit risk is based on the concept of a risk budget rather than specific limitations related to the rating of individual securities. The System's risk budget is allocated among the different investment strategies, which are managed to a relevant benchmark. The System's policy requires performance returns to remain within an allowable range from the relevant benchmarks.

Credit risk for derivative instruments held by the Commonwealth results from counterparty risk assumed by the Commonwealth. This is essentially the risk that the borrower will be unable to meet its obligation. Information regarding the Commonwealth's credit risk related to derivatives is found in Note 16.

Policies related to credit risk pertaining to the Commonwealth's securities lending program are found in the Securities Lending section of this note.

The following tables present the credit ratings for the investments of the primary government (excluding the Virginia Retirement System Pooled Investments), the System (Virginia Retirement System Pooled Investments), and component units as of June 30, 2025. The ratings presented are using Moody's, S&P, and Fitch rating scales. They are displayed from short-term to long-term.

Primary Government (Excluding Virginia Retirement System Pooled Investments)

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Agency Mortgage Backed Securities	\$ —	0.0 %	\$ —	0.0 %	\$ —	0.0%	\$ 7,782
Agency Unsecured Bonds and Notes	49,776	0.1 %	—	0.0 %	—	0.0%	—
Asset Backed Securities	—	0.0 %	—	0.0 %	—	0.0%	2,114,350
Commercial Paper	10,724,181	21.3 %	—	0.0 %	—	0.0%	—
Convertible Bonds and Notes	—	0.0 %	—	0.0 %	—	0.0%	—
Corporate Bonds and Notes	81	0.0 %	75	0.0 %	—	0.0%	36,432
Fixed Income and Commingled Funds	—	0.0 %	—	0.0 %	—	0.0%	—
Guaranteed Investment Contracts	—	0.0 %	—	0.0 %	—	0.0%	—
Municipal Securities	—	0.0 %	—	0.0 %	—	0.0%	18,134
Mutual and Money Market Funds (Includes SNAP)	3,030	0.0 %	—	0.0 %	—	0.0%	1,426,854
Negotiable Certificates of Deposit	12,722,172	25.3 %	—	0.0 %	—	0.0%	—
Repurchase Agreements	2,850,000	5.7 %	—	0.0 %	—	0.0%	—
Supranational and Non-U.S. Government Bonds and Notes	721,608	1.4 %	—	0.0 %	—	0.0%	8,849
Total	<u>\$ 27,070,848</u>	<u>53.8 %</u>	<u>\$ 75</u>	<u>0.0 %</u>	<u>\$ —</u>	<u>0.0%</u>	<u>\$ 3,612,401</u>

Primary Government – Virginia Retirement System Pooled Investments

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Agencies	\$ —	0.0%	\$ —	0.0%	\$ —	0.0%	\$ —
Asset Backed Securities	—	0.0%	—	0.0%	—	0.0%	44,346
Collateralized Mortgage Obligations	—	0.0%	—	0.0%	—	0.0%	591,425
Commercial Mortgages	—	0.0%	—	0.0%	—	0.0%	46,095
Commercial Paper	1,539,796	8.7%	815,790	4.6%	—	0.0%	—
Corporate Bonds and Notes	—	0.0%	—	0.0%	—	0.0%	16,560
Fixed Income and Commingled Funds	—	0.0%	—	0.0%	—	0.0%	—
Fixed Income Derivatives	—	0.0%	—	0.0%	—	0.0%	—
Municipal Securities	—	0.0%	—	0.0%	—	0.0%	—
Mutual and Money Market Funds	1,015	0.0%	—	0.0%	—	0.0%	—
Negotiable Certificates of Deposit	792,137	4.5%	—	0.0%	—	0.0%	—
Repurchase Agreements	—	0.0%	—	0.0%	—	0.0%	—
Supranational and Non-U.S. Government Bonds and Notes	—	0.0%	—	0.0%	—	0.0%	20,575
Term Loans	—	0.0%	—	0.0%	—	0.0%	—
Time Deposits	443	0.0%	—	0.0%	—	0.0%	—
Total	<u>\$ 2,333,391</u>	<u>13.2%</u>	<u>\$ 815,790</u>	<u>4.6%</u>	<u>\$ —</u>	<u>0.0%</u>	<u>\$ 719,001</u>

Component Units

(Dollars in Thousands)

Investment Type (1)	P-1 / A-1 / F1	Percent of Portfolio	P-2 / A-2 / F2	Percent of Portfolio	P-3 / A-3 / F3	Percent of Portfolio	Aaa / AAA
Agency Mortgage Backed Securities	\$ —	0.0%	\$ —	0.0%	\$ —	0.0%	\$ 673,075
Agency Unsecured Bonds and Notes	1,417,346	22.2%	—	0.0%	—	0.0%	141,206
Asset Backed Securities	—	0.0%	—	0.0%	—	0.0%	412,062
Collateralized Mortgage Obligations	—	0.0%	—	0.0%	—	0.0%	27,827
Commercial Paper	204,274	3.2%	—	0.0%	—	0.0%	—
Corporate Bonds and Notes	1,502	0.0%	3,247	0.2%	2,737	0.0%	12,282
Fixed Income and Commingled Funds	—	0.0%	—	0.0%	—	0.0%	7,753
International and Emerging Markets Funds	—	0.0%	—	0.0%	—	0.0%	—
Municipal Securities	1,454	0.0%	759	0.0%	—	0.0%	28,257
Mutual and Money Market Funds (Includes SNAP)	1,029	0.0%	—	0.0%	—	0.0%	1,432,761
Negotiable Certificates of Deposit	43,007	0.7%	—	0.0%	—	0.0%	—
Other Debt Securities	—	0.0%	—	0.0%	—	0.0%	—
Repurchase Agreements	1,141	0.0%	—	0.0%	—	0.0%	—
Supranational and Non-U.S. Government Bonds and Notes	—	0.0%	—	0.0%	—	0.0%	8,422
Total	<u>\$ 1,669,753</u>	<u>26.1%</u>	<u>\$ 4,006</u>	<u>0.2%</u>	<u>\$ 2,737</u>	<u>0.0%</u>	<u>\$ 2,743,645</u>

- (1) Excludes investments of \$5.1 billion for primary government (excluding Virginia Retirement System Pooled Investments), \$10.7 billion for the System (Virginia Retirement System Pooled Investments), and \$2.0 billion for component units because obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government, Guaranteed Investment Contracts, United States Treasury Notes, and Repurchase Agreements which are collateralized by equity securities but not considered obligations of the U.S. Government are not considered to have credit risk.

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
0.0 %	\$ 1,958,634	3.9 %	\$ —	0.0 %	\$ —	0.0 %	\$ —	0.0 %	\$ 308,545	0.6 %	\$ 2,274,961
0.0 %	3,657,053	7.3 %	2	0.0 %	22	0.0 %	—	0.0 %	77	0.0 %	3,706,930
4.2 %	13,441	0.0 %	48,849	0.1 %	18,556	0.0 %	2,798	0.0 %	8,766	0.0 %	2,206,760
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	10,724,181
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	101	0.0 %	101
0.1 %	324,163	0.7 %	2,351,333	4.7 %	2,048,122	4.1 %	554,660	1.1 %	11,822	0.0 %	5,326,688
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	1,430,233	2.9 %	1,430,233
0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	2,056,916	4.1 %	2,056,916
0.0 %	71,723	0.1 %	732	0.0 %	—	0.0 %	—	0.0 %	1,110	0.0 %	91,699
2.9 %	—	0.0 %	—	0.0 %	—	0.0 %	—	0.0 %	224,538	0.5 %	1,654,422
0.0 %	30,051	0.1 %	—	0.0 %	—	0.0 %	—	0.0 %	104	0.0 %	12,752,327
0.0 %	965,161	1.9 %	—	0.0 %	3,138,001	6.3 %	—	0.0 %	50,000	0.1 %	7,003,162
0.0 %	14,948	0.0 %	19,350	0.0 %	48,797	0.1 %	208,735	0.4 %	6,107	0.0 %	1,028,394
7.2 %	\$ 7,035,174	14.0 %	\$ 2,420,266	4.8 %	\$ 5,253,498	10.5 %	\$ 766,193	1.5 %	\$ 4,098,319	8.2 %	\$ 50,256,774

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
0.0%	\$ 69,058	0.4%	\$ —	0.0%	\$ —	0.0%	\$ —	0.0%	\$ 3,274,640	18.5%	\$ 3,343,698
0.3%	9,990	0.1%	64,946	0.4%	9,272	0.1%	849	0.0%	28,329	0.2%	157,732
3.3%	19,684	0.1%	19,443	0.1%	—	0.0%	—	0.0%	1,850,655	10.4%	2,481,207
0.3%	30,478	0.2%	11,009	0.1%	—	0.0%	—	0.0%	70,284	0.4%	157,866
0.0%	396,651	2.2%	691,876	3.9%	—	0.0%	—	0.0%	35,000	0.2%	3,479,113
0.1%	101,498	0.5%	1,214,972	6.9%	1,662,146	9.4%	841,532	4.7%	25,777	0.1%	3,862,485
0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	561,947	3.2%	561,947
0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	(355,423)	-2.0%	(355,423)
0.0%	36,224	0.2%	5,039	0.0%	—	0.0%	—	0.0%	2,761	0.0%	44,024
0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	456,947	2.6%	457,962
0.0%	181,134	1.0%	1,389,193	7.9%	—	0.0%	—	0.0%	147,278	0.8%	2,509,742
0.0%	8,786	0.1%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	8,786
0.1%	120,634	0.7%	51,025	0.3%	262,365	1.5%	441,181	2.5%	21,848	0.1%	917,628
0.0%	—	0.0%	—	0.0%	—	0.0%	11,864	0.1%	—	0.0%	11,864
0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	33,000	0.2%	33,443
4.1%	\$ 974,137	5.5%	\$ 3,447,503	19.6%	\$ 1,933,783	11.0%	\$ 1,295,426	7.3%	\$ 6,153,043	34.7%	\$ 17,672,074

Amount by Credit Rating - Moody's / S&P / Fitch

Percent of Portfolio	Aa / AA	Percent of Portfolio	A	Percent of Portfolio	Baa / BBB	Percent of Portfolio	Less Than Investment Grade	Percent of Portfolio	Unrated	Percent of Portfolio	Grand Total
10.5 %	\$ 107,852	1.7%	\$ —	0.0%	\$ —	0.0%	\$ —	0.0%	\$ 18,830	0.3%	\$ 799,757
2.2 %	75,108	1.2%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	1,633,660
6.4 %	5,545	0.1%	9,349	0.2%	30,645	0.5%	1,030	0.0%	25,489	0.4%	484,120
0.4 %	10,549	0.2%	—	0.0%	—	0.0%	—	0.0%	787	0.0%	39,163
0.0 %	—	0.0%	—	0.0%	—	0.0%	—	0.0%	—	0.0%	204,274
0.2 %	80,344	1.3%	540,621	8.5%	40,242	0.6%	179	0.0%	1,328	0.0%	682,482
0.1 %	—	0.0%	—	0.0%	—	0.0%	—	0.0%	50,200	0.8%	57,953
0.0 %	—	0.0%	—	0.0%	—	0.0%	—	0.0%	2,534	0.0%	2,534
0.4 %	97,497	1.5%	36,447	0.6%	1,366	0.0%	—	0.0%	2,406	0.0%	168,186
22.4 %	69,597	1.1%	—	0.0%	—	0.0%	—	0.0%	559,368	8.7%	2,062,755
0.0 %	3,980	0.1%	6,186	0.1%	—	0.0%	—	0.0%	23,595	0.4%	76,768
0.0 %	—	0.0%	164	0.0%	—	0.0%	—	0.0%	50,779	0.8%	50,943
0.0 %	—	0.0%	—	0.0%	100,000	1.6%	—	0.0%	16,638	0.3%	117,779
0.1 %	—	0.0%	4,259	0.0%	—	0.0%	—	0.0%	—	0.0%	12,681
42.7 %	\$ 450,472	7.2%	\$ 597,026	9.4%	\$ 172,253	2.7%	\$ 1,209	0.0%	\$ 751,954	11.7%	\$ 6,393,055

Concentration of Credit Risk

Primary Government

Concentration of credit risk is related to the risk of loss that may be attributed to the magnitude of a government's investment in a single issuer. The State Treasury and the System have individual investment policies limiting the amounts that may be invested in any single issuer.

It is the State Treasurer's policy that each portfolio will be diversified with no more than 4.0 percent of the value of the fund invested in the securities of any single issuer. This limitation shall not apply to the U.S. Government, or agency thereof, or U.S. Government sponsored corporation securities and fully insured and/or collateralized certificates of deposit. Certain portfolios are limited to amounts less than 4.0 percent of the value of the fund invested in the securities of any single issuer. As of June 30, 2025, the primary government had no investments in any single issuer whose value was more than 5.0 percent of the Commonwealth's investments and all investments were compliant with investment policies.

Other than U.S. government securities, which are not subject to the GASB 40 disclosure requirements, the System has no investments in any single issuer whose fair value equals 5.0 percent or more of the System's fiduciary net position or total investments.

As of June 30, 2025, Component Units, primarily The Virginia Housing Development Authority (major), had more than 5.0 percent of investments in the Federal Home Loan Bank, which totaled \$1.5 billion.

Foreign Currency Risk

Primary Government

Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment. All primary government investments exposed to foreign currency risk were part of the System, Commonwealth Savers' Defined Benefit 529 Program (major enterprise fund) and Defined Contribution 529 Program (fiduciary fund), and the Unclaimed Property (nonmajor special revenue fund) portfolios as of June 30, 2025. There is no investment policy related to foreign currency risk for the Unclaimed Property portfolio.

Commonwealth Savers has direct exposure to foreign currency risk through several investment mandates. Investment managers use currency forward contracts to hedge risks associated with currency fluctuations. Foreign currency gains and losses are recorded in net investment income in the financial statements.

The System's foreign currency risk exposures, or exchange rate risk, primarily exist in the international and global equity investment holdings. The net realized gains and losses resulting from the settlement of foreign currency transactions and unrealized gains and losses associated with unsettled transactions are recorded in Investment Income in the Statement of Changes in Fiduciary Net Position. The Commonwealth's exposure to foreign currency risk as of June 30, 2025 is highlighted in the following tables.

Component Units

All nonmajor component unit investments exposed to foreign currency risk were part of James Madison University, the Virginia Economic Development Partnership, and the Virginia School for the Deaf and Blind Foundation as of June 30, 2025. None of these entities have investment policies related to foreign currency risk.

Foreign Currency Exposures by Asset Class - Primary Government
(Excluding Virginia Retirement System Pooled Investments)
(Dollars in Thousands)

Currency	Cash and Short-term Investments	Common and Preferred Stocks	Equity Index and Pooled Funds	Supranational and Non-U.S. Government Bonds and Notes	Corporate Bonds	Private Equity	Asset Backed Securities	Total
Australian Dollar	\$ 138	\$ 7,411	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 7,549
Brazilian Real	—	—	—	807	—	—	—	807
British Pound Sterling	192	6,097	—	—	725	9,827	—	16,841
Canadian Dollar	—	1,383	—	—	—	—	—	1,383
Colombian Peso	—	—	—	781	—	—	—	781
Danish Krone	—	2,034	—	—	—	—	—	2,034
Egyptian Pound	4,862	—	—	—	—	—	—	4,862
Euro Currency Unit	12,397	34,873	—	3,222	55,852	4,375	11,862	122,581
Hong Kong Dollar	41	2,680	—	—	—	—	—	2,721
Hungarian Forint	23	—	—	811	—	—	—	834
Indian Rupee	—	—	—	760	—	—	—	760
Indonesian Rupiah	41	—	—	782	—	—	—	823
Israeli Shekel	—	2	—	—	—	—	—	2
Japanese Yen	88	19,108	—	—	—	—	—	19,196
Mexican Peso	70	1	—	660	—	—	—	731
Norwegian Krone	—	590	—	—	—	—	—	590
Polish Zloty	—	—	—	798	—	—	—	798
Romanian Leu	—	—	—	511	—	—	—	511
Singapore Dollar	—	3,141	—	—	—	—	—	3,141
South African Rand	21	—	—	812	—	—	—	833
Swedish Krona	—	922	—	—	—	—	—	922
Swiss Franc	—	11,501	—	—	—	—	—	11,501
Turkish Lira	112	—	—	726	—	—	—	838
Uruguayan Peso	—	—	—	788	—	—	—	788
U. S. Dollar	—	—	874	—	—	—	—	874
Total	\$ 17,985	\$ 89,743	\$ 874	\$ 11,458	\$ 56,577	\$ 14,202	\$ 11,862	\$ 202,701

Foreign Currency Exposures by Asset Class
Primary Government - Virginia Retirement System Pooled Investments
(Dollars in Thousands)

Currency	Cash and Short-term Investments	Equity	Fixed Income	Private Equity	Real Assets	International Funds	Forward Contracts	Total
Argentine Peso	\$ 164	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 164
Australian Dollar	615	395,656	—	—	1,160	—	(148,581)	248,850
Brazilian Real	1,009	96,576	15,059	—	9,162	—	(9,656)	112,150
British Pound Sterling	8,269	1,827,662	—	—	22,002	—	(621,014)	1,236,919
Canadian Dollar	1,237	550,699	—	—	12,239	—	149,048	713,223
Chilean Peso	165	6,130	1,408	—	—	—	(2,770)	4,933
Chinese Yuan	324	106,448	—	—	—	—	(2,688)	104,084
Colombian Peso	(17)	207	—	—	—	—	(2,747)	(2,557)
Czech Koruna	1,237	1,536	1,394	—	—	—	(74)	4,093
Danish Krone	10,093	161,230	—	—	—	—	(8,690)	162,633
Egyptian Pound	2,740	1,101	—	—	—	—	—	3,841
Euro Currency Unit	62,144	2,775,967	33,387	1,714,075	584,632	—	(838,541)	4,331,664
Hong Kong Dollar	2,326	748,146	—	—	—	—	(134)	750,338
Hungarian Forint	910	17,029	2,467	—	—	—	30	20,436
Indian Rupee	1,937	391,163	—	—	—	—	—	393,100
Indonesian Rupiah	556	31,742	3,437	—	—	—	(78)	35,657
Israeli Shekel	287	169,937	—	—	—	—	(122)	170,102
Japanese Yen	9,803	1,742,762	—	—	—	—	100,214	1,852,779
Kazakhstan Tenge	—	—	—	—	—	—	417	417
Kuwaiti Dinar	—	—	—	—	—	—	(1,767)	(1,767)
Malaysian Ringgit	175	13,137	—	—	—	—	—	13,312
Mexican Peso	(1,843)	32,227	8,649	—	1,636	—	(6,686)	33,983
Moroccan Dirham	1	—	—	—	—	—	—	1
New Taiwan Dollar	486	535,987	—	—	—	—	—	536,473
New Zealand Dollar	61	1,275	—	—	—	—	—	1,336
Norwegian Krone	3,081	129,489	—	—	—	—	(102,990)	29,580
Paraguay Guarani	—	—	851	—	—	—	—	851
Peruvian Sol	34	30	11,004	—	—	—	(5,519)	5,549
Philippines Peso	24	4,190	—	—	—	—	—	4,214
Polish Zloty	(620)	43,325	—	—	—	—	45	42,750
Qatari Riyal	8	7,247	—	—	—	—	—	7,255
Romanian Leu	13	—	—	—	—	—	—	13
Russian Ruble	47	1,349	—	—	—	—	—	1,396
Saudi Arabian Riyal	777	59,538	—	—	—	—	—	60,315
Singapore Dollar	270	83,381	—	—	—	—	—	83,651
South African Rand	240	52,869	5,976	—	3,809	—	(5,398)	57,496
South Korean Won	333	290,137	—	—	—	—	2,733	293,203
Swedish Krona	4,573	282,595	—	—	—	—	(3,783)	283,385
Swiss Franc	23,619	568,405	—	—	—	—	34,005	626,029
Thailand Baht	11	33,838	—	—	—	—	(2,704)	31,145
Turkish Lira	49	13,204	3,103	—	—	—	2,572	18,928
UAE Dirham	52	57,229	—	—	—	—	—	57,281
Uganda Schilling	—	—	412	—	—	—	—	412
U.S. Dollar	—	—	—	—	—	3,219,679	—	3,219,679
Vietnamese Dong	—	3,588	—	—	—	—	—	3,588
Total	\$ 135,190	\$ 11,237,031	\$ 87,147	\$ 1,714,075	\$ 634,640	\$ 3,219,679	\$ (1,474,878)	\$ 15,552,884

Foreign Currency Exposures by Asset Class - Component Units
(Dollars in Thousands)

Currency	Common and Preferred Stock	Cash and Short-term Investments	Total
Australian Dollar	\$ 4	\$ —	\$ 4
British Pound Sterling	135	884	1,019
Danish Krone	42	—	42
Euro Currency Unit	261	2,096	2,357
Hong Kong Dollar	18	—	18
Japanese Yen	187	—	187
Norwegian Krone	9	—	9
Singapore Dollar	16	—	16
Swedish Krona	20	—	20
Swiss Franc	41	—	41
Total	\$ 733	\$ 2,980	\$ 3,713

Fair Value Measurements

Primary Government

GASB Statement No. 72, *Fair Value Measurement and Application*, requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy is based on the valuation inputs used to measure the fair value of assets.

- Level 1 inputs are quoted prices in active markets for identical assets;
- Level 2 inputs are significant other observable inputs and may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model-driven valuations;
- Level 3 inputs are derived using valuation techniques that have significant unobservable inputs.

Investments that do not have a readily determinable fair value are excluded from the fair value hierarchy and instead are valued by using the net asset value (NAV) per share (or its equivalent). In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant in the valuation.

The following tables summarize recurring fair value measurements for the cash equivalents and investments reported by the primary government (excluding Virginia Retirement System Pooled Investments) and the System (Virginia Retirement System Pooled Investments) as of June 30, 2025.

Fair Value Measurements - Primary Government (Excluding Virginia Retirement System Pooled Investments) (Dollars in Thousands)

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value Measured Using Fair Value Hierarchy				
<u>Debt Securities (1)</u>				
Agency Mortgage Backed Securities	\$ 2,274,961	\$ —	\$ 2,274,961	\$ —
Agency Unsecured Bonds and Notes	2,969,154	9,203	2,959,951	—
Asset Backed Securities	2,206,761	—	2,206,761	—
Commercial Paper	5,756,517	—	5,756,517	—
Convertible Bonds and Notes	101	—	101	—
Corporate Bonds and Notes	5,326,687	3,514	5,323,173	—
Fixed Income and Commingled Funds	691,885	691,885	—	—
Municipal Securities	91,699	1,110	90,589	—
Mutual and Money Market Funds (Includes SNAP)	13,372	13,372	—	—
Negotiable Certificates of Deposit	7,447,769	104	7,447,665	—
Supranational and Non-U.S. Government Bonds and Notes	779,631	—	779,631	—
U. S. Treasury and Agency Securities	4,815,899	4,429,665	386,234	—
Total Debt Securities	32,374,436	5,148,853	27,225,583	—
<u>Equity Securities (2)</u>				
Common and Preferred Stocks	287,497	285,664	1,758	75
Equity Index and Pooled Funds	5,239,524	5,239,508	—	16
Equity Mutual Funds	266,001	266,001	—	—
Foreign Currencies	1,568	1,568	—	—
International and Emerging Markets Funds	653,218	653,218	—	—
Other Equity Securities	1,224	769	455	—
Real Estate	8,904	1,454	—	7,450
Total Equity Securities	6,457,936	6,448,182	2,213	7,541
Total by Fair Value Level	\$ 38,832,372	\$ 11,597,035	\$ 27,227,796	\$ 7,541
Fair value established using the net asset value (NAV) (3)				
Equity Index and Pooled Funds	\$ 703,960			
Fixed Income and Commingled Funds	738,348			
Other Equity Securities	501,566			
Real Estate	400,551			
Total Fair Value Established Using the Net Asset Value (NAV) (3)	2,344,425			
Total Fair Value	\$ 41,176,797			

- (1) Debt securities are classified as follows:
 - Level 1 - valued using unadjusted quoted prices in active markets for those securities.
 - Level 2 - valued using a matrix pricing model and observable prices using dealer quotes for similar securities traded in active markets.
- (2) Equity securities are classified as follows:
 - Level 1 - valued using unadjusted quoted prices in active markets for those securities.
 - Level 2 - valued using dealer quotes for similar securities traded in active markets.
 - Level 3 - valued using independent appraisals.
- (3) Investments reported at fair value established using the NAV were all part of Commonwealth Savers' Defined Benefit 529 and Defined Contribution 529 programs. The following tables (dollars in thousands) summarizes Defined Benefit 529 and Defined Contribution 529's investments measured at the NAV and related disclosures as of June 30, 2025. In some cases, the actual NAV has not been determined by the external fund or investment managers as of the fiscal year end and must be projected using a roll-forward process. The projected NAV is generally the value at the end of the prior quarter, adjusted for any contributions or distributions. There is no adjustment for realized and unrealized gains and losses. Additional information, including investment strategies, is available in Commonwealth Savers' individually published financial statements, which may be obtained at www.commonwealthsavers.com.

Description of Defined Benefit 529 Investments Measured at the NAV:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity Index and Pooled Funds	\$ 403,349	\$ —	Daily	5 Days
Fixed Income and Commingled Funds	738,348	109,703	Monthly - Quarterly	None, 10 - 60 Days
Other Equity Securities - Private Equity	501,566	191,779	N/A	N/A
Real Estate	259,899	50,896	Quarterly	None, 45 - 90 Days
Total Investments Measured at the NAV	<u>\$ 1,903,162</u>			

- **Equity Index and Pooled Funds** – This investment type includes one index fund. The fair value of investments in this type have been determined using the NAV per share of the investments.
- **Fixed Income and Commingled Funds** – This investment type includes 11 limited partnerships and two investments in collective trusts. The fair values of investments in this type have been determined using the NAV per share of the investments. For investments with Ares Global Multi-Asset Credit, Brigade and Wellington, capital representing 70.1 percent of the fair value in this investment type can be redeemed subject to the fund redemption terms shown in the ranges in the table above. The remaining 29.9 percent of the fair value of this asset class is generally expected to be called during the initial four to five years and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years.
- **Other Equity Securities** – This investment type includes private equity funds of funds managed by nine managers and several different funds. These investments cannot be redeemed from the fund. Capital for this investment type is generally expected to be called during the initial four to five years and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years. Secondary funds of funds may have an accelerated capital call and return of capital profile. Commonwealth Savers invests in multiple funds with its private equity investment managers and is also diversified by vintage year with respect to these investments. The fair values of investments in this type have generally been determined using the March 31, 2025 NAV of Commonwealth Savers' ownership of the partnership, adjusted for cash flows (capital calls and distributions) through June 30, 2025.
- **Real Estate** – This investment type includes five limited partnerships and one limited liability company. For Morgan Stanley, capital representing approximately 29.6 percent of the fair value in this investment type is generally contributed up front and can be redeemed as requested according to the redemption frequency of 90 days. Approximately 23.8 percent of the total real estate invested at the NAV is with Stockbridge and can be redeemed quarterly after a 45 day minimum notice, subject to the approval of the fund. For the remaining investments in this type, capital is generally expected to be called during the initial four to five years of the investment period and is expected to be returned through liquidations of underlying fund investments during the 3rd through 15th years. As distributions from the funds in this asset type are received through income as well as the liquidation of the underlying assets of the fund, there are limitations on the timing of withdrawals which can be taken. Additionally, within real estate investment agreements, there are exit queues which limit liquidation of funds in these investments. The fair values of investments in this type have been determined using the NAV per share of the investments.

Description of Defined Contribution 529 Investments Measured at the NAV:

Investments Measured at NAV	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Equity Index and Pooled Funds	\$ 300,611	\$ —	Daily	N/A
Real Estate	140,652	75,000	Quarterly	60 - 90 Days
Total Investments Measured at the NAV	<u>\$ 441,263</u>			

- Equity Index and Pooled Funds** – This investment type includes one common trust fund. The Wellington Management Co., LLP invests in developed markets' international equities through the Wellington International Contrarian Value Fund. The fair value of investments in this type have been determined using the NAV per share of the investments.
- Real Estate** – This investment type includes two limited partnerships and a limited liability company. The UBS Trumbull Property Fund's investment strategy is to invest primarily through direct equity-owned real estate assets and represents approximately 9.5 percent of the fair value in this investment type. The fund also has flexibility to invest in joint venture and debt investments. Investments are generally acquired on an all-cash basis, however, debt may be used where UBS determines leverage is prudent and is expected to enhance total return without undue risk. Blackstone Property Partners, which represents approximately 37.2 percent of the fair value in this investment type, is an open ended commingled fund seeking core plus real estate investments in the U.S. and Canada. The Morgan Stanley Prime Property Fund LLC, which represents 53.3 percent of the fair value within this investment type, is a diversified open-ended core real estate fund that targets high quality, well-leased, income-producing properties located in select primary markets in the U.S. Commonwealth Savers has entered into an agreement with the Stockbridge Smart Markets Fund, LP, which is a real estate core fund focused on investing in real estate in areas with strong educational attainment and growing employment bases within the U.S. As part of this agreement, Commonwealth Savers has committed a total of \$75 million. As of fiscal year end, no capital has yet been contributed to this investment. As distributions from the funds in this asset type are received through income as well as liquidation of the underlying assets of the fund, there are limitations on the timing of withdrawals which can be taken. Additionally, within real estate investment agreements, there are exit queues which limit liquidation of funds in these investments. The fair values of investments in this type have been determined using the NAV per share of Commonwealth Savers' ownership of the partnership.

Fair Value Measurements
Primary Government - Virginia Retirement System Pooled Investments
(Dollars in Thousands)

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fair Value Measured Using Fair Value Hierarchy				
<u>Debt Securities (1)</u>				
Agencies	\$ 3,343,698	\$ —	\$ 3,343,698	\$ —
Asset Backed Securities	157,732	—	157,732	—
Collateralized Mortgage Obligations	2,481,207	—	2,481,207	—
Commercial Mortgages	157,866	—	157,866	—
Commercial Paper	577,624	—	577,624	—
Corporate Bonds and Notes	3,793,961	—	3,793,961	—
Fixed Income and Commingled Funds	561,947	—	561,947	—
Fixed Income Derivatives	(355,423)	23,062	(378,485)	—
Municipal Securities	44,024	—	44,024	—
Mutual and Money Market Funds	260,497	259,685	812	—
Negotiable Certificates of Deposit	183,599	—	183,599	—
Repurchase Agreements	484,201	—	484,201	—
Supranational and Non-U.S. Government Bonds and Notes	914,952	—	913,297	1,655
Term Loans	11,864	—	—	11,864
U. S. Treasury and Agency Securities	10,128,473	7,593,829	2,534,644	—
Total Debt Securities	22,746,222	7,876,576	14,856,127	13,519
<u>Equity Securities (2)</u>				
Common and Preferred Stocks	31,005,693	31,004,998	—	695
Equity Futures and Swaps	549,962	79,336	470,626	—
Equity Index and Pooled Funds	223,193	—	—	223,193
Real Assets	991,160	—	—	991,160
Total Equity Securities	32,770,008	31,084,334	470,626	1,215,048
Total by Fair Value Level	\$ 55,516,230	\$ 38,960,910	\$ 15,326,753	\$ 1,228,567
Total Fair Value Established Using the Net Asset Value (NAV) (3)	71,265,315			
Total Fair Value	\$ 126,781,545			

(1) Debt securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using bid evaluations or matrix pricing techniques. Inputs to the valuation techniques may include market participants' assumptions, quoted prices for similar assets, benchmark yield curves, market corroborated inputs, and other data inputs.
- Level 3 - valued using proprietary information.

(2) Equity securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or model-driven valuations in which all significant inputs are observable.
- Level 3 - valued using proprietary information or single source pricing. When observable inputs are not available, this results in using one or more valuation techniques, such as the market approach, the income approach, and/or the cost approach, for which sufficient and reliable data is available. Within this level, the use of the market approach generally consists of using comparable market transactions or other data, while the use of the income approach generally consists of the net present value of estimated future cash flows. The cost approach is often based on the amount that would currently be required to replace an asset with one of comparable utility.

(3) The following table (dollars in thousands) summarizes the System's investments measured at the NAV per share (or its equivalent) and as a practical expedient are not classified in the fair value hierarchy. Cash equivalents and certain other short-term, highly liquid investments that are measured at amortized cost are also not classified in the fair value hierarchy. In some cases, the actual NAV has not been determined by the external fund or investment managers as of the System's fiscal year end and must be projected using a roll-forward process. The projected NAV is the value at the end of the prior

quarter, adjusted for any contributions or distributions and an estimate of income and management fees. There is no adjustment for realized or unrealized gains and losses.

Description of Investments Measured at the NAV:

	Fair Value	Unfunded Commitments	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Hedge funds				
Equity long/short funds	\$ 5,097,886	\$ —	Monthly, quarterly, semi-annually, annually	30-90 days
Equity long-only funds	1,230,527	—	Annually	90 days
Multi-strategy funds	5,626,636	—	Monthly, quarterly, semi-annually, annually	5-90 days
Total hedge funds	11,955,049	—		
Credit strategies funds				
Asset backed	1,960,219	1,435,760		
Bank loan and direct lending funds	5,099,804	2,134,740		
Distressed debt funds	1,655,234	635,780		
Diversified private credit funds	4,060,014	1,223,234		
Mezzanine debt funds	2,254,343	957,740		
Multi-strategy funds	2,271,582	781,932		
Opportunistic funds	3,894,726	1,005,877		
Total credit strategies funds	21,195,922	8,175,063		
Private equity funds				
Buyout funds	11,075,973	2,429,984		
Energy funds	524,747	376,916		
Growth funds	3,361,174	712,345		
International buyout funds	2,770,117	905,652		
Special situations funds	1,707,524	1,435,722		
Subordinated debt funds	69,081	15,455		
Turnaround funds	524,317	196,266		
Venture capital funds	117,487	24,116		
Total private equity funds	20,150,420	6,096,456		
Equity international commingled funds	3,219,679	—	Semi-monthly	6 days
Real estate and real asset funds				
Infrastructure funds	3,070,380	1,205,798		
Natural resources funds	1,816,512	920,613		
Private investment real estate funds	9,810,699	2,556,939		
Private real estate investment trusts	46,654	—		
Total real estate and real asset funds	14,744,245	4,683,350		
Total investments measured at the NAV	\$ 71,265,315	\$ 18,954,869		

- **Equity Long/Short Hedge Funds** – This type included investments in ten hedge funds at June 30, 2025, which invest in global long and short equity positions. Management of each hedge fund has the ability to invest from value to growth strategies, from small to large capitalization stocks and may vary net exposure considerably. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 19.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 months after acquisition. The remaining restriction period for these investments was less than 12 months at June 30, 2025.
- **Equity Long-Only Hedge Funds** – This type included an investment in two hedge funds at June 30, 2025, which invest in global long-only equity positions. These hedge funds are generally fully invested and only very occasionally may take short positions for hedging purposes. The fair value of the investment in this type has been determined using the NAV per share of the investments. Investments representing approximately 79.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 months after acquisition. The remaining restriction period for these investments was 12 months or less at June 30, 2025.
- **Multi-Strategy Hedge Funds** – This type included investments in seventeen hedge funds at June 30, 2025, which invest in multiple asset classes, combining exposure to balance risks. Such exposure can include traditional and alternative investments. The fair values of the investments in this type have been determined using the NAV per share of the investments. Investments representing approximately 9.0 percent of the value of the investments in this type of fund cannot be redeemed because the investments include restrictions that do not allow redemption in the first 12 months after acquisition. The remaining restriction period for these investments was less than 12 months at June 30, 2025.
- **Credit Strategies Funds** – This type consists of many fund categories, including asset backed, bank loan and direct lending funds, distressed debt funds, diversified private credit, mezzanine debt funds, multi-strategy funds and opportunistic funds. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments in this type is that distributions are received through the liquidation of

the underlying assets in the fund. It is expected that hold periods for the underlying fund assets will range from three to eight years.

- **Private Equity Funds** – This type consists of many fund categories including Venture Capital, Buyout, Subordinated Debt, Growth Capital, Turnaround, Energy and Special Situations. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments involves receiving distributions through liquidation of the underlying fund assets. It is expected that hold periods for the underlying fund assets will range from three to eight years.
- **Equity International Commingled Funds** – This type included an investment in one institutional investment fund at June 30, 2025, which invests in international equities. This fund employs a long/short investment strategy in global developed and emerging markets. The fund is regulated by the Securities and Exchange Commission. The fair value of the investment in this fund has been determined using the NAV per share of the investment. Redemptions can be made from this fund semi-monthly with six days notice.
- **Real Estate and Real Asset Funds** – This type includes investments in many fund categories including Private Investment Real Estate, Private Real Estate Investment Trusts, Infrastructure and Natural Resources. The fair value of the investments in these funds have been determined using the NAV per share of the investments. The nature of the investments in this type is that distributions are received through income as well as the liquidation of the underlying assets in the fund. If these investments were held, it is expected that the underlying assets of the funds would be liquidated over one to fourteen years.

Component Units

The following table summarizes fair value measurements for the cash equivalents and investments reported by the component units as of June 30, 2025. The table excludes cash equivalents and investments measured at fair value by the foundations that follow FASB standards.

Fair Value Measurements - Component Units (Dollars in Thousands)

Fair Value Measured Using Fair Value Hierarchy	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt Securities (1)				
Agency Mortgage-Backed Securities	\$ 799,758	\$ —	\$ 799,758	\$ —
Agency Unsecured Bonds and Notes	216,314	6,918	209,396	—
Asset-Backed Securities	484,119	—	484,119	—
Collateralized Mortgage Obligations	39,163	—	39,163	—
Commercial Paper	156,159	—	156,159	—
Corporate Bonds and Notes	682,483	—	682,483	—
Fixed Income and Commingled Funds	24,650	24,650	—	—
International and Emerging Markets Funds	2,534	2,534	—	—
Municipal Securities	168,186	1,830	166,356	—
Mutual and Money Market Funds	891,424	890,066	1,358	—
Negotiable Certificates of Deposit	76,768	—	76,768	—
Other Debt Securities	2,942	2,778	164	—
Repurchase Agreements	17,779	—	17,779	—
Supranational and Non-U.S. Government Bonds and Notes	12,681	—	12,681	—
U. S. Treasury and Agency Securities	1,229,219	946,001	283,218	—
Total Debt Securities	4,804,179	1,874,777	2,929,402	—
Equity Securities (2)				
Common and Preferred Stocks	108,701	108,297	404	—
Equity Index and Pooled Funds	166,817	166,817	—	—
International and Emerging Markets Fund	22,092	22,092	—	—
Other Equity Securities	4,589	82	3,256	1,251
Real Estate	7,438	7,327	—	111
Total Equity Securities	309,637	304,615	3,660	1,362
Total by Fair Value Level	\$ 5,113,816	\$ 2,179,392	\$ 2,933,062	\$ 1,362
Fair Value Established Using the Net Asset Value (NAV) (3)				
Equity Index and Pooled Funds	\$ 1,640,473			
Fixed Income and Commingled Funds	39,811			
Mutual and Money Market Funds	394,789			
Other Debt Securities	47,836			
Other Equity Securities	365,883			
Real Estate	240			
Total Fair Value Established Using the NAV	2,489,032			
Total Fair Value	\$ 7,602,848			

(1) Debt securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued based on quoted prices for similar securities in active markets or quoted prices for identical or similar securities in markets that are not active.

(2) Equity securities are classified as follows:

- Level 1 - valued using unadjusted quoted prices in active markets for those securities.
- Level 2 - valued using significant other observable inputs.
- Level 3 - valued using unobservable inputs and may include assumptions of management.

(3) The following nonmajor component units reported investments at fair value established using the NAV: Old Dominion University, Virginia Commonwealth University (VCU), Virginia Commonwealth University Health System Authority (blended component unit of VCU), College of William and Mary, Virginia Military Institute, Virginia State University, Hampton Roads Sanitation District Commission, Virginia Biotechnology Research Partnership Authority, Virginia Outdoors Foundation, Virginia Small Business Financing Authority, and Virginia Polytechnic Institute and State University. Additional information is available in the separately issued financial statements.

Securities Lending

The State Treasury's securities lending program is managed by Mitsubishi UFJ Banking and Trust Corporation (Mitsubishi), under a contract dated May 31, 2023. The enabling legislation for the securities lending program is Section 2.2-4506 of the *Code of Virginia*. No violations of legal or contractual provisions were noted during the year. The general account participated in a securities lending program for the entire fiscal year.

All securities lending loans are on an open-ended or one-day basis and may be terminated by the State Treasury with a 24-hour notice or are term loans with the right of substitution. While all securities may be recalled on a daily basis, securities are often on loan for much longer periods. Generally, cash reinvestments security maturities do not match the maturities of loans. Per the contract with Mitsubishi, all cash collateral reinvestment securities attributable to loans made on the Commonwealth's behalf shall be maintained by Mitsubishi, and the State Treasury cannot pledge or sell such collateral absent a default.

The State Treasury's contract with Mitsubishi provides for loss indemnification against insolvency default with respect to lending transactions and in the case of reverse transactions (Repurchase Agreements) as defined in the applicable Agency Securities Lending and Repurchase Agreement. Additionally, Mitsubishi is liable for any losses experienced from reinvestment of cash collateral in investments not authorized by the provisions of the investment guidelines for the Commonwealth of Virginia agreed upon by both parties and made a part of the Agency Securities Lending and Repurchase Agreement. There were no realized losses resulting from default during this reporting period.

When securities are loaned, the collateral received is at least 100.0 percent of fair value of the securities loaned and must be maintained at 100.0 percent or greater. There are no stated restrictions on the amount of securities that may be loaned, but the basic composition of the general account portfolio effectively restricts the maximum percentage of the portfolio that may be loaned. Between July 1, 2024 through June 30, 2025, approximately 11.9 percent of the general account securities were on loan.

During the past year, a combination of U.S. Treasury, agency, agency mortgage and corporate securities have been loaned, with the majority of the loaned securities being U.S. Treasury and agency securities. As of June 30, 2025, all collateral received was in the form of cash.

Securities loaned for the State Treasurer's cash collateral reinvestment pool, which consisted of 97.3 percent general account funds and 2.7 percent Virginia Lottery funds as of June 30, 2025, had a carrying value of \$4.2 billion and a fair value of \$4.2 billion. The fair value of the collateral received was \$4.3 billion providing for coverage of 100.8 percent. At year-end, the State Treasury's securities lending program had no credit risk exposure to borrowers because the amounts it owed the borrowers exceeded the amounts the borrowers owed Treasury's securities lending program. All securities are marked to market daily. The carrying value of the cash collateral reinvestment pool received was \$4.3 billion and the cost of the investments purchased with the cash collateral was \$4.3 billion. As of June 30, 2025, the State Treasurer's cash collateral reinvestment pool had an unrealized gain of \$1.4 million, which is recorded in the General Fund as stated in Note 1.FF. This amount is included in the total State Treasurer's Portfolio discussed earlier in this note.

Cash collateral reinvestment guidelines were amended effective April 16, 2014. Approved investment instruments include Indemnified Repurchase Agreements marked to market daily and preapproved Government Money Market Funds. Term repurchase agreements are limited to 93 days. As of June 30, 2025, 97.3 percent of cash collateral reinvestments were in indemnified repurchase agreements and 2.7 percent were in Invesco Government and Agency Portfolio Money Market fund.

As of June 30, 2025, the cash collateral reinvestment portfolio had a weighted average maturity to reset date of 0 days. Using the expected maturity date, the weighted average maturity was 35 days and using the final maturity date, which assumes no pay downs on any asset-backed or mortgage-backed securities, the weighted average maturity was 35 days.

As of June 30, 2025, the cash collateral reinvestment portfolio was in compliance with the State Treasury's current cash collateral reinvestment guidelines.

Under authorization of the Board, the System lends its fixed income and equity securities to various broker-dealers on a temporary basis. This program is administered through an agreement with the System's custodial agent bank. All security loan agreements are collateralized by cash, securities, or an irrevocable letter of credit issued by a major bank, and have a fair value equal to at least 102.0 percent of the fair value for domestic securities and 105.0 percent for international securities. Securities received as collateral cannot be pledged or sold by the System unless the borrower defaults. Contracts require the lending agents to indemnify the System if the borrowers fail to return the securities lent and related distributions and if the collateral is inadequate to replace the securities lent. All securities

loans can be terminated on demand by either the System or the borrowers. The majority of loans are open loans, meaning the rebate is set daily. This results in a maturity of one or two days on average, although securities are often on loan for longer periods. The maturity of loans generally does not match the maturity of collateral investments, which averages 9.2 days. At year-end, the System had no credit risk exposure to borrowers because the amounts it owes the borrowers exceeded the amounts the borrowers owe the System. All securities are marked to market daily and carried at fair value. The fair value of securities on loan as of June 30, 2025, was \$11.7 billion. The June 30, 2025, balance was composed of U.S. Government and agency securities of \$7.1 billion, corporate and other bonds of \$937.7 million, common and preferred stocks of \$3.6 billion and supranational and non-U.S. Government bonds of \$61.1 million. The value of collateral (cash and non-cash) as of June 30, 2025, was \$12.4 billion.

As of June 30, 2025, the invested cash collateral had a fair value of \$4.3 billion. The balance consisted of cash received as collateral for securities lending transactions, which is reduced by cash released to the System, and was composed of negotiable certificates of deposit of \$1.7 billion, commercial paper of \$1.6 billion, time deposits of \$443,000, corporate bonds of \$47.8 million, other debt securities of \$561.9 million, and repurchase agreements of \$484.2 million.

As of June 30, 2025, the System's custodial agent bank released \$1.5 billion in cash from the invested securities lending collateral pool to the System. This cash plus invested cash collateral equals the securities lending collateral liability as of June 30, 2025. The cash released is used to provide liquidity for other investment strategies of the System. The securities lending collateral liability is fully collateralized when the cash released is combined with the invested securities lending collateral.

9. RECEIVABLES

The following schedule (dollars in thousands) details the accounts, loans, interest, taxes, educational contributions, security transactions, service concession arrangement upfront payments, and other receivables presented in the major funds, aggregated nonmajor funds by type, internal service funds, fiduciary funds, major component units, and aggregated nonmajor component units, as of June 30, 2025.

	Accounts Receivable	Loans / Mortgage Receivable	Interest Receivable	Taxes Receivable
Primary Government:				
General (1)	\$ 1,455,183	\$ 235	\$ 928,179	\$ 3,876,048
Major Special Revenue Funds:				
Commonwealth Transportation (2)	326,853	300,173	4,489	495,502
Federal Trust	3,530,620	—	—	—
Literary	320,463	91,107	36,848	—
Nonmajor Governmental Funds (2) (3)	925,938	8,245	35,673	28,760
Major Enterprise Funds:				
Virginia Lottery	222,498	—	—	—
Commonwealth Savers Plan	14,213	—	10,526	—
Unemployment Compensation	71,855	—	—	—
Nonmajor Enterprise Funds	76,361	—	—	—
Internal Service Funds	27,555	—	—	—
Private Purpose Trust Funds	—	—	27,914	—
Pension and Other Employee Benefit Trust Funds (4)	327,884	—	379,509	—
Custodial Funds - External Investment Pool	—	—	34,422	—
Custodial Funds - Other (4)	5	144	276	277,873
Total Primary Government (5)	\$ 7,299,428	\$ 399,904	\$ 1,457,836	\$ 4,678,183
Discrete Component Units:				
Virginia Housing Development Authority	\$ —	\$ 459,497	\$ 60,968	\$ —
Virginia Public School Authority	—	—	62,033	—
Virginia Resources Authority	—	—	36,396	—
Virginia College Building Authority	—	—	1,535	—
Nonmajor Component Units (6)	3,461,607	88,175	18,331	6,181
Total Component Units	\$ 3,461,607	\$ 547,672	\$ 179,263	\$ 6,181

Note (1): The General Fund (major) reports pending investment transactions of \$3.3 million as Other Receivables.

Note (2): The loans receivable in the Commonwealth Transportation Fund (major) includes \$259.0 million from the Virginia Transportation Infrastructure Bank to the City of Chesapeake for the Dominion Boulevard Project, Loudoun County for the Pacific Boulevard Project, the Chesapeake Bay Bridge and Tunnel District for the Parallel Thimble Shoal Tunnel, the 95 Express Lanes LLC for the 395 Express Lanes Northern Extension, and Capital Beltway LLC for the I-495 Express Lanes Northern Extension. In the nonmajor governmental funds, it represents the amounts to be received for current debt service requirements. The amount to be received for long-term debt service requirements of \$14.3 million is included in the government-wide statements but excluded from the above amounts.

Note (3): Nonmajor governmental funds includes \$480.6 million in account receivables, which includes \$436.6 million that will be received greater than one year. This receivable represents the Commonwealth's share of the National Opioid Settlement that will assist with the abatement of the opioid epidemic.

Note (4): Other Receivables in the Pension and Other Employee Benefit Trust Funds and Custodial Funds - Other are primarily comprised of the following (dollars in thousands), Interest Receivable of \$379,785 also includes dividends receivable. Additionally, of the total reported as Other Receivables, \$122,632 are made up of \$88,781 in pending investment transactions, which includes \$27,112 in external investment manager receivable, \$11 in foreign exchange receivable, \$58,991 in real assets, \$2,667 in securities lending; and \$33,851 in other receivables.

Note (5): Fiduciary net receivables in the amount of \$8.2 billion are not included in the Government-wide Statement of Net Position.

Note (6): Other Receivables of the nonmajor component units are primarily comprised of the following (dollars in thousands): third-party settlements and non-patient receivables of \$209,200 reported by Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University-VCUHSA); \$52,480 reported by foundations of the higher education institutions representing FASB reporting entities defined in Note 1.B which includes lease receivables of \$27,964 under FASB standards; \$61,228 reported by the Virginia Port Authority which includes lease receivables of \$52,085, \$14,251 of lease receivables reported by Fort Monroe Authority, and \$4,205 reported by the Virginia Commercial Space Flight Authority. Other receivables also include lease receivables of \$96,317 reported by various higher education institutions, excluding foundations.

Educational Benefits Receivable	Security Transactions	Service Concession Arrangement Upfront Payments	Other Receivables	Allowance for Doubtful Accounts	Net Accounts Receivable	Amounts to be Collected Greater than One Year
\$ —	\$ —	\$ —	\$ 3,312	\$ (2,409,212)	\$ 3,853,745	\$ 495,625
—	—	1,496,010	—	(130,708)	2,492,319	1,670,082
—	—	—	—	(27,627)	3,502,993	105,406
—	—	—	—	(320,362)	128,056	88,430
—	—	—	278	(95,944)	902,950	444,564
—	—	—	—	—	222,498	—
39,990	—	—	12,923	—	77,652	28,914
—	—	—	—	—	71,855	—
—	—	—	53	(4,424)	71,990	—
—	—	—	1	(1,281)	26,275	—
—	—	—	9,047	—	36,961	—
—	7,068,737	—	122,568	—	7,898,698	—
—	—	—	—	—	34,422	—
—	5,129	—	64	(73,154)	210,337	12,032
<u>\$ 39,990</u>	<u>\$ 7,073,866</u>	<u>\$ 1,496,010</u>	<u>\$ 148,246</u>	<u>\$ (3,062,712)</u>	<u>\$ 19,530,751</u>	<u>\$ 2,845,053</u>
\$ —	\$ —	\$ —	\$ 30,348	\$ (26,609)	\$ 524,204	\$ 447,839
—	—	—	—	—	62,033	—
—	—	—	8	—	36,404	—
—	—	—	—	—	1,535	—
—	—	—	450,607	(1,194,268)	2,830,633	428,188
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 480,963</u>	<u>\$ (1,220,877)</u>	<u>\$ 3,454,809</u>	<u>\$ 876,027</u>

10. CONTRIBUTIONS RECEIVABLE, NET

The following schedule details the contributions receivable for foundations⁽¹⁾ included with the nonmajor component units, as of June 30, 2025. The major component units reported no contributions receivable for fiscal year 2025.

(Dollars in Thousands)

	Due in Less Than One Year	Due Between One and Five Years	Due in More Than Five Years	Subtotal	Present Value Discount (2)	Allowance for Doubtful Accounts	Contributions Receivable, Net
Discrete Component Units:							
Nonmajor Component Units	\$ 259,812	\$ 363,524	\$ 108,867	\$ 732,203	\$ (70,816)	\$ (24,682)	\$ 636,705
Total Component Units	<u>\$ 259,812</u>	<u>\$ 363,524</u>	<u>\$ 108,867</u>	<u>\$ 732,203</u>	<u>\$ (70,816)</u>	<u>\$ (24,682)</u>	<u>\$ 636,705</u>

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Note (2): The discount rate used to determine present value ranges from 0.1 percent to 8.5 percent.

11. INTERFUND AND INTER-ENTITY ASSETS / LIABILITIES

Due from/to Other Funds

Due from Other Funds are amounts to be received from one fund by another fund for goods sold or services rendered. Due to Other Funds are amounts owed by one fund to another fund for goods purchased or services obtained.

The following line items are included in the category "Due from Other Funds":

- Due from Other Funds
- Due from Internal Parties (Governmental Funds and Business-type Activities)
- Due from External Parties (Fiduciary Funds)

The following line items are included in the category "Due to Other Funds":

- Due to Other Funds
- Due to Internal Parties (Governmental Funds and Business-type Activities)
- Due to External Parties (Fiduciary Funds)

The following schedule shows the Due from/to Other Funds as of June 30, 2025.

Schedule of Due from/to Other Funds

June 30, 2025

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		Primary Government	
General Fund	\$ 51,913	Major Special Revenue Funds:	
		Federal Trust	\$ 308
		Nonmajor Governmental Funds	454
		Major Enterprise Funds:	
		Virginia Lottery	33,305
		Nonmajor Enterprise Funds	12,131
		Internal Service Funds	5,715
Major Special Revenue Funds:			
Commonwealth Transportation	53,341	Major Special Revenue Funds:	
		Federal Trust	1,227
		Nonmajor Governmental Funds	52,114
Federal Trust	434	General Fund	433
		Nonmajor Governmental Funds	1
Literary	1,789	Major Enterprise Funds:	
		Virginia Lottery	1,789
Nonmajor Governmental Funds	74,293	General Fund	384
		Major Special Revenue Funds:	
		Commonwealth Transportation	69,211
		Federal Trust	3,420
		Major Enterprise Funds:	
		Unemployment Compensation	282
		Nonmajor Enterprise Funds	996
Major Enterprise Funds:			
Virginia Lottery	442	Nonmajor Governmental Funds	442
Unemployment Compensation	399	General Fund	215
		Major Special Revenue Funds:	
		Commonwealth Transportation	63
		Federal Trust	78
		Nonmajor Governmental Funds	19
		Nonmajor Enterprise Funds	24
Nonmajor Enterprise Funds	5,887	General Fund	702
		Major Special Revenue Funds:	
		Commonwealth Transportation	199
		Federal Trust	758
		Nonmajor Governmental Funds	210
		Nonmajor Enterprise Funds	11
		Internal Service Funds	4,007
Internal Service Funds	104,150	General Fund	52,872
		Major Special Revenue Funds:	
		Commonwealth Transportation	22,634
		Federal Trust	13,161
		Nonmajor Governmental Funds	11,770
		Major Enterprise Funds:	
		Virginia Lottery	199
		Commonwealth Savers Plan	168
		Nonmajor Enterprise Funds	1,540
		Internal Service Funds	1,806
Total Primary Government	<u>\$ 292,648</u>	Total Primary Government	<u>\$ 292,648</u>

Schedule of Due from/to Internal/External Parties

June 30, 2025

(Dollars in Thousands)

Due From	Amount	Due To	Amount
Primary Government		Primary Government	
General Fund	\$ 167	Custodial Funds - External Investment Pool	\$ 29
		Custodial Funds - Other	138
Nonmajor Governmental Funds	196	Custodial Funds - Other	196
Internal Service Funds	412	Pension and Other Employee Benefit Trust Funds	412
Pension and Other Employee Benefit Trust Funds	41,017	General Fund	25,931
		Major Special Revenue Funds:	
		Commonwealth Transportation	6,606
		Federal Trust	3,379
		Nonmajor Governmental Funds	3,068
		Major Enterprise Funds:	
		Virginia Lottery	255
		Commonwealth Savers Plan	132
		Nonmajor Enterprise Funds	1,027
		Internal Service Funds	619
Custodial Funds - Other	382	General Fund	359
		Major Special Revenue Funds:	
		Commonwealth Transportation	23
Total Primary Government	<u>\$ 42,174</u>	Total Primary Government	<u>\$ 42,174</u>

Interfund Receivables/Payables

Interfund Receivables/Payables are loans made by one fund to another.

The following schedule shows the Interfund Receivables/Payables for the primary government as of June 30, 2025. There were no Interfund Receivables/Payables for the component units as of June 30, 2025.

Interfund Receivables/Payables

June 30, 2025

(Dollars in Thousands)

Receivable From	Amount	Payable To	Amount
Primary Government		Primary Government	
Nonmajor Governmental Funds	\$ 307,757	General Fund	\$ 18,175
		Major Special Revenue Funds:	
		Commonwealth Transportation	4,300
		Federal Trust	61,221
		Nonmajor Governmental Funds	15,000
		Major Enterprise Funds:	
		Commonwealth Savers Plan	6,000
		Nonmajor Enterprise Funds	47,806
		Internal Service Funds	155,255
Total Primary Government	<u>\$ 307,757</u>	Total Primary Government	<u>\$ 307,757</u>

Due from/to Primary Government and Component Units

Included in this category is activity between the Commonwealth and its component units, as well as activity between component units.

A due from primary government amount that is due from the Federal Trust Fund (major special revenue) to the Virginia College Building Authority (major component unit) of \$618,029 is for interest on Build America Bonds (BABs).

A due from primary government amount that is due from the Commonwealth Transportation Fund (major special revenue) to the Virginia Passenger Rail Authority (nonmajor component unit) of \$47.8 million is for Commonwealth Rail Funds.

A \$1.3 billion due from primary government amount that is due from the General Fund (major governmental) to the higher education institutions (nonmajor component units) is for payments awaiting disbursements and appropriations available for capital projects and other programs. The General Fund reports \$55.3 million in the fund financial statements and an additional \$1.2 billion in the government-wide financial statements.

A due from primary government amount that is due from the Virginia Public Building Authority (capital projects fund - nonmajor governmental fund) to the Virginia Port Authority (nonmajor component unit) of \$33.8 million represents bond revenue to be used for capital projects.

A \$59,305 due to primary government amount from the Virginia Passenger Rail Authority (nonmajor component unit) to the Commonwealth Transportation Fund (major special revenue) is for reimbursement of capital project expenses.

A \$42.1 million due from component units in the Health Care Fund (internal service fund) represents amounts due from the nonmajor component units.

A \$1.7 million due from component units represents monies owed for administrative and project expenses from the Science Museum of Virginia Foundation (nonmajor component unit) to a nonmajor governmental fund. The entire nonmajor governmental amount is reported in the government-wide financial statements.

The \$70.0 million due from component units amount represents amounts due from the Virginia College Building Authority (major component unit) for the Department of the Treasury's reimbursement programs to higher education institutions (nonmajor component units).

Due from/to Component Units and Fiduciary Funds

A \$37.2 million due from component units in the Pension and Other Employee Benefit Trust Funds (fiduciary funds) represents amounts due from nonmajor component units.

Loans Receivable/Payable Between Primary Government and Component Units

The \$197.5 million in loans receivable from primary government represents loans from the Virginia Public School Authority (VPSA) (major component unit) to the Literary Special Revenue Fund (major governmental fund). The VPSA makes grants to local school divisions to finance the purchase of educational technology and security equipment. The VPSA makes these grants using the proceeds of notes issued for that purpose, which will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Special Revenue Fund (major governmental fund).

12. OTHER ASSETS

The following table summarizes Other Assets as of June 30, 2025.

(Dollars in Thousands)

	Cash and Travel Advances	Net OPEB Asset (1)	Other Assets	Total Other Assets
Primary Government:				
General	\$ 875	\$ —	\$ 342	\$ 1,217
Major Special Revenue Funds:				
Commonwealth Transportation	281	—	—	281
Federal Trust	371	—	—	371
Nonmajor Governmental Funds	674	—	—	674
Major Enterprise Funds:				
Virginia Lottery	1	1,595	—	1,596
Commonwealth Savers Plan	—	882	—	882
Nonmajor Enterprise Funds	429	7,289	48	7,766
Internal Service Funds (2)	—	3,877	35,831	39,708
Total Primary Government	<u>\$ 2,631</u>	<u>\$ 13,643</u>	<u>\$ 36,221</u>	<u>\$ 52,495</u>
Discrete Component Units:				
Virginia Housing Development Authority (3)	\$ —	\$ —	\$ 26,006	\$ 26,006
Virginia Resources Authority	—	—	447	447
Nonmajor Component Units (4)	486	—	405,082	405,568
Total Component Units	<u>\$ 486</u>	<u>\$ —</u>	<u>\$ 431,535</u>	<u>\$ 432,021</u>

- Note (1): Other noncurrent assets in the proprietary funds represent the Virginia Sickness and Disability Program Net OPEB Asset applicable to the respective fund. The proprietary fund amounts are reclassified to Other Restricted Assets in the Government-wide Statement of Net Position.
- Note (2): Of the \$35,831 (dollars in thousands) shown above, \$34,845 (dollars in thousands) and \$985,019 represent Technology and Data Services and Virginia Correctional Enterprises, respectively, amounts due from various governmental funds that will not be received within 60 days. These amounts are reclassified to an internal balance on the Government-wide Statement of Net Position.
- Note (3): Other Assets of the Virginia Housing Development Authority are comprised primarily of mortgage servicing rights and other real estate owned.
- Note (4): Other Assets of the nonmajor component units are primarily comprised of miscellaneous items spread among the higher education institutions and related foundations as well as the nonmajor component units as follows:
- University of Virginia includes primarily \$10.9 million of Licensing & Ventures Group (LVG) seed funds at cost; \$73.8 million for equity in affiliates that do not meet the investment definition; and
 - Related foundations of Longwood University, Virginia Polytechnic Institute and State University, and the University of Virginia include \$20.6 million, \$42.9 million, and \$71.9 million, respectively, primarily for cash surrender value of life insurance policies, deferred tax assets, net investment in direct financing leases, intangibles, and right-to-use assets, and a derivative asset.

13. RESTRICTED ASSETS

Restricted Cash and Cash Equivalents, Restricted Investments, and Other Restricted Assets

Restricted assets represent monies or other resources that must be used for specific legal or contractual requirements. The governmental funds reported \$1.9 billion in restricted cash, cash equivalents, and investments primarily related to bond agreements. Of this amount, \$1.6 billion relates to transportation projects, \$245.2 million pertains to capital projects, and \$47.1 million pertains to debt service requirements. The governmental and business-type activities funds reported other restricted assets of \$209.6 million and \$9.8 million, respectively, for the Virginia Sickness and Disability Program Net OPEB Asset. See Note 12, Other Assets, for more information related to the Enterprise and Internal Service Funds.

The Virginia Housing Development Authority, the Virginia Public School Authority, and the Virginia College Building Authority (all major component units) reported restricted assets totaling \$2.8 billion, \$467.4 million, and \$373.0 million, respectively. These major component units' assets are restricted for debt service under a bond indenture or other agreement, or for construction and equipment.

The Virginia Resources Authority (major component unit) reported restricted assets of \$1.6 billion. Of this amount, \$1.5 billion is restricted for loans to local governments, bond indentures, or federal and state regulations for various revolving funds, and \$8.2 million is restricted for the Operating Reserve Fund for the Virginia Pooled Financing Program.

The Virginia Port Authority (nonmajor component unit) reported restricted assets of \$334.0 million primarily for debt service under bond agreements, construction and other project funds.

The Tobacco Region Revitalization Commission (nonmajor component unit) reported restricted assets of \$159.7 million to be used for financial aid to tobacco growers and to foster community economic growth. This includes Other Restricted Assets of \$60,440 for the Virginia Sickness and Disability Program Net OPEB asset.

The Hampton Roads Sanitation District Commission (nonmajor component unit) reported restricted assets of \$181.6 million to be used for debt service.

The Virginia Small Business Financing Authority (nonmajor component unit) reported restricted assets of \$62.3 million for gifts and grants. This includes Other Restricted Assets of \$58,137 for the Virginia Sickness and Disability Program Net OPEB asset.

The higher education institutions (nonmajor component units) reported restricted assets totaling approximately \$10.0 billion primarily for endowment and other contractual obligations. Included in this amount is approximately \$8.8 billion of foundations' restricted assets. This includes Other Restricted Assets of \$132.1 million for the Virginia Sickness and Disability Program Net OPEB asset. The Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of Virginia Commonwealth University—nonmajor component unit) includes \$22.8 million for a beneficial trust and \$6.3 million for an equity interest in a foundation as Other Restricted Assets. These Authority assets are classified as Level 3 on the fair value hierarchy. For additional information, see the Authority's separately issued financial statements.

The two museum foundations, the Virginia Museum of Fine Arts Foundation (nonmajor component unit) and the Science Museum of Virginia Foundation (nonmajor component unit) had restricted assets of \$297.1 million and \$28.4 million, respectively, primarily for donor-imposed restricted endowments.

The remaining \$63.6 million is spread among the following nonmajor component units: the Virginia Outdoors Foundation, the Virginia Passenger Rail Authority, the Danville Science Center, the Fort Monroe Authority, the Virginia Biotechnology Research Partnership Authority, the Virginia Economic Development Partnership, the Virginia Innovation Partnership Authority, the Virginia Tourism Authority, the Virginia Foundation for Healthy Youth, and the Library of Virginia Foundation. Included in this amount is approximately \$2.4 million for the Virginia Sickness and Disability Program Net OPEB asset.

Restricted Receivables, Net

The following schedule (dollars in thousands) details the restricted receivables reported by component units as of June 30, 2025.

The restricted receivables are generally expected to be collected in greater than one year.

Restricted Receivables, Net

(Dollars in Thousands)

	Restricted Accounts Receivable	Restricted Loans / Mortgage Receivable	Restricted Local School Bonds Receivable	Restricted Interest Receivable	Restricted Other Receivables
Discrete Component Units:					
Virginia Housing Development Authority	\$ —	\$ 8,900,325	\$ —	\$ —	\$ —
Virginia Public School Authority	—	—	3,896,304	—	—
Virginia Resources Authority	—	4,384,070	—	—	6,918
Nonmajor Component Units	120,052	28,313	—	4	2,000
Total Component Units	<u>\$ 120,052</u>	<u>\$ 13,312,708</u>	<u>\$ 3,896,304</u>	<u>\$ 4</u>	<u>\$ 8,918</u>

Allowance for Doubtful Accounts	Restricted Receivables, Net	Amounts to be Collected Greater than One Year
\$ (125,471)	\$ 8,774,854	\$ 8,630,707
—	3,896,304	3,575,786
(398)	4,390,590	3,991,808
(9,943)	140,426	136,625
<u>\$ (135,812)</u>	<u>\$ 17,202,174</u>	<u>\$ 16,334,926</u>

14. CAPITAL ASSETS

The following schedule presents the changes in the Capital Assets as of June 30, 2025 (dollars in thousands).

Schedule of Changes in Capital Assets Governmental Activities

(Dollars in Thousands)

	Balance July 1 as restated (1)	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	\$ 4,100,952	\$ 106,939	\$ (1,116)	\$ 4,206,775
Construction-in-Progress	3,947,217	2,169,159	(1,699,070)	4,417,306
Intangible Assets with Indefinite Useful Life				
Water Rights and/or Easements	133,570	1,750	—	135,320
Infrastructure (1)	3,967,094	—	—	3,967,094
Total Nondepreciable Capital Assets	12,148,833	2,277,848	(1,700,186)	12,726,495
Other Capital Assets:				
Buildings (2)	5,479,812	169,955	(4,890)	5,644,877
Equipment	1,879,273	244,768	(59,533)	2,064,508
Infrastructure	40,592,837	1,745,122	(102,478)	42,235,481
Intangible Assets				
Computer Software (Including websites)	1,374,342	32,865	(4,232)	1,402,975
Patents/Trademarks/Copyrights	21,571	—	—	21,571
Right-to-Use Intangible Assets				
Land	3,338	—	—	3,338
Buildings	453,028	36,636	(12,582)	477,082
Equipment	76,109	16,930	(13,348)	79,691
Subscription-based Information Technology Arrangements	450,615	57,072	(113,792)	393,895
Total Other Capital Assets at Historical Cost	50,330,925	2,303,348	(310,855)	52,323,418
Less Accumulated Depreciation for:				
Buildings	2,261,387	130,357	(3,890)	2,387,854
Equipment	1,126,520	123,270	(50,459)	1,199,331
Infrastructure	16,427,555	1,351,440	(100,949)	17,678,046
Intangible Assets				
Computer Software (Including websites)	834,092	98,252	(3,686)	928,658
Patents/Trademarks/Copyrights	19,890	404	—	20,294
Total Accumulated Depreciation	20,669,444	1,703,723	(158,984)	22,214,183
Less Accumulated Amortization for:				
Right-to-Use Intangible Assets				
Land	868	298	—	1,166
Buildings	89,095	34,342	(12,072)	111,365
Equipment	31,728	23,544	(13,360)	41,912
Subscription-based Information Technology Arrangements	157,187	97,573	(113,792)	140,968
Total Accumulated Amortization	278,878	155,757	(139,224)	295,411
 Total Accumulated Depreciation and Amortization	 20,948,322	 1,859,480	 (298,208)	 22,509,594
 Total Other Capital Assets, Net	 29,382,603	 443,868	 (12,647)	 29,813,824
 Total Capital Assets, Net	 \$ 41,531,436	 \$ 2,721,716	 \$ (1,712,833)	 \$ 42,540,319

Note (1): Beginning balances have been restated by \$101.1 million relating to errors. The restatements were predominantly a result of errors by the Department of General Services, Department of Transportation, Department of Corrections, Department of Aging and Rehabilitation Services, and Department of Social Services.

Note (2): Includes temporary impaired assets with a carrying value of \$44.9 million.

Depreciation/Amortization Expense Charged to Functions of the Primary Government
June 30, 2025

(Dollars in Thousands)

Governmental Activities:

General Government	\$ 73,748
Education	21,811
Transportation	1,431,653
Resources and Economic Development	39,076
Individual and Family Services	98,214
Administration of Justice	98,270
Capital Assets held by the Internal Service	
Funds are charged to various functions	96,708
Total	<u>\$ 1,859,480</u>

Schedule of Changes in Capital Assets
Business-type Activities

(Dollars in Thousands)

	Balance July 1	Increases	Decreases	Balance June 30
Nondepreciable Capital Assets:				
Land	\$ 11,033	\$ —	\$ —	\$ 11,033
Construction-in-Progress	2,588	1,884	(2,832)	1,640
Total Nondepreciable Capital Assets	<u>13,621</u>	<u>1,884</u>	<u>(2,832)</u>	<u>12,673</u>
Other Capital Assets:				
Buildings	69,995	—	—	69,995
Equipment	91,809	3,897	(1,696)	94,010
Intangible Assets				
Computer Software (Including websites)	46,757	4,512	(413)	50,856
Right-to-Use Intangible Assets				
Buildings	267,349	11,014	(1,983)	276,380
Equipment	170	—	(2)	168
Other Intangible Assets	—	8,092	—	8,092
Subscription-Based Information Technology Arrangements	232,847	5,895	(1,364)	237,378
Total Other Capital Assets at Historical Cost	<u>708,927</u>	<u>33,410</u>	<u>(5,458)</u>	<u>736,879</u>
Less Accumulated Depreciation for:				
Buildings	14,252	2,148	—	16,400
Equipment	53,605	8,441	(1,655)	60,391
Intangible Assets				
Computer Software (Including websites)	30,928	7,655	(413)	38,170
Total Accumulated Depreciation	<u>98,785</u>	<u>18,244</u>	<u>(2,068)</u>	<u>114,961</u>
Less Accumulated Amortization for:				
Right-to-Use Intangible Assets				
Buildings	76,548	26,344	(1,720)	101,172
Equipment	100	71	(1)	170
Other Intangible Assets	—	4,046	—	4,046
Subscription-Based Information Technology Arrangements	25,927	17,578	(1,198)	42,307
Total Accumulated Amortization	<u>102,575</u>	<u>48,039</u>	<u>(2,919)</u>	<u>147,695</u>
Total Accumulated Depreciation and Amortization	<u>201,360</u>	<u>66,283</u>	<u>(4,987)</u>	<u>262,656</u>
Total Other Capital Assets, Net	<u>507,567</u>	<u>(32,873)</u>	<u>(471)</u>	<u>474,223</u>
Total Capital Assets, Net	<u>\$ 521,188</u>	<u>\$ (30,989)</u>	<u>\$ (3,303)</u>	<u>\$ 486,896</u>

**Schedule of Changes in Capital Assets
Component Units**

(Dollars in Thousands)

	Balance July 1 as restated (1)	Increases	Decreases	Subtotal June 30	Foundations (2)	Total June 30
Nondepreciable Capital Assets:						
Land	\$ 1,134,077	\$ 398,449	\$ (90,089)	\$ 1,442,437	\$ 415,563	\$ 1,858,000
Construction-in-Progress	4,136,217	2,795,955	(2,338,935)	4,593,237	75,470	4,668,707
Inexhaustible Works of Art/ Historical Treasures	89,257	1,290	(127)	90,420	22,020	112,440
Inexhaustible Easements	237,242	3,270	—	240,512	—	240,512
Livestock	532	151	—	683	701	1,384
Total Nondepreciable Capital Assets	5,597,325	3,199,115	(2,429,151)	6,367,289	513,754	6,881,043
Other Capital Assets:						
Buildings	24,152,374	1,483,726	(27,216)	25,608,884	1,582,829	27,191,713
Infrastructure	5,036,662	645,702	(14,878)	5,667,486	30,616	5,698,102
Equipment	6,081,049	626,403	(290,274)	6,417,178	260,775	6,677,953
Improvements Other Than Buildings	763,712	31,446	(1,223)	793,935	144,060	937,995
Library Books	781,477	17,940	(113,980)	685,437	—	685,437
Software	765,865	16,123	(51,506)	730,482	—	730,482
Other Intangible Assets	3,763	361	—	4,124	—	4,124
Right-to-Use Intangible Assets:						
Land	26,973	5,129	(424)	31,678	—	31,678
Buildings	1,015,338	87,979	(58,762)	1,044,555	—	1,044,555
Equipment	268,367	32,672	(8,071)	292,968	—	292,968
Infrastructure	181	—	—	181	—	181
Other Intangibles	4,059,532	—	—	4,059,532	—	4,059,532
Subscription-based Information Technology Arrangements	542,494	268,980	(43,137)	768,337	—	768,337
Total Other Capital Assets	43,497,787	3,216,461	(609,471)	46,104,777	2,018,280	48,123,057
Less Accumulated Depreciation for:						
Buildings	9,142,913	627,575	(24,758)	9,745,730	569,897	10,315,627
Infrastructure	2,520,311	136,347	(1,414)	2,655,244	6,404	2,661,648
Equipment	4,103,309	443,030	(276,910)	4,269,429	201,573	4,471,002
Improvements Other Than Buildings	509,237	26,210	(1,501)	533,946	75,030	608,976
Library Books	700,536	18,260	(114,005)	604,791	—	604,791
Software	596,358	45,053	(51,466)	589,945	—	589,945
Other Intangible Assets	2,806	194	—	3,000	—	3,000
Total Accumulated Depreciation	17,575,470	1,296,669	(470,054)	18,402,085	852,904	19,254,989
Less Accumulated Amortization for:						
Right-to-Use Intangible Assets:						
Land	7,191	4,403	(350)	11,244	—	11,244
Buildings	286,799	107,114	(32,060)	361,853	—	361,853
Equipment	75,756	34,083	(8,148)	101,691	—	101,691
Infrastructure	123	31	—	154	—	154
Other Intangibles	276,368	92,123	—	368,491	—	368,491
Subscription-based Information Technology Arrangements	263,409	161,057	(46,052)	378,414	—	378,414
Total Accumulated Amortization	909,646	398,811	(86,610)	1,221,847	—	1,221,847
Total Accumulated Depreciation and Amortization	18,485,116	1,695,480	(556,664)	19,623,932	852,904	20,476,836
Total Other Capital Assets, Net	25,012,671	1,520,981	(52,807)	26,480,845	1,165,376	27,646,221
Total Capital Assets, Net	\$ 30,609,996	\$ 4,720,096	\$ (2,481,958)	\$ 32,848,134	\$ 1,679,130	\$ 34,527,264

Note (1): Beginning balances have been restated by \$284.6 million predominately relating to the Old Dominion University (nonmajor) merger with Eastern Virginia Medical School and error corrections by various higher education institutions. There have also been reclassifications in the beginning balances of certain line items.

Note (2): Foundations represent FASB reporting entities defined in Note 1.B. Since foundations follow FASB rather than GASB reporting requirements, no amounts are reported in the software and other intangible assets categories for foundations.

15. DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, requires certain items to be classified as either deferred outflows or deferred inflows of resources. Additionally, deferred outflows or deferred inflows of resources are also required by other GASB statements. While all deferred outflows or deferred inflows of resources applicable to the Commonwealth are listed below, see Notes 16, 17, 19, and 39 for additional information regarding these items.

Deferred Outflows

Deferred outflows of resources are a consumption of net assets by the government that is applicable to a future reporting period.

Deferred Inflows

Deferred inflows of resources are an acquisition of net assets by the government that is applicable to a future reporting period.

The following tables summarize deferred outflows and deferred inflows of resources as of June 30, 2025.

Government-wide Statements

(Dollars in Thousands)

	Primary Government			Total Component Units
	Governmental Activities	Business-type Activities	Total	
Deferred Outflows of Resources				
Effective Hedges in a Loss Position	\$ —	\$ —	\$ —	\$ 2,058
Loss on Refunding of Debt	9,786	—	9,786	126,733
Government Acquisition-Goodwill	—	—	—	1,513
Pension Related	1,334,943	46,871	1,381,814	761,095
Other Postemployment Benefit Related	379,781	11,887	391,668	222,826
Total Deferred Outflows of Resources	<u>\$ 1,724,510</u>	<u>\$ 58,758</u>	<u>\$ 1,783,268</u>	<u>\$ 1,114,225</u>
Deferred Inflows of Resources				
Public-Private and Public-Public Partnerships	\$ 8,053,782	\$ —	\$ 8,053,782	\$ 142,607
Gain on Refunding of Debt	34,283	—	34,283	75,356
Pension Related	611,927	21,303	633,230	342,970
Other Postemployment Benefit Related	459,926	10,234	470,160	256,517
Irrevocable Split-Interest Agreements Related	—	—	—	25,362
Mortgage Banking Activities	—	—	—	66,611
Leases	—	—	—	146,195
Total Deferred Inflows of Resources	<u>\$ 9,159,918</u>	<u>\$ 31,537</u>	<u>\$ 9,191,455</u>	<u>\$ 1,055,618</u>

Fund Statements

(Dollars in Thousands)

	Primary Government - Governmental Funds					
	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds	Total Governmental Funds
Deferred Outflows of Resources						
Total Deferred Outflows of Resources	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Deferred Inflows of Resources						
Public-Private and Public-Public Partnerships	\$ —	\$ 2,266,843	\$ —	\$ —	\$ —	\$ 2,266,843
Revenues Considered Unavailable	1,686,290	103,958	315,146	28,925	488,102	2,622,421
Total Deferred Inflows of Resources	<u>\$ 1,686,290</u>	<u>\$ 2,370,801</u>	<u>\$ 315,146</u>	<u>\$ 28,925</u>	<u>\$ 488,102</u>	<u>\$ 4,889,264</u>

Fund Statements

	Business-type Activities				Governmental Activities
	Enterprise Funds				
	Virginia Lottery	Commonwealth Savers Plan	Nonmajor	Total Business-type Activities	Internal Service Funds
Deferred Outflows of Resources					
Pension Related	\$ 7,587	\$ 4,203	\$ 35,081	\$ 46,871	\$ 20,690
Other Postemployment Benefit Related	1,902	959	9,026	11,887	4,099
Total Deferred Outflows of Resources	<u>\$ 9,489</u>	<u>\$ 5,162</u>	<u>\$ 44,107</u>	<u>\$ 58,758</u>	<u>\$ 24,789</u>
Deferred Inflows of Resources					
Pension Related	\$ 3,293	\$ 1,674	\$ 16,336	\$ 21,303	\$ 8,933
Other Postemployment Benefit Related	1,365	673	8,196	10,234	3,862
Total Deferred Inflows of Resources	<u>\$ 4,658</u>	<u>\$ 2,347</u>	<u>\$ 24,532</u>	<u>\$ 31,537</u>	<u>\$ 12,795</u>

	Component Units					
	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units	Total Component Units
Deferred Outflows of Resources						
Effective Hedges in a Loss Position	\$ —	\$ —	\$ —	\$ —	\$ 2,058	\$ 2,058
Loss on Refunding of Debt	—	21,490	17,210	10,546	77,487	126,733
Government Acquisition-Goodwill	—	—	—	—	1,513	1,513
Pension Related	—	—	240	—	760,855	761,095
Other Postemployment Benefit Related	6,030	—	23	—	216,773	222,826
Total Deferred Outflows of Resources	<u>\$ 6,030</u>	<u>\$ 21,490</u>	<u>\$ 17,473</u>	<u>\$ 10,546</u>	<u>\$ 1,058,686</u>	<u>\$ 1,114,225</u>
Deferred Inflows of Resources						
Public-Private and Public-Public Partnerships	—	—	—	—	142,607	142,607
Gain on Refunding of Debt	—	136	16,078	22,120	37,022	75,356
Pension Related	—	—	129	—	342,841	342,970
Other Postemployment Benefit Related	13,116	—	21	—	243,380	256,517
Irrevocable Split-Interest Agreements Related	—	—	—	—	25,362	25,362
Mortgage Banking Activities	66,611	—	—	—	—	66,611
Leases	—	—	—	—	146,195	146,195
Total Deferred Inflows of Resources	<u>\$ 79,727</u>	<u>\$ 136</u>	<u>\$ 16,228</u>	<u>\$ 22,120</u>	<u>\$ 937,407</u>	<u>\$ 1,055,618</u>

16. DERIVATIVE INSTRUMENTS

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, requires additional reporting and disclosures for derivative instruments.

Primary Government

Derivative instruments are financial contracts whose values depend on the values of one or more underlying assets, reference rates or financial indexes. They include futures, forwards, options and swap contracts. Some traditional securities, such as structured notes, can have derivative-like characteristics. In this case, the return may be linked to one or more indexes and asset-backed securities, such as collateralized mortgage obligations (CMOs), which are sensitive to changes in interest rates and prepayments. Futures, forwards, options and swaps generally are not recorded on the financial statements, whereas structured notes and asset-backed investments generally are recorded.

Commonwealth Savers Plan (Commonwealth Savers)

GASB Statement No. 53 defines stable value investment vehicles as synthetic guaranteed investment contracts. Stable value funds are invested in a high quality, diversified, intermediate term, fixed income portfolio that is protected against interest rate volatility by wrap or investment contracts from banks and insurance companies that guarantee the payment of benefits at book value (cost plus accrued interest), which enables the entire investment to be carried at its book value. Commonwealth Savers utilizes stable value investments in the Defined Contribution 529 and Access and Affordability Programs (Private Purpose Trust Fund). Commonwealth Savers' stable value investments meet the definition of fully benefit-responsive synthetic guaranteed investment contracts and are reported at contract value. As of June 30, 2025, Commonwealth Savers had the following stable value investments outstanding (dollars in thousands) in the respective programs as shown in the table below.

Stable Value Investments

Fund	Wrap Provider	Notional	Effective	Maturity Date	Credit	June 30, 2025	June 30, 2024
		Amount	Date		Rate	Fair Value	Fair Value
Private Purpose	American General Life	\$ 341,504	1/16/2014	Open ended	3.4 %	\$ 2,000,000	\$ 1,730,000
	Nationwide Life Insurance	348,968	1/29/2018	Open ended	4.2 %		
	Pacific Life Insurance	341,501	3/27/2025	Open ended	3.4 %		
	Prudential Retirement Insurance & Annuity	341,833	1/30/2014	Open ended	3.4 %		
	RGA	341,492	8/28/2015	Open ended	3.4 %		
	Voya Retirement And Annuity	341,619	10/5/2012	Open ended	3.4 %		

As of June 30, 2025, the fair value of the underlying investments for the Private Purpose Trust Fund was less than the book value (notional amount) of the wrap contracts. The book value of the wrap contracts provides a guaranteed minimum value that program participants would receive upon liquidation, and therefore has a separate fair value only in the circumstance that the fair value of the associated underlying investment pool is below the book value of the wrap contracts. The fair value of the wrap contracts is the amount required to bring the total value of the stable value investments up to the book value of the wrap contracts. In the Private Purpose Trust Fund, the fair value of the wrapped stable value investments at June 30, 2025, was \$2.0 billion.

All derivative instruments held by Commonwealth Savers are considered investments. The fair value of all derivative financial instruments is reported on a net basis on the Statement of Net Position and the Statement of Fiduciary Net Position. The derivative instruments are either subject to an enforceable master netting arrangement or similar agreement. The master netting arrangements allow Commonwealth Savers to net applicable liabilities or prepayment obligations to counterparties to the derivative contracts against amounts owed to Commonwealth Savers by the counterparties.

As of June 30, 2025, four separate account managers in the asset classes shown below, were permitted to use derivative instruments as shown in the tables that follow:

Fund	Manager	Asset Class
Enterprise	Acadian Asset Management, LLC	Developed Markets International Equity
Enterprise	Loomis, Sayles & Company, L.P.	Multi-Asset Credit
Enterprise	Neuberger Berman	Core Bond Fixed Income
Enterprise	PGIM Fixed Income	High-yield Fixed Income
Enterprise	PGIM Fixed Income	Core Bond Fixed Income
Private Purpose	Neuberger Berman	Emerging Markets Debt
Private Purpose	Neuberger Berman	Core Bond Fixed Income
Private Purpose	PGIM Fixed Income	High-yield Fixed Income
Private Purpose	PGIM Fixed Income	Core Bond Fixed Income

The summary of Commonwealth Savers' derivative instruments at June 30, 2025 are shown in the table below (amounts expressed in thousands).

Derivative Instruments Summary					
Investment Derivative Instruments	Changes in Fair Value		Fair Value at June 30, 2025		
Enterprise Fund	Classification	Amount	Classification	Amount	Net Notional Amount
Pay Credit Default Swaps	Revenue	\$ (43)	Investment	\$ (178)	\$ 7,922
Receive Credit Default Swaps	Revenue	113	Investment	345	4,595
Futures Contracts Long	Revenue	2,385	Investment	2,385	205,894
Futures Contracts Short	Revenue	(979)	Investment	(979)	(35,397)
Total Return Swaps	Revenue	(324)	Investment	(324)	12,713
Pay Zero Coupon Swaps	Revenue	(34)	Investment	195	13,425
Receive Zero Coupon Swaps	Revenue	10	Investment	(3)	5,005
Options	Revenue	—	Investment	—	210
Total		<u>\$ 1,128</u>		<u>\$ 1,441</u>	
Private Purpose Fund					
Pay Credit Default Swaps	Revenue	\$ (593)	Investment	\$ (597)	\$ 32,728
Receive Credit Default Swaps	Revenue	378	Investment	1,153	15,360
Futures Contracts Long	Revenue	—	Investment	2,600	234,123
Futures Contracts Short	Revenue	—	Investment	(581)	(44,243)
Total Return Swaps	Revenue	56	Investment	56	13,870
Total		<u>\$ (159)</u>		<u>\$ 2,631</u>	

Pursuant to their investment management agreements, PGIM High Yield Fixed Income, PGIM Core Bond Fixed Income, Loomis, Sayles & Company, Neuberger Berman Emerging Markets Debt and Neuberger Core Bond may invest in derivative instruments for hedging, cash management and / or duration management.

Each portfolio's exposure to derivative instruments, as measured on a net fair value basis, is limited to 10.0 percent of the fair value of the accounts, with the exception of futures contracts, which are excluded from the 10.0 percent limit.

Within the Enterprise Fund at June 30, 2025, the Loomis Multi-Asset Credit, the Neuberger Berman and PGIM Core Bond portfolios, as well as the PGIM High Yield Fixed Income accounts each held futures contracts. Future contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. The PGIM Core Bond and High Yield Fixed Income accounts

each held total return swaps and credit default swaps. The PGIM Core Bond account also held zero coupon swaps. Swaps are negotiated contracts between two counterparties for the exchange of payments at certain intervals over a predetermined timeframe. The payments are based on a notional principal amount and calculated using either fixed or floating interest rates or total returns from certain instruments or indexes. Swaps are, therefore, sensitive to interest rate changes.

Within the Private Purpose Fund at June 30, 2025, the Neuberger Berman Emerging Markets Debt and PGIM High Yield accounts each held futures contracts and credit default swaps. The PGIM High Yield Fixed Income account also held total return swaps.

Futures contracts are permissible to hedge duration while total return swaps help to gain exposure to assets with minimal cash outlay. Credit risk is mitigated with credit

default swaps and zero coupon swaps as they are each centrally cleared derivative instruments.

Pursuant to their investment management agreements, Loomis, Hamilton Lane, the PGIM High Yield Fixed Income and Core Bond accounts as well as Acadian may invest in foreign exchange forward contracts for hedging purposes or for efficient portfolio management within the Enterprise Fund. PGIM High Yield and Neuberger Berman Fixed Income accounts invest in foreign exchange forward contracts for the same purposes within the Fiduciary Funds' investment portfolio. Each of these managers primarily uses forward foreign exchange contracts to hedge the value of investments denominated in non-U.S. dollar currencies. Credit risk of exchange traded currency contracts lies with the clearinghouse of the exchange at which the contracts are traded, while credit risk of currency contracts traded over the counter lies with the counterparty. Counterparty risk exposure is generally equal to the unrealized gain on in-the-money contracts. The following table (dollars in thousands) contains a breakdown of these forward contracts by currency.

Enterprise Fund Foreign Currency Forwards				
Currency	Cost	Foreign Exchange Purchases	Foreign Exchange Sales	Fair Value
Euro Currency Unit	\$ (15,769)	\$ 10,198	\$ (26,375)	\$ (16,177)
Indonesian Rupiah	1,523	1,532	—	1,532
Japanese Yen	(133)	—	(133)	(133)
Pound Sterling	(180)	183	(366)	(183)
South Korean Won	1,607	1,634	—	1,634
Swiss Franc	(53)	—	(53)	(53)
U.S. Dollar	13,005	26,401	(13,396)	13,005
Total	<u>\$ —</u>	<u>\$ 39,948</u>	<u>\$ (40,323)</u>	<u>\$ (375)</u>

Private Purpose Fund Foreign Currency Forwards				
Currency	Cost	Foreign Exchange Purchases	Foreign Exchange Sales	Fair Value
Euro Currency Unit	\$ (61,026)	\$ 66,878	\$ (129,564)	\$ (62,686)
Pound Sterling	(538)	546	(1,092)	(546)
U.S. Dollar	61,564	128,657	(67,094)	61,563
Total	<u>\$ —</u>	<u>\$ 196,081</u>	<u>\$ (197,750)</u>	<u>\$ (1,669)</u>

Additional information is available in the Commonwealth Savers separately issued financial statements, which may be obtained at www.invest529.com.

Virginia Retirement System

All derivative instruments held by the Virginia Retirement System (the System) are considered investments. The fair value of all derivative financial instruments is reported on a net basis on the Statement of Fiduciary Net Position. The derivative instruments are either subject to an enforceable master netting arrangement or similar agreement. The master netting arrangements allow the System to net applicable liabilities or payment obligations to counterparties to the derivative instrument contracts against amounts owed to the System by the same counterparty.

The System holds investments in swaps and futures and enters into forward foreign currency exchange contracts. Swaps, futures, and currency forwards contracts provide the System with the opportunity to build passive benchmark positions, manage portfolio duration in relation to various benchmarks, adjust portfolio yield curve exposure and gain market exposure to various indexes in a more efficient way and at lower transaction costs. Derivative instruments that are exchange-traded are not subject to credit risk, but all over-the-counter derivative instruments, such as swaps and currency forwards, do expose the System to counterparty credit risk. Counterparty credit risk for the System's investments in derivatives instruments (inclusive of foreign currency forwards) is summarized in the table on page 138. Market risks arise from adverse changes in market prices, interest rates and foreign exchange rates. The System's level of exposure to interest rate risk through derivative instruments and the System's investments in derivative instruments as of June 30, 2025, are summarized in the tables below (dollars in thousands).

Derivative Instruments Summary				
Investment	Net Appreciation/ (Depreciation) in Fair Value for the Fiscal Year Ended June 30, 2025		Fair Value June 30, 2025	Notional (Dollars)
Derivatives (by Type)	Amount	Classification	Amount	
Credit Default Swaps Bought	\$ 89	Debt Securities	\$ 10	\$ 1,200
Credit Default Swaps Written	(22)	Debt Securities	135	11,300
Fixed-Income Futures Long	26,561	Debt Securities	33,085	1,552,025
Fixed-Income Futures Short	(8,259)	Debt Securities	(12,969)	(824,937)
Equity Index Options	50,864	Equity Securities	50,864	51,023
Fixed Income Options	2,267	Debt Securities	2,267	3,179
Fixed Income Futures Options	70	Debt Securities	70	77
FX Forwards	(30,478)	Investment Sales/ Purchases	(26,671)	1,456,222
Index Futures Long	30,300	Equity Securities	30,511	2,114,178
Index Futures Short	(1,898)	Equity Securities	(2,002)	(70,229)
Interest Rate Futures Long	569	Debt Securities	609	72,119
Pay Fixed-Interest Rate Swaps	15,865	Debt Securities	15,865	1,994,563
Receive Fixed-Interest Rate Swaps	4,082	Debt Securities	4,082	527,040
Swaptions	32	Debt Securities	32	83
Total Return Bond Index Swaps	6,471	Debt Securities	6,471	139,517
Total Return Commodity Swaps	256	Equity Securities	256	348,288
Total Return Equity Index Swaps	36,080	Debt/Equity Securities	59,677	9,990,314
Total Return Interest Rate Swaps	5,577	Debt Securities	5,577	1,667,209
Total	<u>\$ 138,426</u>		<u>\$ 167,869</u>	

Derivative Instruments Subject to Interest Rate Risk						
Investment Type	Fair Value June 30, 2025	Investment Maturities (in years)				Greater than 10
		Under 1	1-5	6-10		
Credit Default Swaps Bought	\$ 10	\$ —	\$ 9	\$ 1	\$ —	
Credit Default Swaps Written	135	14	121	—	—	
Fixed-Income Options	2,267	2,267	—	—	—	
Pay Fixed-Interest Rate Swaps	15,865	(3)	(3,753)	(6,602)	26,223	
Receive Fixed-Interest Rate Swaps	4,082	—	984	3,250	(152)	
Swaptions	32	32	—	—	—	
Total Return Bond Index Swaps	6,471	6,471	—	—	—	
Total Return Equity Index Swaps	(410,657)	(391,452)	(19,205)	—	—	
Total Return Interest Rate Swaps	5,577	—	3,175	2,402	—	
Total	\$ (376,218)	\$ (382,671)	\$ (18,669)	\$ (949)	\$ 26,071	

Futures Contracts

Futures contracts are contracts to deliver or receive securities at a specified future date and at a specified price or yield. Futures contracts are traded on organized exchanges (exchange-traded) and require an initial margin (collateral) in the form of cash or marketable securities. The net change in the futures contract value is settled daily, in cash, with the exchanges. The net gains or losses resulting from the daily settlements are included in the Statement of Changes in Fiduciary Net Position. Holders of futures contracts look to the exchange for performance under the contract and not to the entity holding the offsetting futures position. Accordingly, the amount at risk posed by nonperformance of counterparties to futures contracts is minimal. Information on the System's investments in fixed income, currency, and equity index futures as of June 30, 2025, is shown in the Summary table on page 131.

Currency Forwards

Currency forwards represent foreign exchange contracts and are used by the System to effect settlements and to protect the base currency (\$U.S.) value of portfolio assets denominated in foreign currencies against fluctuations in the exchange rates of those currencies. A forward foreign currency exchange contract is a commitment to purchase or sell a foreign currency at a future date at a negotiated price. The credit risk of currency contracts that are exchange-traded lies with the clearinghouse of the exchange where the contracts are traded. The credit risk of currency contracts traded over the counter lies with the counterparty, and exposure usually is equal to the unrealized profit on in-the-money contracts. The market risk in foreign currency contracts is related to adverse movements in currency exchange rates. The net realized gains or losses arising from the differences between the original values of the foreign currency contracts and the closing values of such contracts are included in the net appreciation/depreciation in fair value of investments in the Statement of Changes in Fiduciary Net Position. Information on the currency forward contracts as of June 30, 2025, is shown in the following table and in the Summary table on page 131.

Currency Forwards

as of June 30

(Dollars in Thousands)

Currency	Cost	Pending Foreign Exchange Purchases	Pending Foreign Exchange Sales	Fair Value 2025	Fair Value 2024
Australian Dollar	\$ (147,871)	\$ 4,994	\$ (153,466)	\$ (148,472)	\$ 38,376
Brazilian Real	(9,544)	1,177	(10,833)	(9,656)	3,039
British Pound Sterling	(611,910)	3,388	(623,771)	(620,383)	(165,367)
Canadian Dollar	148,910	163,344	(14,296)	149,048	187,373
Chilean Peso	(2,767)	—	(2,770)	(2,770)	—
Chinese Yuan Renminbi	4	1,127	(1,127)	—	(3,957)
Chinese Yuan Renminbi HK	(2,652)	—	(2,659)	(2,659)	—
Colombian Peso	(2,706)	206	(2,953)	(2,747)	(507)
Czech Koruna	(50)	2,101	(2,175)	(74)	(4,822)
Danish Krone	(6,301)	258	(6,711)	(6,453)	(4,478)
Euro Currency Unit	(829,847)	117,145	(965,463)	(848,318)	(722,828)
Hungarian Forint	67	1,309	(1,279)	30	(808)
Indian Rupee	—	—	—	—	2,466
Indonesian Rupiah	(16)	1,264	(1,342)	(78)	2,387
Israeli Shekel	(115)	—	(122)	(122)	55
Japanese Yen	99,028	110,828	(11,710)	99,118	155,336
Kazakhstan Tenge	427	417	—	417	1,729
Kuwaiti Dinar	(1,889)	613	(2,380)	(1,767)	—
Malaysian Ringgit	—	—	—	—	(41)
Mexican Peso	(6,605)	1,197	(7,883)	(6,686)	(6,001)
New Zealand Dollar	—	—	—	—	(342,271)
Norwegian Krone	(103,301)	—	(102,990)	(102,990)	232,378
Peruvian Sol	(5,339)	2,204	(7,724)	(5,520)	(11,073)
Philippines Peso	—	—	—	—	(2,475)
Polish Zloty	70	3,599	(3,554)	45	1,257
South African Rand	(5,341)	—	(5,398)	(5,398)	(2,070)
South Korean Won	2,729	2,733	—	2,733	—
Swedish Krona	—	—	—	—	(191,873)
Swiss Franc	33,019	34,005	—	34,005	(143,717)
Thailand Baht	(2,711)	—	(2,704)	(2,704)	(1,091)
Turkish Lira	1,773	2,505	(714)	1,791	2,452
U.S. Dollar	1,452,939	1,897,803	(444,864)	1,452,939	980,338
Total Forwards Subject to Foreign Currency Risk				\$ (26,671)	\$ 3,807

Options

Options may either be exchange-traded or negotiated directly between two counterparties over the counter. Options grant the holder the right, but not the obligation, to purchase (call) or sell (put) a financial instrument at a specified price and within a specified period of time from the writer of the option.

As a purchaser of options, the System typically pays a premium at the outset. This premium is reflected as an asset on the financial statements. The System then retains the right, but not the obligation, to exercise the options and purchase the underlying financial instrument. Should the option not be exercised, it expires worthless, and the premium is recorded as a loss.

A writer of options assumes the obligation to deliver or receive the underlying financial instrument on exercise of the option. Certain option contracts may involve cash settlements based on specified indexes such as stock indexes. As a writer of options, the System receives a premium at the outset. This premium is reflected as a liability on the financial statements, and the System bears the risk of an unfavorable change in the price of the financial instrument underlying the option. The System had no investments in options as of June 30, 2024. The System had investments in options on equity indexes, fixed income securities, fixed income futures contracts and credit default swaps (swaptions) as of June 30, 2025, as shown in the Summary table on page 131.

Swap Agreements

Swaps are negotiated contracts between two counterparties for the exchange of payments at certain intervals over a predetermined timeframe. The payments are based on a notional principal amount and calculated using either fixed or floating interest rates or total returns from certain instruments or indexes. Swaps are used to manage risk and enhance returns. To reduce the risk of counterparty nonperformance, the System generally requires collateral on any material gains from these transactions. During fiscal year 2025, the System had investments in credit default, interest rate and total return swaps. Gains and losses on swaps are determined based on fair values and are recorded in the Statement of Changes in Fiduciary Net Position. Information on the System's swap balances as of June 30, 2025, is shown in the Summary table on page 131, and the terms, fair values and notional values of the System's investments in swap agreements that are highly sensitive to interest rate changes are disclosed in the following table (dollars in thousands).

Derivatives Instruments Highly Sensitive to Interest Rate Changes

Investment Type	Reference Rate	Fair Value June 30, 2025	Notional Amount
Interest Rate Swaps	Receive Fixed 9.15%, Pay Variable Overnight MTIE Funding Rate	\$ 183	\$ 8,755
Interest Rate Swaps	Receive Fixed 9.07%, Pay Variable Overnight MTIE Funding Rate	143	7,146
Interest Rate Swaps	Receive Variable Brazil 1-day CDI, Pay Fixed 13.05%	—	366
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.25%	—	5,900
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.0%	(3)	2,700
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.75%	(13)	1,700
Interest Rate Swaps	Receive Fixed 3.75%, Pay Variable Daily Compound SOFR	18	1,300
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.75%	(4)	600
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.75%	9	600
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.5%	74	1,000
Interest Rate Swaps	Receive Fixed 3.53%, Pay Variable Czech Koruna 6-month PRIBOR	(3)	1,296
Interest Rate Swaps	Receive Fixed 3.08%, Pay Variable Czech Koruna 6-month PRIBOR	(48)	2,327
Interest Rate Swaps	Receive Fixed 3.0%, Pay Variable Daily Compound SOFR	(90)	4,900
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.25%	25	700
Interest Rate Swaps	Receive Fixed 5.96%, Pay Variable Hungarian Forint 6-month BUBOR	(17)	3,251
Interest Rate Swaps	Receive Variable Czech Koruna 6-month PRIBOR, Pay Fixed 3.33%	39	2,944
Interest Rate Swaps	Receive Variable Fed Funds Effective Rate, Pay Fixed 0.0%	(1,673)	67,080
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.6155%	538	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.956%	(44)	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.218%	(492)	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.259%	(562)	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.571%	613	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.667%	(295)	82,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.9065%	(252)	12,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.541%	663	10,000
Interest Rate Swaps	Receive Variable Fed Funds Effective Rate, Pay Fixed 3.5525%	553	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.649%	481	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.532%	680	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.696%	400	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.965%	(59)	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.0595%	(221)	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.343%	(706)	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.148%	(374)	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.134%	(350)	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.9555%	(493)	20,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.6535%	704	15,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.537%	670	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.756%	231	8,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.7325%	329	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.6585%	456	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.653%	466	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.739%	(219)	30,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.7345%	(56)	8,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.25%	1,747	15,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.2965%	99	25,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.3665%	963	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.3215%	1,041	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.239%	1,185	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.23%	967	29,319
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.247%	1,114	35,198
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.213%	1,003	29,216
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.219%	255	35,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.211%	384	50,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.4265%	1,804	21,000
Interest Rate Swaps	Receive Fixed 3.73%, Pay Variable Daily Compound SOFR	(9)	203,044
Interest Rate Swaps	Receive Fixed 3.784%, Pay Variable Daily Compound SOFR	298	30,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.669%	437	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.663%	268	6,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.6715%	432	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.677%	211	5,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.6415%	678	14,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.674%	428	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.6785%	588	14,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.85%	(903)	60,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.856%	(466)	30,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.625%	708	13,800
Interest Rate Swaps	Receive Fixed 3.778%, Pay Variable Daily Compound SOFR	817	55,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.6165%	713	13,500
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.67%	435	10,000

Continued on next page

Derivatives Instruments Highly Sensitive to Interest Rate Changes

Investment Type	Reference Rate	Fair Value June 30, 2025	Notional Amount
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.676%	827	19,500
Interest Rate Swaps	Receive Fixed 3.829%, Pay Variable Daily Compound SOFR	564	42,300
Interest Rate Swaps	Receive Fixed 3.906%, Pay Variable Daily Compound SOFR	582	30,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.9115%	(164)	7,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.6615%	314	7,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.6565%	229	5,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.5985%	559	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.5795%	592	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.5685%	611	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.6065%	654	12,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.759%	(182)	24,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.613%	533	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.614%	796	15,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.614%	797	15,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.764%	189	7,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.958%	(108)	15,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.958%	(72)	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.0315%	(1,953)	75,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.0355%	(655)	25,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.9715%	(191)	20,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.8755%	144	20,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.89%	(259)	15,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.68%	(560)	50,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.8%	(96)	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.71%	(367)	32,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.69%	(384)	38,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.88%	(193)	12,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.81%	(167)	16,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.94%	(272)	13,000
Interest Rate Swaps	Receive Fixed 3.85%, Pay Variable Daily Compound SOFR	1,177	86,500
Interest Rate Swaps	Receive Fixed 3.86%, Pay Variable Daily Compound SOFR	632	42,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.54%	(15)	25,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.43%	(3)	30,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.46%	(100)	64,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.53%	(5)	50,000
Interest Rate Swaps	Receive Variable Fed Funds Effective Rate, Pay Fixed 4.207%	(2,171)	50,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.8345%	230	15,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.899%	83	20,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.672%	434	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.5975%	393	7,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.1635%	534	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.609%	542	10,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.461%	362	25,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.145%	1,753	13,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.2145%	83	11,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.95%	(648)	30,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.94%	(630)	30,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.65%	(487)	48,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.65%	(490)	48,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.58%	(358)	50,000
Interest Rate Swaps	Receive European Central Bank Short-term Rate, Pay Fixed 1.34%	29	763
Interest Rate Swaps	Receive Fixed 2.780%, Pay Variable Daily Compound SOFR	(23)	732
Interest Rate Swaps	Receive European Central Bank Short-term Rate, Pay Fixed 2.08%	11	1,702
Interest Rate Swaps	Receive Fixed 2.92%, Pay Variable Daily Compound SOFR	(50)	1,540
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.17%	(16)	400
Interest Rate Swaps	Receive Fixed 4.03%, Pay Variable Daily Compound SOFR	24	800
Interest Rate Swaps	Receive Fixed 4.23%, Pay Variable Daily Compound SOFR	9	200
Interest Rate Swaps	Receive Fixed 4.26%, Pay Variable Daily Compound SOFR	9	200
Interest Rate Swaps	Receive Fixed 4.39%, Pay Variable Daily Compound SOFR	6	100
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 4.25%	(149)	3,200
Interest Rate Swaps	Receive Fixed 3.75%, Pay Variable Daily Compound SOFR	13	1,000
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.75%	(7)	800
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.75%	(1)	500
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.75%	2	200
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.5%	111	1,520
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.75%	(57)	4,100
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.75%	(3)	400
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.5%	102	1,400
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.25%	18	500
Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Fixed 3.25%	47	400
Interest Rate Swaps	Receive European Central Bank Short-term Rate, Pay Fixed 2.0%	—	1,056
Interest Rate Swaps	Receive European Central Bank Short-term Rate, Pay Fixed 2.25%	21	10,447
Interest Rate Swaps	Receive Fixed 2.25%, Pay European Central Bank Short-term Rate	(152)	4,648
Interest Rate Swaps	Receive European Central Bank Short-term Rate, Pay Fixed 2.25%	421	4,050
Subtotal Interest Rate Swaps		\$ 19,947	\$ 2,521,600

Derivatives Instruments Highly Sensitive to Interest Rate Changes

Investment Type	Reference Rate	Fair Value June 30, 2025	Notional Amount
Total Return Bond Index Swaps	Receive Variable Bloomberg 912810TG3 Total Return, Pay Fixed 4.48%	1,647	31,995
Total Return Bond Index Swaps	Receive Variable Bloomberg 910810TR9 Total Return, Pay Fixed 4.48%	1,613	33,008
Total Return Bond Index Swaps	Receive Variable Bloomberg 912810TL2 Total Return, Pay Fixed 4.47%	3,212	74,513
Total Return Commodity Index Swaps	Receive Variable BNP Paribas Commodity G3 EPR Alpha ER Index, Pay Fixed 0.07%	225	335,247
Total Return Commodity Index Swaps	Receive Variable J.P. Morgan Crude Relative Variance Index, Pay Fixed 0 bps	31	10,041
Total Return Equity Index Swaps	Receive Variable Visa Inc Class A Shares Index, Pay Variable Fed Funds Effective Rate -100 bps	3,373	104,662
Total Return Equity Index Swaps	Receive Variable Fed Funds Effective Rate - 90 bps, Pay Variable Visa Inc Class A Shares Index	(3,371)	104,662
Total Return Equity Index Swaps	Receive Variable J.P. Morgan Equity Bespoke Index, Pay Fixed 0 bps	37	3,084
Total Return Equity Index Swaps	Receive Variable Fed Funds Effective Rate + 50 bps, Pay Variable JPNIASW5 Index	(92,215)	714,591
Total Return Equity Index Swaps	Receive Variable JPNIASW5 Index, Pay Variable Fed Funds Effective Rate + 40 bps	92,322	714,591
Total Return Equity Index Swaps	Receive Variable Fed Funds Effective Rate + 50 bps, Pay Variable JPNIASW Index	(51,474)	584,531
Total Return Equity Index Swaps	Receive Variable JPNIASW Index, Pay Variable Fed Funds Effective Rate + 40 bps	51,552	584,531
Total Return Equity Index Swaps	Receive Variable Fed Funds Effective Rate + 50 bps, Pay Variable JPNIASW3 Index	(85,438)	1,142,124
Total Return Equity Index Swaps	Receive Variable JPNIASW3 Index, Pay Variable Fed Funds Effective Rate + 40 bps	85,536	1,142,124
Total Return Equity Index Swaps	Receive Variable Fed Funds Effective Rate + 50 bps, Pay Variable JPNIBAS2 Index	(118,586)	1,108,961
Total Return Equity Index Swaps	Receive Variable JPNIBAS2 Index, Pay Variable Fed Funds Effective Rate + 40 bps	118,709	1,108,961
Total Return Equity Index Swaps	Receive Variable Fed Funds Effective Rate + 50 bps, Pay Variable JPNIASW4 Index	(40,368)	576,237
Total Return Equity Index Swaps	Receive Variable JPNIASW4 Index, Pay Variable Fed Funds Effective Rate + 40 bps	40,410	576,237
Total Return Equity Index Swaps	Receive Variable GDDUUS Index, Pay Variable 1-day SOFR + 84 bps	67,823	337,664
Total Return Equity Index Swaps	Receive Variable 1-day SOFR + 78 bps, Pay Variable RUUS Index	(18,269)	348,131
Total Return Equity Index Swaps	Receive Variable GDDUUS Index, Pay Variable 1-day SOFR + 84 bps	10,571	211,418
Total Return Equity Index Swaps	Receive Variable 1-day SOFR + 78 bps, Pay Variable RUUS Index	(936)	211,410
Total Return Equity Index Swaps	Receive Variable GDDUWI World Index, Pay Variable 1-day SOFR + 68.5 bps	—	208,208
Total Return Equity Index Swaps	Receive Variable 1-day SOFR - 15 bps, Pay Variable M2CN China Index	—	189,000
Total Return Equity Index Swaps	Receive Variable 1-day SOFR + 28 bps, Pay Variable NDDUHK Hong Kong Index	—	19,189
Total Return Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Variable US TIPS Rate + 61 bps	2,400	101,690
Total Return Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Variable US TIPS Rate + 40.2 bps	2,605	107,903
Total Return Interest Rate Swaps	Receive Variable US TIPS Rate + 21 bps, Pay Variable Daily Compound SOFR	(2,137)	100,000
Total Return Interest Rate Swaps	Receive Variable US TIPS Rate + 21 bps, Pay Variable Daily Compound SOFR	(2,370)	100,000
Total Return Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Variable US TIPS Rate + 62.1 bps	481	100,085
Total Return Interest Rate Swaps	Receive Variable US TIPS Rate + 24 bps, Pay Variable Daily Compound SOFR	(247)	100,000
Total Return Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Variable US TIPS Rate + 50.5 bps	(1,276)	198,866
Total Return Interest Rate Swaps	Receive Variable US TIPS Rate + 24 bps, Pay Variable Daily Compound SOFR	2,007	200,000
Total Return Interest Rate Swaps	Receive Variable Bloomberg 912833XY1 Total Return + 45 bps, Pay Variable Fed Funds Effective Rate	855	38,723
Total Return Interest Rate Swaps	Receive Variable Bloomberg 9128334W7 Total Return + 28 bps, Pay Variable Fed Funds Effective Rate	1,924	67,080
Total Return Interest Rate Swaps	Receive Variable Bloomberg 91282CEZ0 Total Return + 26 bps, Pay Variable Daily Compound SOFR	(108)	13,699
Total Return Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Variable Bloomberg 91282CEZ0 Total Return + 57.8 bps	91	14,108
Total Return Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Variable Bloomberg 912828Z37 Total Return + 56.6 bps	(446)	115,425
Total Return Interest Rate Swaps	Receive Variable Bloomberg 912828Z37 Total Return + 27 bps, Pay Variable Daily Compound SOFR	1,100	100,000
Total Return Interest Rate Swaps	Receive Variable Daily Compound SOFR, Pay Variable Bloomberg 91282CKL4 Total Return + 51.6 bps	1,444	159,630
Total Return Interest Rate Swaps	Receive Variable Bloomberg 91282CKL4 Total Return + 27 bps, Pay Variable Daily Compound SOFR	(745)	150,000
Subtotal Total Return Swaps		\$ 71,982	\$ 12,142,329
TOTAL		\$ 91,929	\$ 14,663,929

Derivative Instruments Subject to Counterparty Credit Risk

Counterparty	Percentage of Net Exposure	Moody's Ratings	S&P Ratings
JPMorgan Chase Bank NA	99.4%	Aa2	AA-
BNP Paribas Securities Corp.	0.4%	—	A+
Goldman Sachs International	0.2%	A1	A+
Morgan Stanley Capital Services LLC	0.0%	Aa3	A+
Total	100.0%		

Derivative instruments are classified as Level 1 and Level 2 in the fair value hierarchy. Derivative instruments classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. The derivative instruments in Level 1 consist of futures contracts on U.S. Treasury bonds and notes, non-U.S. government bonds, and U.S. equity indexes and on U.S. short-term interest rates, options on U.S. equity indexes and on fixed income securities and futures. Derivative instruments classified as Level 2 are valued using a number of modeling approaches that take into account observable market levels, benchmark rates, and foreign exchange rates.

Additional information is available in the System's separately issued financial statements, which may be obtained from www.varetire.org.

Component Units

Investment Derivative Instruments

The Virginia Housing Development Authority (major component unit) enters into forward sales contracts for the delivery of GNMA, FNMA, and FHLMC securities in order to lock in the sales price for the securitization of certain homeownership mortgage loans. The contracts offset changes in interest rates between the time of the loan reservations and the securitization of such loans into GNMA, FNMA, and securities. These contracts are considered investment derivative instruments, such that their change in fair value is reported as investment derivative instrument gains or losses in the accompanying financial statements. Fair values of the forwards are based on observable market prices for similar instruments traded on the secondary mortgage loan markets. The Authority's portfolio of investment derivative instruments are classified as Level 2 in the fair value hierarchy. The outstanding forward contracts, summarized by counterparty rating as of June 30, 2025, were as follows:

Counterparty Rating	Par	Concentration	Notional Amount	Fair Value	Fair Value Asset (Liability)
A-1/A+	\$ 36,700,000	31.3 %	\$ 37,495,332	\$ 37,684,234	\$ (188,902)
A-1/A+	37,000,000	31.6 %	37,658,672	37,815,000	(156,328)
A-1+/AA-	22,500,000	19.2 %	22,861,641	23,000,625	(138,984)
A-1/A+	21,000,000	17.9 %	21,420,234	21,511,172	(90,938)
	<u>\$ 117,200,000</u>	<u>100.0 %</u>	<u>\$ 119,435,879</u>	<u>\$ 120,011,031</u>	<u>\$ (575,152)</u>

Other Derivative Instruments – Ineffective Hedges

During fiscal year 2015, the University of Virginia (UVA) (nonmajor) refunded the Series 2003A bonds and the commercial paper associated with the fixed-payer interest rate swaps which terminated hedge accounting. The fixed-payer interest rate swaps were no longer effective hedges. As of June 30, 2025, the negative fair value of the swaps of \$8.2 million is included in other liabilities and the change in fair value of positive \$1.2 million was reported as Change in Fair Value of Other Derivative Instruments in the accompanying financial statements. The derivative instruments are classified as Level 2 in the fair value hierarchy. Additional information regarding the institution's derivative instruments is available at www.virginia.edu.

Hedging Derivative Instruments

As of June 30, 2025, Virginia Commonwealth University Medical Center (VCUMC), which is a division of the Virginia Commonwealth University Health System Authority (a blended component unit of VCU - nonmajor), had two interest rate swap agreements with a notional amount of \$108.2 million. The swaps are used as cash flow hedges by VCUMC in order to provide a hedge against changes in interest rates on variable rate Series 2024B bonds. As of June 30, 2025, the negative fair value of VCUMC's two swaps of \$10.8 million is included in other liabilities and the cumulative change in fair value of these swaps of \$2.1 million is included in deferred outflows of resources in the accompanying financial statements. The derivative instruments are classified as Level 2 in the fair value hierarchy. Additional information regarding the institution's derivative instruments is available at www.vcu.edu.

Various foundations of higher education institutions have derivative instruments. The foundations follow FASB rather than GASB reporting requirements. Disclosures for the foundations' derivative instruments can be found in the separately issued financial statements of the foundations.

17. RETIREMENT AND PENSION SYSTEMS

A separately issued financial report that includes financial statements and required supplementary information for each of the individual plans discussed below is publicly available. Copies may be obtained from the Virginia Retirement System website at www.varetire.org.

A. Administration

The Virginia Retirement System (the System) is an independent agency of the Commonwealth that administers pension plans, other employee benefit plans, and other funds for Commonwealth employees, teachers, political subdivision employees, and other qualifying employees. The Board of Trustees is responsible for the general administration and operation of the plans. The Board consists of five members appointed by the Governor and four members appointed by the Joint Rules Committee, all subject to confirmation by the General Assembly. The Board of Trustees appoints a director to serve as the chief administrative officer of the System and a chief investment officer to direct, manage, and administer the investment of the System's funds. The Board of Trustees has appointed BNY Mellon as the custodian of designated assets of the System.

The System administers four pension trust funds: the Virginia Retirement System (VRS); State Police Officers' Retirement System (SPORS); Virginia Law Officers' Retirement System (VaLORS); and the Judicial Retirement System (JRS). In addition to the pension plans, the System administers five Other Employee Benefit Plans: Group Life Insurance Fund; Retiree Health Insurance Credit Fund; the Virginia Sickness and Disability Program (VSDP); the Line of Duty Act Trust Fund; and the Virginia Local Disability Program (VLDP).

B. Summary of Significant Accounting Policies (Virginia Retirement System)

Basis of Accounting

The financial statements of the pension and other employee benefit trust funds are prepared using the flow of economic resources measurement focus and the accrual basis of accounting consistent with the plans. Employee and employer contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Investment income is recognized as earned by the plans. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

Method Used to Value Investments

Investments are reported at fair value as determined by the System's master custodian, BNY Mellon, from its Global Pricing System. This pricing system assigns a price source, based on asset type and the vendor pricing products to which the master custodian subscribes, for every security held immediately following its acquisition. Prices supplied by these sources are monitored on a daily basis by the master custodian.

When a pricing source is unable to provide a price, quotes are sought from major investment brokers and market-making dealers; or internal calculations are applied if feasible. As a last resort, the master

custodian will contact investment managers for a price. The master custodian prices commingled funds, partnerships, and real estate assets from statements received from the funds, partnerships, or investment managers.

The pricing sources utilized by the master custodian provide daily prices for equity securities, corporate, government and mortgage-backed fixed income securities, private placement securities, futures and options on futures, open-ended funds, and foreign exchange rates. Depending on the vendor, collateralized mortgage obligations (CMOs), adjustable rate mortgages (ARMs) and asset-backed securities are priced daily, weekly or twice a month and at month-end. Municipal fixed income securities and options on Treasury/Government National Mortgage Association securities are priced at month-end.

The System's risk budget is allocated among the different investment strategies, which are each managed to a relevant benchmark. The benchmarks encompass option-adjusted duration, credit quality and issuer concentration limits that address interest rate risk, credit risk and concentration of credit risk. The System's policy requires performance returns to remain within an allowable range from the relevant benchmarks.

C. Plan Description

The Virginia Retirement System (VRS) is a qualified governmental retirement plan that administers three retirement benefit structures: Plan 1, Plan 2, and Hybrid Plan, for state employees, teachers and administrative employees of the state's local public school divisions, employees of participating political subdivisions, and other qualifying employees. VRS is a combination of mixed-agent and cost-sharing, multiple-employer retirement plans. Each plan's accumulated assets may legally be used to pay all the plan benefits provided to any of the plan's members, retirees, and beneficiaries of each respective plan. Contributions for fiscal year 2025 were \$4.5 billion with a reserve balance available for benefits of \$114.4 billion. As of June 30, 2025, VRS had 856 participating employers.

The Commonwealth also administers the following single-employer retirement plans and benefit structures:

- State Police Officers' Retirement System (SPORS) – Plan 1 and Plan 2
- Virginia Law Officers' Retirement System (VaLORS) – Plan 1 and Plan 2
- Judicial Retirement System (JRS) – Plan 1, Plan 2, and Hybrid Plan

All full-time, salaried permanent employees of VRS participating employers are automatically covered

under VRS, SPORS, VaLORS or JRS with the following exceptions: (1) certain full-time faculty and administrative staff of public colleges and universities; and (2) eligible classified employees of the two state teaching hospitals. These employees have the option to elect not to participate in the Virginia Retirement System. Benefit provisions and all other requirements are established by Title 51.1 of the *Code of Virginia*.

Benefits vest for all plans after five years of service credit. Vested VRS members in the VRS Plan 1 are eligible for an unreduced retirement benefit at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit as elected by the employer. Vested VRS members in the VRS Plan 2 and the Hybrid Plan are eligible for unreduced retirement benefits at normal social security retirement age with at least five years of service credit or when age and service credit equal 90. Vested SPORS and VaLORS members in both the VRS Plan 1 and the VRS Plan 2 are eligible for an unreduced benefit at age 60 with at least five years of hazardous duty service credit or age 50 with at least 25 years of total service credit.

Annual retirement benefits are payable monthly for life in an amount equal to 1.7 percent of eligible members' average final compensation (AFC) for each year of service credit. Under the VRS Plan 2, the multiplier for general employees was reduced to 1.65 percent beginning January 1, 2013. Under the Hybrid Plan, the multiplier for the defined benefit component is 1.0 percent. AFC is the average of the member's 36 consecutive months of highest creditable compensation for members under the VRS Plan 1. Under the VRS Plan 2 and the Hybrid Plan, a member's AFC is the average of the member's 60 consecutive months of highest creditable compensation. The benefit for members of SPORS is calculated using a 1.85 percent multiplier. Members of SPORS also are eligible for a hazardous duty supplement, paid monthly, until they reach full Social Security retirement age.

Members of VaLORS hired before July 1, 2001, were allowed to make a one-time election to increase the multiplier from 1.7 to 2.0 percent instead of receiving a monthly hazardous duty supplement. VaLORS members who elected to retain the 1.7 percent multiplier are eligible for the supplement until age 65. Members of VaLORS hired after June 20, 2001, have their benefit computed using the 2.0 percent multiplier and are not eligible for the supplement.

Members of JRS receive weighted years of service credit for each year of actual service under JRS. VRS, SPORS, VaLORS, and JRS also provide death and disability benefits.

A cost-of-living allowance (COLA), based on changes in the Consumer Price Index and limited to 5.0 percent per year for VRS Plan 1 and 3.0 percent for VRS Plan 2 and Hybrid Plan, is granted on July 1 of the second calendar year after retirement and is effective each July 1 thereafter. Beginning January

2013, a member who retires with less than 20 years of service must receive an allowance for one full calendar year after reaching unreduced retirement age to be eligible for a COLA. Members within five years of eligibility for an unreduced benefit as of January 1, 2013 were grandfathered.

Benefits for all vested members are actuarially reduced if they retire before becoming eligible for an unreduced retirement benefit, provided they meet age requirements for a reduced retirement benefit.

As required by Title 51.1 of the *Code of Virginia*, members contribute 5.0 percent of their annual compensation to the retirement plans. If a member leaves covered employment, the accumulated contributions plus earned interest may be refunded to the member. Each participating employer is required by state statute to contribute the remaining amounts necessary to fund the retirement plans using the entry age normal actuarial cost method adopted by the Board of Trustees. Contributions for fiscal year 2025 were \$62.8 million, \$32.9 million, and \$120.9 million, and reserved balances available for benefits were \$1.3 billion, \$765.9 million, and \$2.2 billion, for SPORS, JRS, and VaLORS, respectively. State statute may be amended only by the General Assembly. To the extent that the employer's long-term obligation to provide pension benefits (total pension liability) is larger than the value of the assets available in the plan to pay these benefits (fiduciary net position), there is a net pension liability which is reported in the accompanying financial statements as a component of Long-term Liabilities Due in More than One Year.

The Hybrid Plan is the default benefit structure for new employees in the VRS and JRS plans. The Hybrid Plan benefit structure includes a defined benefit component and a defined contribution component. For Hybrid Plan members, 4.0 percent of the statutory member contribution of 5.0 percent is directed to the defined benefit component of the plan and 1.0 percent is directed to the mandatory defined contribution component of the plan. In addition, 1.0 percent of the total actuarially determined employer contribution is directed to the mandatory defined contribution component of the plan. The Hybrid Plan members may also elect to contribute an additional amount up to 4.0 percent to a voluntary defined contribution plan. The voluntary component also has a mandatory employer match of 0.5 to 2.5 percent that is deducted from the total actuarially determined employer contribution. For the fiscal year 2025, the mandatory and voluntary member contributions for the defined contribution component of the Hybrid Plan totaled \$294.1 million and related mandatory employer contributions totaled \$235.3 million. The statutory authority for the Hybrid plan is set out in the *Code of Virginia*, Section 51.1-169. This section also highlights the various plan provisions, including vesting and forfeiture. The total amount contributed by the employer shall vest to the employee's benefit according to the following schedule:

- Upon completion of two years of active participation, 50.0 percent.
- Upon completion of three years of active participation, 75.0 percent.
- Upon completion of four years of active participation, 100.0 percent.

If an employee ceases to be a member prior to achieving 100.0 percent vesting, contributions made by an employer on behalf of the employee under subdivision 2 that are not vested shall be forfeited. The Defined Contribution plan component of the Hybrid plan has a fixed employer contribution that is a percentage of covered payroll. There is no additional employer liability for this component at year end.

Further information about the benefits provided in these retirement plans and their different benefit structures can be found in the Virginia Retirement System's Annual Comprehensive Financial Report.

The following table provides participant information.

	VRS	SPORS	VaLORS	JRS	2025 Total
Retirees and Beneficiaries Receiving Benefits	63,265	1,509	6,138	535	71,447
Terminated Employees Entitled to Benefits but not Receiving Them	14,500	172	919	10	15,601
Total	<u>77,765</u>	<u>1,681</u>	<u>7,057</u>	<u>545</u>	<u>87,048</u>
Active Members:					
Vested	52,120	1,524	3,795	378	57,817
Non-Vested	31,028	370	3,689	92	35,179
Total	<u>83,148</u>	<u>1,894</u>	<u>7,484</u>	<u>470</u>	<u>92,996</u>

D. Funding Policy

The funding policy of the retirement plans provides for periodic employer contributions at actuarially determined rates, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. Contribution rates are developed using the entry age normal cost method for both normal cost and amortization of the unfunded actuarial accrued liability. Gains and losses are reflected in the unfunded actuarial accrued liability that is being amortized as a level percentage of payroll within 20 years or less.

The System's actuary, Gabriel, Roeder, Smith & Company, computed the amount of contributions to be provided by state agency employers, state police and other Virginia law employers. The Commonwealth approved contribution rates for fiscal year 2025 based on the actuary's valuation as of June 30, 2023. Employer contributions by the Commonwealth to VRS, SPORS, VaLORS, and JRS were 12.5 percent, 31.3 percent, 24.6 percent, and 30.7 percent, respectively.

In addition to determining contribution requirements, the actuarial computations present an estimate of the discounted present value of the prospective accrued liability contributions that employers will have to pay in the future so that such contributions, together with the assets on hand, the normal contributions to be made in the future by employers and members and the income earned by investing funds, will be sufficient to provide all benefits to be paid to present members in the future as well as the annuitants and their designated beneficiaries.

E. Changes in Net Pension Liability

The total pension liability was determined based on the actuarial valuation as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The following tables (dollars in thousands) show the Commonwealth's total pension liability, plan fiduciary net position, and net pension liability in total and individually for the VRS, SPORS, JRS, and VaLORS for the current and prior year.

Primary Government

	Totals		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 20,555,630	\$ 16,649,806	\$ 3,905,824
Changes for the year			
Service cost	341,916	—	341,916
Interest	1,369,807	—	1,369,807
Differences between actual and expected experience	603,435	—	603,435
Assumption changes	—	—	—
Contributions - employer	—	590,147	(590,147)
Contributions - member	—	174,440	(174,440)
Net investment income	—	1,596,941	(1,596,941)
Benefit payments, including refunds	(1,233,080)	(1,237,071)	3,991
Administrative expense	—	(10,713)	10,713
Other changes	—	(9)	9
Net changes	1,082,078	1,113,735	(31,657)
Balances at June 30, 2025	\$ 21,637,708	\$ 17,763,541	\$ 3,874,167

	VRS		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 16,000,515	\$ 13,151,045	\$ 2,849,470
Changes for the year			
Service cost	250,675	—	250,675
Interest	1,065,940	—	1,065,940
Differences between actual and expected experience	430,548	—	430,548
Assumption changes	—	—	—
Contributions - employer	—	424,547	(424,547)
Contributions - member	—	145,280	(145,280)
Net investment income	—	1,262,571	(1,262,571)
Benefit payments, including refunds	(949,976)	(955,500)	5,524
Administrative expense	—	(8,656)	8,656
Other changes	—	(900)	900
Net changes	797,187	867,342	(70,155)
Balances at June 30, 2025	\$ 16,797,702	\$ 14,018,387	\$ 2,779,315

	JRS		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 767,857	\$ 677,958	\$ 89,899
Changes for the year			
Service cost	20,305	—	20,305
Interest	51,365	—	51,365
Differences between actual and expected experience	26,621	—	26,621
Assumption changes	—	—	—
Contributions - employer	—	26,926	(26,926)
Contributions - member	—	2,590	(2,590)
Net investment income	—	64,466	(64,466)
Benefit payments, including refunds	(54,384)	(54,384)	—
Administrative expense	—	(383)	383
Other changes	—	(9)	9
Net changes	43,907	39,206	4,701
Balances at June 30, 2025	\$ 811,764	\$ 717,164	\$ 94,600

	SPORS		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 1,462,948	\$ 1,079,755	\$ 383,193
Changes for the year			
Service cost	27,276	—	27,276
Interest	97,847	—	97,847
Differences between actual and expected experience	54,371	—	54,371
Assumption changes	—	—	—
Contributions - employer	—	50,767	(50,767)
Contributions - member	—	8,546	(8,546)
Net investment income	—	103,488	(103,488)
Benefit payments, including refunds	(81,268)	(81,269)	1
Administrative expense	—	(646)	646
Other changes	—	(105)	105
Net changes	98,226	80,781	17,445
Balances at June 30, 2025	\$ 1,561,174	\$ 1,160,536	\$ 400,638

	VaLORS		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 2,324,310	\$ 1,741,048	\$ 583,262
Changes for the year			
Service cost	43,660	—	43,660
Interest	154,655	—	154,655
Differences between actual and expected experience	91,895	—	91,895
Assumption changes	—	—	—
Contributions - employer	—	87,907	(87,907)
Contributions - member	—	18,024	(18,024)
Net investment income	—	166,416	(166,416)
Benefit payments, including refunds	(147,452)	(145,918)	(1,534)
Administrative expense	—	(1,028)	1,028
Other changes	—	1,005	(1,005)
Net changes	142,758	126,406	16,352
Balances at June 30, 2025	\$ 2,467,068	\$ 1,867,454	\$ 599,614

Component Units

	Totals		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 12,664,683	\$ 10,390,795	\$ 2,273,888
Changes for the year			
Service cost	198,471	—	198,471
Interest	840,482	—	840,482
Differences between actual and expected experience	342,780	—	342,780
Assumption changes	—	—	—
Contributions - employer	—	337,698	(337,698)
Contributions - member	—	114,209	(114,209)
Net investment income	—	993,644	(993,644)
Benefit payments, including refunds	(798,280)	(794,290)	(3,990)
Administrative expense	—	(6,799)	6,799
Other changes	—	(582)	582
Net changes	583,453	643,880	(60,427)
Balances at June 30, 2025	\$ 13,248,136	\$ 11,034,675	\$ 2,213,461

	VRS			VaLORS		
	Increase (Decrease)			Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2024	\$ 12,411,013	\$ 10,200,782	\$ 2,210,231	\$ 253,670	\$ 190,013	\$ 63,657
Changes for the year						
Service cost	193,578	—	193,578	4,893	—	4,893
Interest	823,150	—	823,150	17,332	—	17,332
Differences between actual and expected experience	332,482	—	332,482	10,298	—	10,298
Assumption changes	—	—	—	—	—	—
Contributions - employer	—	327,847	(327,847)	—	9,851	(9,851)
Contributions - member	—	112,189	(112,189)	—	2,020	(2,020)
Net investment income	—	974,994	(974,994)	—	18,650	(18,650)
Benefit payments, including refunds	(788,560)	(783,036)	(5,524)	(9,720)	(11,254)	1,534
Administrative expense	—	(6,684)	6,684	—	(115)	115
Other changes	—	(695)	695	—	113	(113)
Net changes	560,650	624,615	(63,965)	22,803	19,265	3,538
Balances at June 30, 2025	\$ 12,971,663	\$ 10,825,397	\$ 2,146,266	\$ 276,473	\$ 209,278	\$ 67,195

The amounts in the previous tables include governmental, business-type, and component unit activity for the Commonwealth's VRS State Plan. All component unit tables exclude the non-VRS State Plan net pension liability of \$39.1 million for all component units.

The 2023 actuarial valuations were prepared using the entry age normal cost method. The actuarial assumptions included (a) 6.8 percent investment rate of return, per year compounded annually; (b) projected salary increases ranging from 3.5 percent to 5.4 percent, including a 2.5 percent inflation component and (c) COLA of 2.5 percent for Plan 1 and 2.3 percent for Plan 2 and Hybrid. The actuarial

assumption for mortality rates was based on the Pub-2010 with modified MP-2020 Improvement Scale. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

For more detailed actuarial information, refer to the Virginia Retirement System's financial statements, including mortality rates shown in the "Actuarial Assumptions and Methods – Pension Plans" schedule.

F. Changes to and Sensitivity of Discount Rate

The discount rate used to measure the total pension liability was 6.8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be based on the actuarially determined rates based on the Board's funding policy, which certifies the required rates under Title 51.1 of the *Code of Virginia*. Beginning on July 1, 2018, all agencies are assumed to contribute 100.0 percent of the actuarially determined contribution rates. Based on those assumptions, the fiduciary net position was projected to be available to make all of the projected future benefit payments of current plan members.

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of the projected benefit payments to determine the total pension liability. In accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, regarding the disclosure of the sensitivity of the net pension liability to changes in the discount rate, the table below presents the employers' net pension liability for each of the plans calculated using the discount rate of 6.8 percent, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1.0 percent lower (5.8 percent) or 1.0 percent higher (7.8 percent) than the current rate. The following table (dollars in thousands) shows the Commonwealth's changes in the discount rate.

Primary Government

VRS			SPORS		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 4,737,506	\$ 2,779,315	\$ 1,146,291	\$ 599,278	\$ 400,638	\$ 235,527

JRS			VaLORS		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 173,153	\$ 94,600	\$ 26,875	\$ 921,947	\$ 599,614	\$ 338,559

Component Units

VRS			VaLORS		
Net Pension Liability			Net Pension Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 3,658,437	\$ 2,146,266	\$ 885,199	\$ 103,318	\$ 67,195	\$ 37,941

The long-term expected rate of return on the System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 long-term target allocations are based on the Strategic Asset Allocation Implementation Schedule and Allowable Ranges document, which was approved by the VRS Board of Trustees on June 15, 2023. Best estimates of arithmetic real rates of return for each major asset class included in the System's long-term target asset allocation are summarized in the following table.

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.0 %	6.7 %	2.1 %
Fixed Income	16.0 %	5.4 %	0.9 %
Credit Strategies	16.0 %	8.1 %	1.3 %
Real Assets	15.0 %	7.2 %	1.1 %
Private Equity	15.0 %	8.7 %	1.3 %
PIP-Private Investment Partnerships	1.0 %	8.0 %	0.1 %
Diversifying Strategies	6.0 %	5.8 %	0.3 %
Cash	2.0 %	3.0 %	0.1 %
Leverage	(3.0)%	3.5 %	(0.1)%
Total	<u>100.0 %</u>		<u>7.1 %</u>
Expected arithmetic nominal return			<u>7.1 %</u>

The allocation in the previous table provides a one-year expected return of 7.1 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. These results provide a range of returns over various time periods that ultimately provide a median return of 7.1 percent, including expected inflation of 2.5 percent. On June 15, 2023, the VRS Board of Trustees elected a long-term rate of return of 6.8 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 7.1 percent, including expected inflation of 2.5 percent.

G. Pension Related Deferred Outflows and Deferred Inflows

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, requires certain pension related items to be reported as either deferred outflows or deferred inflows of resources. The following tables (dollars in thousands) summarize these amounts as of June 30, 2025, in total and by individual plan.

Primary Government (1)

	Totals (2)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 614,875	\$ 29,456
Changes of assumptions	28,689	1
Net difference between projected and actual earnings on plan investments	—	460,232
Changes in proportion and difference between employer contributions and proportionate share of contributions	143,004	143,541
Employer contributions subsequent to the Measurement Date	595,246	—
Total	<u>\$ 1,381,814</u>	<u>\$ 633,230</u>

	VRS		SPORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 455,879	\$ 15,326	\$ 103,383	\$ 3,356
Changes of assumptions	—	—	22,483	—
Net difference between projected and actual earnings on plan investments	—	365,313	—	29,478
Changes in proportion and difference between employer contributions and proportionate share of contributions	136,320	136,317	—	—
Employer contributions subsequent to the Measurement Date	422,436	—	54,106	—
Total	<u>\$ 1,014,635</u>	<u>\$ 516,956</u>	<u>\$ 179,972</u>	<u>\$ 32,834</u>

	JRS		VaLORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 20,796	\$ 10,729	\$ 34,817	\$ —
Changes of assumptions	6,205	—	—	—
Net difference between projected and actual earnings on plan investments	—	18,598	—	46,829
Changes in proportion and difference between employer contributions and proportionate share of contributions	—	—	6,684	7,224
Employer contributions subsequent to the Measurement Date	28,868	—	89,755	—
Total	<u>\$ 55,869</u>	<u>\$ 29,327</u>	<u>\$ 131,256</u>	<u>\$ 54,053</u>

Component Units (1) (3)

	Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 355,978	\$ 11,836
Changes of assumptions	—	—
Net difference between projected and actual earnings on plan investments	—	287,379
Changes in proportion and difference between employer contributions and proportionate share of contributions	30,055	35,663
Employer contributions subsequent to the Measurement Date	349,167	—
Total	<u>\$ 735,200</u>	<u>\$ 334,878</u>

	VRS		VaLORS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 352,076	\$ 11,836	\$ 3,902	\$ —
Changes of assumptions	—	—	—	—
Net difference between projected and actual earnings on plan investments	—	282,131	—	5,248
Changes in proportion and difference between employer contributions and proportionate share of contributions	28,892	35,099	1,163	564
Employer contributions subsequent to the Measurement Date	338,410	—	10,757	—
Total	<u>\$ 719,378</u>	<u>\$ 329,066</u>	<u>\$ 15,822</u>	<u>\$ 5,812</u>

- (1) During fiscal year 2025, the Commonwealth recognized pension expense for the primary government and component units of \$518,997 (dollars in thousands) and \$235,607 (dollars in thousands), respectively. The recognized pension expense by plan for the primary government was as follows (dollars in thousands): VRS \$316,666, SPORS \$73,729, JRS \$24,070, and VaLORS \$104,532. The recognized pension expense by plan for component units was as follows (dollars in thousands): VRS \$222,154 and VaLORS \$13,453.
- (2) This table includes deferred outflows of resources and deferred inflows of resources of \$82,443 and \$59,676, respectively, for the Hampton Roads Transportation Accountability Commission (nonmajor governmental), not related to the VRS State Plan.
- (3) The component unit amounts exclude deferred outflows of resources and deferred inflows of resources of \$25,895 (dollars in thousands) and \$8,092 (dollars in thousands), respectively, not related to the VRS State Plan.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's pension expense for each of the next five fiscal years. These amounts exclude employer contributions made subsequent to the measurement date as those contributions will reduce the fiscal year 2026 net pension liability.

Primary Government

	VRS	SPORS	JRS	VaLORS
2026	\$ (93,620)	\$ 12,928	\$ (10,097)	\$ (6,675)
2027	284,285	42,682	7,849	14,332
2028	(34,172)	21,646	513	(9,629)
2029	(81,250)	10,743	(591)	(10,580)
2030	—	5,033	—	—

Component Units

	VRS	VaLORS
2026	\$ (64,579)	\$ (397)
2027	196,098	853
2028	(23,571)	(573)
2029	(56,046)	(630)
2030	—	—

H. Defined Contribution Plan for Political Appointees

Officers appointed by the Governor, officers elected by popular vote or the General Assembly, and executive branch chief deputies and confidential assistants may participate in the deferred contribution plan for Political Appointees, rather than the VRS. This optional retirement plan is authorized by the *Code of Virginia* and offered through VOYA. This is a defined contribution plan where the retirement benefits are based upon the Commonwealth's 10.4 percent for Plan 1, 8.5 percent for Plan 2 and the employee's (5.0 percent) contributions, plus interest and dividends. The Commonwealth pays the required employee contributions. During the year ended June 30, 2025, the total contributions to this plan were \$2.4 million. As of June 30, 2025, the amount to be paid to participants upon retirement is \$36.6 million. The summary of significant accounting policies for the plan is in accordance with those discussed in Note 17.B.

I. Defined Contribution Plan for Public School Superintendents

The Public School Superintendent Plan is a defined contribution pension plan that provides optional postemployment benefits for school superintendents. This plan is authorized by the *Code of Virginia* and offered through VOYA. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school board for credit to the member. As of June 30, 2025, there were four participant accounts in this plan. During the year ended June 30, 2025, the total contributions to this plan were \$81,092. As of June 30, 2025, the amount to be paid to participants upon retirement is \$566,949.

J. Virginia Supplemental Retirement Plan

The Public School Teacher Supplemental Retirement Plan is a defined contribution pension plan established by the Department of Education to provide an optional postemployment benefit plan for turnaround specialists in the public school system. This plan is utilized as an incentive to attract highly skilled teachers for participating public schools pursuant to Title 51.1-617 of the *Code of Virginia* and offered through VOYA. School boards may elect to offer this plan as an option to the standard VRS plan that is available for school board members. Contributions are provided by the school boards for credit to the members. As of June 30, 2025, there were two participant accounts in this plan. There were no contributions to the plan for fiscal year 2025.

K. Higher Education (Nonmajor Component Units)

The Commonwealth's colleges and universities participate in the retirement plans administered by VRS. In addition, full-time faculty and certain administrative staff of the Commonwealth's colleges and universities may participate in optional retirement plans as authorized by Section 51.1-126 of the *Code*

of Virginia rather than the VRS retirement plans. These optional retirement plans are defined contribution plans offered through the Teachers Insurance and Annuity Association (TIAA) and VRS Defined Contribution Plans (DCP). There are two defined contribution plans. Plan 1 is for employees hired prior to July 1, 2010, and retirement benefits received are based upon the employer's 10.4 percent contributions, plus net investment gains. Plan 2 is for employees hired on or after July 1, 2010, and retirement benefits received are based upon the employer's contribution, not to exceed 8.9 percent, and the employee's 5.0 percent contribution, plus net investment gains. For Plan 2, the employer contributions for fiscal year 2025 were 8.5 percent except for the University of Virginia (nonmajor) which were 8.9 percent. Vesting is full and immediate for both employer and employee contributions, except UVA employees hired after July 1, 2014, are fully vested in the UVA contributions after two years of continuous employment. For fiscal year 2025, total pension expense recognized was \$219.1 million and contributions were calculated using the base salary amount of \$2.4 billion. As of June 30, 2025, the Commonwealth's colleges and universities had accrued \$11.5 million in employer liabilities related to these plans.

University of Virginia Medical Center (part of the University of Virginia – nonmajor) employees participate in the Medical Center's Optional Retirement Plan unless they previously participated in VRS Plan 1 or Plan 2. In addition, the UVA Community Health (UVACH - a blended component unit of University of Virginia) has a Section 457(b) Retirement Plan that is established to permit UVACH to provide additional retirement and death benefits for eligible employees. Certain UVACH facilities participate in a defined contribution plan sponsored by UVACH. Contributions are determined under various formulas. Effective July 1, 2021, as a result of the sale of Novant Health's ownership interest in UVACH, participation in this plan by employees of these UVACH facilities was continued under a benefits continuation agreement. Effective January 1, 2022, all UVACH employees were covered under the UVACH plan. For information regarding these plans, see the institution's separately issued financial statements.

Certain employees of Virginia Commonwealth University (nonmajor) are participating in The Select Plan, which is a 401(a) defined contribution plan. Participation is limited to executives by invitation. For information regarding this plan, see the University's website at www.vcu.edu.

Prior to July 1, 1997, certain employees of the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of Virginia Commonwealth University – nonmajor) were eligible to participate in the VRS defined benefit pension plan. Effective July 1, 1997, the Authority established the Virginia Commonwealth University Health System Authority Defined Contribution Plan (VCUHS 401(a) Plan) and the Virginia

Commonwealth University Health System Authority Health Care Providers Defined Contribution Plan (HCP Plan). The Authority and component units participate in the VCUHS 401(a) as well as sponsor the VCUHS Savings Plan (VCUHS 457(b) Plan). The Authority also provides an executive defined contribution plan and deferred compensation retirement benefits for select executives of the Health System. MCVAP and CMH Physicians sponsor 401(a) defined contribution plans and 403(b) salary deferral plans. For information regarding these plans, see the Authority's separately issued financial statements.

L. Other Component Units

Virginia Resources Authority (major) and the following nonmajor component units participate in the retirement plans administered by VRS: the Virginia Economic Development Partnership, the Virginia Small Business Financing Authority, the Hampton Roads Sanitation District Commission, the Virginia Biotechnology Research Partnership Authority, the Virginia Tourism Authority, the Tobacco Region Revitalization Commission, the Virginia Foundation for Healthy Youth, the Virginia Passenger Rail Authority, and the Fort Monroe Authority.

The Virginia Housing Development Authority (major) has three defined contribution plans. For additional information regarding these plans, see the Authority's website at www.vhda.com.

The Virginia Outdoors Foundation (nonmajor) maintains a 401(k) contribution plan and employees are eligible to participate in the retirement plan at six months for the first 4.0 percent (safe harbor match) and from 5.0 percent to 10.0 percent after a three year vesting period. For information regarding this plan, see the Foundation's website at www.vof.org.

The Virginia Commercial Space Flight Authority (nonmajor) maintains a 401(a) contribution plan and provides an employer contribution to all eligible employees of 11.0 percent of their base salary. For information regarding this plan, see the Authority's separately issued financial statements at www.vaspace.org.

The Virginia Port Authority (VPA) (nonmajor) maintains two defined benefit plans for its employees. Employees of record on July 1, 1997, had the option of continuing to maintain their benefit status as a State employee, and their benefits maintained under the VRS, or elect to be covered under a newly created pension plan (the VPA Defined Benefit Plan). The VPA Defined Benefit Plan covers all employees hired between July 1, 1997 and January 28, 2014. Employees hired after January 28, 2014, are eligible for a defined contribution plan only. On January 1, 2015, the plan was amended to add certain employees who transferred from the Virginia International Terminals (VIT) (referred to as "Legacy VIT Participants") to VPA. VIT (a blended component unit of VPA – nonmajor) has the Virginia International Terminals, LLC Pension Plan that is a single employer, noncontributory defined benefit pension

plan administered by VIT. A stand-alone financial report is issued and is available upon request from VPA's administrative offices. For information regarding these plans, see the Authority's website at www.portofvirginia.com.

Employees of the Virginia Museum of Fine Arts Foundation (nonmajor) who are age 21 or older are eligible to participate in the Employee's Savings Plan, a 401(k) defined contribution profit sharing plan. Also, the Foundation entered into a supplemental retirement agreement to pay a key employee of the Museum upon retirement the difference between the amount accrued under the VRS retirement plan, based on salary, and the amount based on the supplemental salary. For additional information regarding these plans, see the Foundation's separately issued financial statements.

The Science Museum of Virginia Foundation (nonmajor) has a 403(b) defined contribution pension plan through the TIAA-CREF Retirement Plan for employees meeting age and service requirements. For additional information regarding this plan, see the Foundation's separately issued financial statements.

18. OTHER EMPLOYMENT BENEFITS

In addition to the pension plans, the Commonwealth participates in two other employment benefit plans, Group Life Insurance and the Virginia Sickness and Disability Program, which are administered by the Virginia Retirement System (the System). The significant accounting policies are the same as those described in Note 17 for pension plans. A separately issued financial report that includes financial statements for the Group Life Insurance and Virginia Sickness and Disability Program is publicly available. Copies may be obtained from the Virginia Retirement System website at www.varetire.org.

Group Life Insurance

The Group Life Insurance Plan was established for Commonwealth employees, teachers, employees of political subdivisions participating in the VRS, state police officers, other state law enforcement and correctional officers, judges, and other qualifying employees. The program provides life insurance for natural death coverage equal to a member's annual compensation rounded to the next highest \$1,000 and then doubled. Accidental death coverage is double the natural death benefit. The program also provides coverage for accidental dismemberment and accidental blindness, a safety belt benefit, a repatriation benefit, a felonious assault benefit and an accelerated death benefit for terminal conditions. Approximately 368,850 active members participate in the program as of June 30, 2025.

Participating employers and their covered employees are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of group life insurance benefits. Employers may assume the employees' contributions.

An optional Group Life Insurance Fund was established for members covered under the group life program as a supplement to that plan. Members may purchase optional

life insurance coverage for themselves, their spouses and/or their dependent children. The optional program provides natural death coverage equal to one, two, three, four, five, six, seven or eight times the member's annual compensation rounded to the next highest \$1,000, up to a maximum of \$975,000. Spouse coverage is available for up to two times that of the member's optional insurance amount. Minor children who are at least 15 days old can be insured for \$10,000, \$20,000 or \$30,000, depending on the option chosen by the member. An additional accidental death and dismemberment benefit is payable for death or bodily injuries. Approximately 68,950 members were covered under this program as of June 30, 2025.

Optional group life insurance coverage ends for members when they retire or terminate their employment, or when their basic coverage ends. Optional life insurance amounts begin to reduce by 25.0 percent based on the retiree's age, beginning with the retiree's normal retirement age under his or her plan ending at age 80. Retirees may elect to continue coverage within 31 days of retirement. Spouse coverage terminates should a couple divorce or when the member leaves employment. Children's coverage ends with the termination of the member's coverage or when the child marries or turns 21 years of age (25 years of age for full-time college students).

Employers of members who elect optional life insurance coverage deduct the premiums from the members' paychecks, as required by Title 51.1 of the *Code of Virginia*. Premiums are based on the member's age and determined by the Board of Trustees. Because optional life insurance is an insured product, the carrier bills each employer directly, and the employer makes the contribution payments to the carrier. Any differences and adjustments are settled between the employer and the carrier.

Virginia Sickness and Disability Program

The System administers the Virginia Sickness and Disability Program (VSDP) to provide income protection in the event of a disability for eligible state employees hired on or after January 1, 1999. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program.

VSDP benefits include sick, family and personal leave and short-term and long-term disability benefits. After a seven-calendar day waiting period following the first day of disability, eligible employees receive short-term disability benefits from 60.0 percent to 100.0 percent of their compensation. After 125 work days of short-term disability, eligible employees receive long-term disability benefits equal to 60.0 percent of their compensation. If the employee's condition becomes catastrophic, income replacement increases to 80.0 percent until the condition is no longer catastrophic. Long-term disability benefits continue until employees return to work, retire or reach age 65 (age 60 for state police officers and other state law enforcement and correctional officers) or die.

Full-time permanent salaried state employees, including state police officers and other Virginia law and

correctional officers, are automatically enrolled in the VSDP. Part-time permanent salaried state employees who work at least 20 hours a week and accrue leave also are automatically enrolled. Teaching, administrative and research faculty of Virginia public colleges and universities who elect VRS as their retirement plan must make an irrevocable election to participate in either the VSDP or the institution's disability program. If there is no institution program, the faculty member is covered under VSDP.

Eligible state employees and state police officers employed before January 1, 1999, had the option to elect to participate in the VSDP or remain under the Commonwealth's existing sick leave program and retain their eligibility for disability retirement benefits under VRS and SPORS. (Members of VaLORS have been automatically enrolled in the VSDP since October 1, 1999, when VaLORS was created.) Eligible employees enrolled in the VSDP are not eligible for disability retirement benefits under VRS, SPORS, or VaLORS. Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work related short-term disability coverage and certain income replacement levels. Approximately 85,257 members were covered under the program as of June 30, 2025.

19. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. Virginia Retirement System (System-administered) OPEB Plans

1) Administration and Significant Accounting Policies

The System-administered defined benefit OPEB plans mentioned below have a trust that meets the requirements in GASB Statement No. 75, *Accounting and Financial Reporting for Post Employment Benefits Other than Pensions*. In addition, the net OPEB liability for these plans have a measurement date of June 30, 2024. As previously mentioned, a separately issued financial report that includes financial statements, notes and required supplementary information for each of the System-administered plans discussed below is publicly available. Copies may be obtained from the Virginia Retirement System website at www.varetire.org.

The administration and significant accounting policies for the System-administered OPEB plans are the same as those described in Note 17 for pension plans.

2) Plan Descriptions

Retiree Health Insurance Credit Program

The Retiree Health Insurance Credit Program is composed of a single-employer plan for state employees; a cost-sharing multiple-employer plan for teachers; three cost-sharing, multiple-employer plans for constitutional officers, social services employees and registrars; and an agent, multiple-employer plan for political

subdivisions electing coverage. This note and the required supplementary information in this report is for the single-employer plan for state employees and also includes the state-funded noncontributing employer portion for constitutional officers, registrars, and their employees, as well as local social service employees.

The Retiree Health Insurance Credit (RHIC) for state employees provides benefits for retired state employees, state police officers, other state law enforcement, correctional officers, and judges who have at least 15 years of service credit under the retirement plans. Members of JRS receive weighted years of service credit for each year of actual service under JRS. VRS, SPORS, VaLORS, and JRS also provide death and disability benefits. The program provides a credit reimbursement of \$4.25 per month per year of service credit against the monthly health insurance premiums of eligible retirees. There is no cap on the credit. Certain eligible employees who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program are eligible for a credit not to exceed \$120.

The following is the approximate number of employees covered by the RHIC plan for state employees on the measurement date of June 30, 2024:

	RHIC for State Employees
Inactive employees currently receiving benefit payments	55,523
Inactive employees entitled to but not yet receiving benefit payments	3,566
Active employees	125,119
Total	184,208

The health insurance credit plan for general registrars, constitutional officers, and their employees as well as local social service employees (RHIC Non-State) provides \$1.50 per month per year of service with a maximum monthly credit of \$45. The Commonwealth funds this credit. Benefit provisions and eligibility requirements are established by Title 51.1 of the *Code of Virginia*. The amount required to fund all credits is financed by the employers based on contribution rates determined by the System's actuary.

Virginia Sickness and Disability Program

The Virginia Sickness and Disability Program (VSDP) is a single-employer plan. It is also known as the Disability Insurance Trust Fund. The Commonwealth provides OPEB disability insurance benefits, in accordance with state statutes, to eligible retired and terminated employees. Eligible employees include 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 and full-time and part-time, salaried state employees covered under VRS, SPORS, and VaLORS. State agencies are required by Title 51.1 of the *Code of Virginia* to contribute to the cost of providing long-term disability benefits and administering the program. The following is the approximate number of employees covered by this plan on the measurement date of June 30, 2024:

	VSDP
Inactive employees currently receiving benefit payments	6,142
Inactive employees entitled to but not yet receiving benefit payments	—
Active employees	80,500
Total	86,642

Group Life Insurance Program

The Group Life Insurance Program (GLI) is a cost-sharing, multiple employer plan. Members whose employers participate in the Group Life Insurance Program are covered automatically under the Basic Group Life Insurance Program upon employment. This program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including certain employers that do not participate in VRS for retirement. At retirement or termination, accidental death benefits cease and natural death coverage reduces at a rate equal to 25.0 percent on January 1 of the first full calendar year following retirement or termination and on January 1 of each year thereafter, until it reaches 25.0 percent of its original value. These group life insurance benefit provisions and requirements are established by Title 51.1 of the *Code of Virginia*. Participating employers and covered employees are required to contribute to the cost of group life insurance benefits. Employers may assume employees' contributions. A portion of the premium contributions collected during members' active careers is placed in an advance premium deposit reserve. This reserve is to fund the claims for eligible retired and deferred members.

Line of Duty Act Program

The Line of Duty Act Program (LODA) is a cost-sharing, multiple employer plan. It provides a one-time death benefit and premium-free health insurance to eligible public safety officers and eligible family members including volunteers, covered by resolutions, who as a result of the performance of their duties are permanently disabled or killed in the line of duty. There is limited health insurance reimbursement made to eligible individuals who no longer qualify for eligibility for employer subsidized coverage during the evaluation process. Benefit provisions and eligibility requirements are established by

Title 9.1 of the *Code of Virginia*. The System is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in fiscal year 2012. The employer contribution rate was determined by the System's actuary using the anticipated costs and the number of covered individuals associated with all participating employers. The Department of Human Resource Management administers the health benefits and payment of claims under this program. The System manages the death benefit payments.

3) Funding

The contribution requirements are governed by the *Code of Virginia*, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employer contributions by the Commonwealth for the RHIC and VSDP were 1.1 percent and 0.5 percent, respectively, of covered employee compensation. In addition, the contributions by the Commonwealth for the RHIC: Non-State for general registrars, constitutional officers, and their employees, and local social service employees were approximately 0.4 percent.

The total contribution rate for the GLI was 1.2 percent allocated into an employee and an employer component using a 60/40 split. The employee component was 0.7 percent and the employer component was 0.5 percent. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.5 percent of covered employee compensation. Each employer's contractually required employer contribution rate for the LODA for the year ended June 30, 2025, was \$1,015 per covered full-time-equivalent employee.

The Commonwealth approved rates based on the results of the actuarial valuation as of June 30, 2023 with some rates being approved at a value greater than the actuarial rate. For RHIC and GLI, the actuarially determined rate was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability for RHIC. For VSDP, 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. For the LODA, the rate represents a pay-as-you-go funding rate and not the full actuarial cost of 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.

Employer contributions by the Commonwealth to the RHIC, VSDP, GLI, LODA, and the RHIC Non-State plans were \$110.7 million, \$30.9 million, \$39.7 million, \$10.6 million, and \$5.3 million, respectively, for the year ended June 30, 2025.

4) Changes in Net OPEB Liability and Proportionate Share of Net OPEB Liability

The total OPEB liability for each plan was determined based on the actuarial valuation as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024. The following tables (dollars in thousands) show the Commonwealth's total OPEB liability, plan fiduciary net position, and net OPEB liability (asset) for the RHIC and VSDP for the current and prior year, and the Commonwealth's proportionate share of the net OPEB liability for GLI, LODA, and RHIC Non-State plans. Since the VSDP has a net OPEB asset rather than a net OPEB liability, the net OPEB asset amount is not included in the total balance amount. The Commonwealth's Proportion for the GLI, LODA, and RHIC Non-State plans of \$338.9 million, \$230.9 million and \$35.8 million, respectively, represents the portion of the Commonwealth's share of Net OPEB Liability amount compared to the Net OPEB Liability amount for all employers of \$1.1 billion, \$393.6 million, and \$35.8 million, respectively.

Primary Government

	RHIC			VSDP		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (1) (a)-(b)
Balances at June 30, 2024	\$ 459,801	\$ 117,055	\$ 342,746	\$ 197,699	\$ 393,524	\$ (195,825)
Changes for the year						
Service cost	8,434	—	8,434	23,362	—	23,362
Interest	30,485	—	30,485	14,273	—	14,273
Benefit changes	—	—	—	—	—	—
Differences between actual and expected experience	(9,815)	—	(9,815)	(6,155)	—	(6,155)
Assumption changes	—	—	—	—	—	—
Contributions - employer	—	64,625	(64,625)	—	21,476	(21,476)
Contributions - member	—	—	—	—	—	—
Net investment income	—	11,518	(11,518)	—	37,855	(37,855)
Benefit payments	(32,850)	(32,590)	(260)	(19,107)	(19,191)	84
Third-party administrator charges	—	—	—	—	(4,776)	4,776
Administrative expense	—	(185)	185	—	(291)	291
Other changes	—	(15)	15	—	755	(755)
Net changes	(3,746)	43,353	(47,099)	12,373	35,828	(23,455)
Balances at June 30, 2025	\$ 456,055	\$ 160,408	\$ 295,647	\$ 210,072	\$ 429,352	\$ (219,280)
Other Plans (3)						
	Commonwealth's Proportion		Proportionate Share of Net OPEB Liability			
Group Life Insurance	14.8 %		\$ 164,652			
Line of Duty Act	55.0 %		216,316			
Retiree Health Insurance Credit: Non-State	100.0 %		35,844			
Balance at June 30, 2025			\$ 416,812			
Total balance at June 30, 2025: (excludes VSDP net OPEB asset) (1) (2)			\$ 712,459			

Component Units

	RHIC			VSDP		
	Increase (Decrease)			Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a)-(b)	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (1) (a)-(b)
Balances at June 30, 2024	\$ 642,419	\$ 163,544	\$ 478,875	\$ 121,202	\$ 241,255	\$ (120,053)
Changes for the year						
Service cost	11,799	—	11,799	14,339	—	14,339
Interest	42,649	—	42,649	8,761	—	8,761
Benefit changes	—	—	—	—	—	—
Differences between actual and expected experience	(13,731)	—	(13,731)	(3,778)	—	(3,778)
Assumption changes	—	—	—	—	—	—
Contributions - employer	—	90,411	(90,411)	—	13,181	(13,181)
Contributions - member	—	—	—	—	—	—
Net investment income	—	16,114	(16,114)	—	23,234	(23,234)
Benefit payments	(45,118)	(45,378)	260	(11,589)	(11,505)	(84)
Third-party administrator charges	—	—	—	—	(2,932)	2,932
Administrative expense	—	(259)	259	—	(179)	179
Other changes	—	(20)	20	—	464	(464)
Net changes	(4,401)	60,868	(65,269)	7,733	22,263	(14,530)
Balances at June 30, 2025	\$ 638,018	\$ 224,412	\$ 413,606	\$ 128,935	\$ 263,518	\$ (134,583)
Other Plans (3)						
	Commonwealth's Proportion		Proportionate Share of Net OPEB Liability			
Group Life Insurance	15.6 %		\$ 174,223			
Line of Duty Act	3.7 %		14,589			
Balance at June 30, 2025			\$ 188,812			
Total balance at June 30, 2025: (excludes VSDP net OPEB asset) (1) (4)			\$ 602,418			

- (1) The VSDP net OPEB asset is included in Other Restricted Assets in the accompanying government-wide financial statements.
- (2) The primary government's aggregate OPEB liability is \$913,927 (dollars in thousands) as of June 30, 2025. This includes amounts for both the VRS-administered and DHRM-administered plans, as well as other OPEB plans.
- (3) The primary government's proportion for Group Life Insurance and Line of Duty changed by 0.2 percent and -3.5 percent, respectively, while the component units' proportion changed by 0.1 percent and 0.8 percent, respectively, when compared to the prior year. The Commonwealth's proportion of the Retiree Health Insurance Credit: Non-State for the primary government did not change from the prior year.
- (4) The component unit's aggregate OPEB liability is \$778,665 (dollars in thousands) as of June 30, 2025. This includes amounts for both the VRS-administered and DHRM-administered plans as well as other OPEB plans.

The amounts in the previous tables include governmental, business-type, and component unit activity for the Commonwealth's VRS OPEB plans. The table excludes other net OPEB liability amounts of \$5.0 million for all other component units.

The net OPEB liabilities were based on an actuarial valuation as of June 30, 2023, using the entry age normal actuarial cost method. The actuarial assumptions included the following: (a) investment rate of return, net of OPEB plan investment expenses, including inflation: 6.8 percent for RHIC, VSDP, and GLI, and LODA; and (b) projected salary increases, including a 2.5 percent inflation component, ranging from 3.5 percent to 6.0 percent for VRS state, JRS, SPORS, and VaLORS employees, and teachers and political subdivision employees. The actuarial assumption for mortality rates was based on the Pub-2010 with modified MP-2020 Improvement Scale. For these OPEB plans, the teachers and political subdivision employees are not Commonwealth employees and, therefore, are excluded from the accompanying tables.

For more detailed actuarial information, refer to the Virginia Retirement System's financial statements, including the "Actuarial Assumptions and Methods – Other Post-Employment Benefit Plan Funds" schedule.

5) Changes to and Sensitivity of Discount Rate

The discount rate used to measure the total OPEB liability was 6.8 percent for the prefunded plans. These include the Group Life Insurance Program, the Retiree Health Insurance Credit Program, and the Disability Insurance Program.

The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be based on the actuarially determined rates based on the Board's funding policy, which certifies the required rates under Title 51.1 of the *Code of Virginia* as amended. Based on those assumptions, the fiduciary net position was projected to be available to make all of the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of the projected benefit payments to determine the total OPEB liability. In accordance with GASB Statement No. 75 regarding the disclosure of the sensitivity of the net OPEB liability to changes in the discount rate, the following table (dollars in thousands) presents the employers' net OPEB liability for each of the plans calculated using the discount rate of 6.8 percent, as well as what the employers' net OPEB liability would be if it were calculated using a discount rate that is 1.0 percent lower (5.8 percent) or 1.0 percent higher (7.8 percent) than the current rate.

The Line of Duty Act Program is funded on a pay-as-you-go basis. As a result, the liabilities are valued using a discount rate of 4.0 percent, which approximates the risk-free rate of return. This rate increased by 0.1 percent when compared to the prior year. The following table (dollars in thousands) shows the Commonwealth's changes in the discount rate and the healthcare trend rate.

Primary Government

Changes in Discount Rate					
RHIC			VSDP		
Net OPEB Liability			Net OPEB Liability (Asset) (1)		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 338,909	\$ 295,647	\$ 258,512	\$ (204,215)	\$ (219,280)	\$ (232,619)
GLI			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (3.0%)	Current Discount Rate (4.0%)	1.0% Increase (5.0%)
\$ 256,055	\$ 164,652	\$ 90,810	\$ 239,804	\$ 216,316	\$ 196,120
Changes in Discount Rate			Changes in Healthcare Cost Trend Rates		
RHIC: Non-State			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8)%	Current Discount Rate (6.8%)	1.0% Increase (7.8)%	1.0% Decrease (6.3% decreasing to 3.3%)	Healthcare Cost Trend Rates (7.3% decreasing to 4.3%)	1.0% Increase (8.3% decreasing to 5.3%)
\$ 41,965	\$ 35,844	\$ 30,673	\$ 184,273	\$ 216,316	\$ 255,634

Component Units

Changes in Discount Rate					
RHIC			VSDP		
Net OPEB Liability			Net OPEB Liability (Asset) (1)		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)
\$ 474,131	\$ 413,606	\$ 361,656	\$ (125,339)	\$ (134,583)	\$ (142,773)
GLI			LODA		
Proportionate Share of Net OPEB Liability			Proportionate Share of Net OPEB Liability		
1.0% Decrease (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (3.0%)	Current Discount Rate (4.0%)	1.0% Increase (5.0%)
\$ 270,940	\$ 174,223	\$ 96,089	\$ 16,173	\$ 14,589	\$ 13,227
Changes in Healthcare Cost Trend Rates					
LODA					
Proportionate Share of Net OPEB Liability					
1.0% Decrease (6.3% decreasing to 3.3%)	Healthcare Cost Trend Rates (7.3% decreasing to 4.3%)	1.0% Increase (8.3% decreasing to 5.3%)			
\$ 12,428	\$ 14,589	\$ 17,241			

(1) The VSDP net OPEB asset is included in Other Restricted Assets in the accompanying government-wide financial statements.

The long-term expected rate of return on the System's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 long-term target allocations are based on the Strategic Asset Allocation Implementation Schedule and Allowable Ranges document, which was approved by the VRS Board of Trustees on June 15, 2023. Best estimates of arithmetic real rates of return for each major asset class included in the System's long-term target asset allocation are summarized in the following table.

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return
Public Equity	32.0 %	6.7 %	2.1 %
Fixed Income	16.0 %	5.4 %	0.9 %
Credit Strategies	16.0 %	8.1 %	1.3 %
Real Assets	15.0 %	7.2 %	1.1 %
Private Equity	15.0 %	8.7 %	1.3 %
PIP-Private Investment Partnerships	1.0 %	8.0 %	0.1 %
Diversifying Strategies	6.0 %	5.8 %	0.3 %
Cash	2.0 %	3.0 %	0.1 %
Leverage	(3.0)%	3.5 %	(0.1)%
Total	100.0 %		7.1 %
Expected arithmetic nominal return			7.1 %

The allocation in the previous table provides a one-year expected return of 7.1 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 pension system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.1 percent, including expected inflation of 2.5 percent. On June 15, 2023, the VRS Board of Trustees elected a long-term rate of return of 6.8 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 7.1 percent, including expected inflation of 2.5 percent.

The Line of Duty Act Program is funded on a pay-as-you-go basis. As a result, the liabilities are valued using a discount rate of 4.0 percent, which 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 published monthly by the Board of Governors of the Federal Reserve System as of the measurement date of June 30, 2023.

6) OPEB Related Deferred Outflows and Deferred Inflows

GASB Statement No. 75 requires certain OPEB related items to be reported as either deferred outflows or deferred inflows of resources. The following tables (dollars in thousands) summarize these amounts as of June 30, 2025, in total and by individual plan.

Primary Government (3)

	Totals (1)	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 47,558	\$ 130,541
Changes of assumptions	50,651	123,343
Net difference between projected and actual earnings on plan investments	—	27,037
Changes in proportion and difference between employer contributions and proportionate share of contributions	175,754	189,239
Employer contributions subsequent to the Measurement Date	99,383	—
Amounts associated with transactions subsequent to the Measurement Date	18,322	—
Total	<u>\$ 391,668</u>	<u>\$ 470,160</u>

	RHIC	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ —	\$ 23,379
Changes of assumptions	4,762	—
Net difference between projected and actual earnings on plan investments	—	1,001
Changes in proportion and difference between employer contributions and proportionate share of contributions	47,190	46,787
Employer contributions subsequent to the Measurement Date	46,078	—
Total	<u>\$ 98,030</u>	<u>\$ 71,167</u>

	VSDP	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 9,804	\$ 24,118
Changes of assumptions	288	712
Net difference between projected and actual earnings on plan investments	—	10,456
Changes in proportion and difference between employer contributions and proportionate share of contributions	23,984	24,229
Employer contributions subsequent to the Measurement Date	19,110	—
Total	<u>\$ 53,186</u>	<u>\$ 59,515</u>

	GLI	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 25,967	\$ 4,021
Changes of assumptions	938	8,159
Net difference between projected and actual earnings on plan investments	—	13,877
Changes in proportion and difference between employer contributions and proportionate share of contributions	27,595	25,611
Employer contributions subsequent to the Measurement Date	19,137	—
Total	<u>\$ 73,637</u>	<u>\$ 51,668</u>

	LODA	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,526	\$ 52,840
Changes of assumptions	39,876	43,567
Net difference between projected and actual earnings on plan investments	—	715
Changes in proportion and difference between employer contributions and proportionate share of contributions	51,180	60,170
Employer contributions subsequent to the Measurement Date	9,859	—
Total	<u>\$ 108,441</u>	<u>\$ 157,292</u>

	RHIC: Non-State	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 223	\$ 1,933
Changes of assumptions	837	24
Net difference between projected and actual earnings on plan investments	—	988
Changes in proportion and difference between employer contributions and proportionate share of contributions	2,028	2,520
Employer contributions subsequent to the Measurement Date	5,199	—
Total	<u>\$ 8,287</u>	<u>\$ 5,465</u>

Component Units (2) (3)

	Totals (1)					
	Deferred Outflows of Resources	Deferred Inflows of Resources	RHIC		VSDP	
Differences between expected and actual experience	\$ 37,116	\$ 74,009	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	13,563	66,582				
Net difference between projected and actual earnings on plan investments	—	22,554				
Changes in proportion and difference between employer contributions and proportionate share of contributions	42,834	35,712				
Employer contributions subsequent to the Measurement Date	97,669	—				
Amounts associated with transactions subsequent to the Measurement Date	14,108	—				
Total	<u>\$ 205,290</u>	<u>\$ 198,857</u>				
			RHIC		VSDP	
Differences between expected and actual experience	\$ —	\$ 32,714	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	6,663	—				
Net difference between projected and actual earnings on plan investments	—	1,400				
Changes in proportion and difference between employer contributions and proportionate share of contributions	13,744	15,193				
Employer contributions subsequent to the Measurement Date	64,650	—				
Total	<u>\$ 85,057</u>	<u>\$ 49,307</u>				
			GLI		LODA	
Differences between expected and actual experience	\$ 27,482	\$ 4,256	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	993	8,635				
Net difference between projected and actual earnings on plan investments	—	14,687				
Changes in proportion and difference between employer contributions and proportionate share of contributions	5,553	5,873				
Employer contributions subsequent to the Measurement Date	20,558	—				
Total	<u>\$ 54,586</u>	<u>\$ 33,451</u>				

- (1) These tables aggregate the deferred inflows of resources and deferred outflows of resources for both the VRS-administered and DHRM-administered plans.
- (2) The component unit amounts in the accompanying financial statements include deferred outflows of resources and deferred inflows of resources of \$15,967 (dollars in thousands) and \$34,465 (dollars in thousands), respectively, for other OPEB plans that are excluded from the tables above.
- (3) Additionally, during fiscal year 2025, the Commonwealth recognized OPEB expense for the primary government and component units of negative \$2,233 (dollars in thousands) and \$933 (dollars in thousands), respectively, for the VRS-administered OPEB plans and the DHRM-administered OPEB plans. The recognized OPEB expense by plan for the primary government for the VRS-administered OPEB plans was as follows (dollars in thousands): RHIC \$24,211; VSDP \$3,395; GLI \$3,857; LODA \$26,133; and RHIC: Non-State \$3,054. The recognized OPEB expense by plan for component units for the VRS-administered OPEB plans was as follows (dollars in thousands): RHIC \$34,338; VSDP \$2,116; GLI \$4,220; and LODA \$2,179. The Commonwealth recognized OPEB expense for the primary government and component units of negative \$62,883 (dollars in thousands) and negative \$41,920 (dollars in thousands) respectively, for the DHRM-administered OPEB plan.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's OPEB expense for each of the next five fiscal years and thereafter. These amounts exclude employer contributions made subsequent to the measurement date as those contributions will reduce the fiscal year 2026 net OPEB liability (asset).

Primary Government

	RHIC	VSDP	GLI	LODA
2026	\$ (6,474)	\$ (13,999)	\$ (28,038)	\$ (4,506)
2027	(4,209)	(2,574)	11,984	(3,750)
2028	(4,897)	(3,526)	1,764	(4,868)
2029	(2,806)	(2,558)	7,129	(7,258)
2030	(829)	(492)	9,993	(9,941)
Thereafter	—	(2,290)	—	(28,387)

	RHIC: Non-State
2026	\$ (680)
2027	(596)
2028	(577)
2029	(415)
2030	(109)
Thereafter	—

Component Units

	RHIC	VSDP	GLI	LODA
2026	\$ (9,737)	\$ (8,618)	\$ (5,713)	\$ (33)
2027	(6,330)	(1,585)	2,442	(26)
2028	(7,365)	(2,171)	360	(34)
2029	(4,221)	(1,574)	1,452	(51)
2030	(1,247)	(303)	2,036	(70)
Thereafter	—	(1,410)	—	(200)

B. Department of Human Resource Management (DHRM-administered) OPEB Plan

1) Administration

The DHRM-administered defined benefit OPEB plan mentioned below does not have a trust that meets the requirements of GASB Statement No. 75. In addition, the total OPEB liability for this plan has a measurement date of June 30, 2024. A separately issued financial report for this DHRM-administered OPEB plan is not available.

2) Plan Description

The Commonwealth provides a Pre-Medicare Retiree Healthcare (PMRH) plan established by Title 2.2 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by DHRM. After

retirement, the Commonwealth of Virginia no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit. Following are eligibility requirements for Virginia Retirement System (VRS) retirees:

- Retiring state employee who is eligible for a monthly retirement benefit from VRS;
- Start receiving (do not defer) retirement benefit immediately upon retirement;
- Last employer before retirement was the Commonwealth of Virginia;
- Eligible for (even if not enrolled) coverage as an active employee in the State Health Benefits Program until retirement date (not including Extended Coverage/COBRA); and
- Enroll no later than 31 days from retirement date.

Effective January 1, 2017, are the following eligibility requirements for Optional Retirement Plan (ORP) retirees:

- Terminating state employee who participates in one of the qualified Optional Retirement Plans;
- Last employer before termination was the Commonwealth of Virginia;
- Eligible for (even if not enrolled) coverage in the State Employee Health Benefits Program for active employees at the time of termination;
- Meet age and service requirements for an immediate retirement benefit under the non-ORP VRS plan that the retiree would have been eligible for on the date of hire had the retiree not elected the ORP; and
- Enroll in the State Retiree Health Benefits Program no later than 31 days from the date the retiree loses coverage (or loses eligibility for coverage) in the State Health Benefits Program for active employees due to termination of employment.

Eligibility for ORP retirees who terminated prior to January 1, 2017, would be based on the policy in place at the time of their termination.

This fund is reported as part of the Commonwealth's Health Care Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes, and is administered by the Department of Human Resource Management. There were approximately 3,235 retirees and

96,895 active employees in the program as of June 30, 2024. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits.

3) Funding

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

4) Changes in Total OPEB Liability

The PMRH total OPEB liability of \$356.5 million as of June 30, 2025, was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2024. The following tables (dollars in thousands) show the Commonwealth's total OPEB liability for the current and prior year:

Primary Government

	PMRH
	Increase (Decrease)
	Total OPEB Liability
Balances at June 30, 2024	\$ 199,345
Changes for the year	
Service cost	12,706
Interest cost	7,438
Changes of benefit terms	—
Differences between expected and actual experience	(6,562)
Changes of assumptions	4,774
Benefit payments	(16,233)
Net change	2,123
Balances at June 30, 2025	\$ 201,468

Component Units

	PMRH
	Increase (Decrease)
	Total OPEB Liability
Balances at June 30, 2024	\$ 152,575
Changes for the year	
Service cost	9,777
Interest cost	5,723
Changes of benefit terms	—
Differences between expected and actual experience	(5,049)
Changes of assumptions	3,673
Benefit payments	(11,667)
Net change	2,457
Balances at June 30, 2025	\$ 155,032

The amounts in the previous tables include governmental, business-type, and component unit activity for the DHRM-administered OPEB plan. The table excludes the non-DHRM OPEB plans' total OPEB liability of \$16.2 million for all other component units.

The PMRH total OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2024. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 7.5 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.5 percent for medical and pharmacy and 4.0 percent for dental.

Actuarial Assumptions and Methods

Valuation Date of June 30, 2024

Measurement Date	June 30, 2024 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years
Discount Rate	3.9%
Projected Salary Increases	5.4% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 7.5% to 4.5% Dental: 4.0%
Year of Ultimate Trend	2034
Mortality	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement:	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

The discount rate was based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date which is June 30, 2024. The inflation rate used was 2.3 percent and there were no ad hoc post employment benefit changes used to measure the total OPEB liability.

Changes of Assumptions

There were no changes in assumptions since the June 30, 2022 measurement date. The following remained constant since the prior measurement date:

- Spousal Coverage - rate remained at 20.0 percent
- Retiree participation - rate remained at 35.0 percent

Retiree participation was based on a blend of recent experience and the prior year assumptions. The trend rates were updated based on economic conditions as of June 30, 2024. Additionally, the discount rate was increased from 3.7 percent to 3.9 percent based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date of June 30, 2024. There were no plan changes in the valuation since the prior year.

5) Changes to and Sensitivity of Discount Rate

The following table (dollars in thousands) shows the Commonwealth's changes in discount rate and the healthcare cost trend rates.

Primary Government

Changes in Discount Rate		
PMRH		
Total OPEB Liability		
1.0% Decrease (2.9%)	Current Discount Rate (3.9%)	1.0% Increase (4.9%)
\$ 213,729	\$ 201,468	\$ 189,844
Changes in Healthcare Cost Trend Rates		
PMRH		
Total OPEB Liability		
1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
(6.5% decreasing to 3.5%)	(7.5% decreasing to 4.5%)	(8.5% decreasing to 5.5%)
\$ 183,104	\$ 201,468	\$ 222,768

Component Units

Changes in Discount Rate		
PMRH		
Total OPEB Liability		
1.0% Decrease (2.9%)	Current Discount Rate (3.9%)	1.0% Increase (4.9%)
\$ 164,469	\$ 155,032	\$ 146,088
Changes in Healthcare Cost Trend Rates		
PMRH		
Total OPEB Liability		
1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
(6.5% decreasing to 3.5%)	(7.5% decreasing to 4.5%)	(8.5% decreasing to 5.5%)
\$ 140,903	\$ 155,032	\$ 171,424

6) OPEB Related Deferred Outflows and Deferred Inflows

The following tables (dollars in thousands) summarize the OPEB related items reported as deferred outflows or deferred inflows of resources:

Primary Government (2)

	PMRH	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,038	\$ 24,250
Changes of assumptions	3,950	70,881
Changes in proportion	23,777	29,922
Amounts associated with transactions subsequent to the Measurement Date	18,322	—
Total	\$ 50,087	\$ 125,053

Component Units (1) (2)

	PMRH	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,108	\$ 18,669
Changes of assumptions	3,041	54,572
Changes in proportion	14,359	8,213
Amounts associated with transactions subsequent to the Measurement Date	14,108	—
Total	\$ 34,616	\$ 81,454

- (1) The component unit amounts exclude deferred outflows of resources and deferred inflows of resources of \$1,569 and \$23,195 (dollars in thousands), respectively, for other OPEB plans.
- (2) Additionally, during fiscal year 2025, the Commonwealth recognized OPEB expense for the primary government and component units of negative \$62,883 (dollars in thousands) and negative \$41,920 (dollars in thousands), respectively, for the DHRM-administered OPEB plan.

Deferred Amounts to be Recognized in Fiscal Years Following Reporting Date

The following tables (dollars in thousands) provide the net estimated amount of the deferred inflows and deferred outflows of resources that will be recognized in the Commonwealth's OPEB expense for each of the next five fiscal years. These amounts exclude amounts associated with transactions subsequent to the measurement date as those will reduce the fiscal year 2026 total OPEB liability.

Primary Government

	PMRH
2026 \$	(48,504)
2027	(29,145)
2028	(14,402)
2029	(973)
2030	(264)

Component Units

	PMRH
2026 \$	(31,690)
2027	(19,040)
2028	(9,409)
2029	(635)
2030	(172)

7) Other OPEB Plans

Primary Government

The Hampton Roads Transportation Accountability Commission (nonmajor governmental) has a single-employer defined benefit healthcare plan administered by the Commission. The Commission reported deferred inflows of resources of \$5,221 and reported no OPEB liability or deferred outflows of resources related to this plan. Additional information regarding this plan can be found at the Commission's website at www.hrtac.org.

Higher Education

The University of Virginia (nonmajor component unit) has an Optional Retirement Life Insurance Plan that is offered to University faculty and Medical Center employees who participate in the Optional Retirement Plans. The University reported a total OPEB liability of \$15.5 million, deferred outflows of resources of \$1.5 million, and deferred inflows of resources of \$23.0 million as of June 30, 2025. Additional information on these plans can be found at the University's website at www.virginia.edu.

The Roanoke Higher Education Authority (nonmajor component unit) reported a net OPEB liability of \$56,689 deferred outflows of resources of \$21,532 and deferred inflows of resources of \$25,228 for Group Life Insurance and Retiree Health Insurance

Credit OPEB Plans. Additional information on these plans can be found at the Authority's website at www.education.edu.

Other Component Units

The Virginia Housing Development Authority (major component unit) offers a medical, dental, and vision benefit plan, and reported deferred outflows of resources of \$6.0 million and deferred inflows of resources of \$13.1 million as of June 30, 2025. Additional information on these plans can be found at the Authority's website at www.virginiahousing.com.

The Virginia Resources Authority (major component unit) offers an optional Retirement Life Insurance Plan for those employees who choose to participate. The Authority reported a net OPEB liability of \$69,076, deferred outflows of resources of \$23,060, and deferred inflows of resources of \$21,285 as of June 30, 2025. Additional information on these plans can be found at the Authority's website at www.virginiaresources.gov.

The Virginia Port Authority (nonmajor component unit) offers medical and dental benefits for retirees. The Authority reported a total OPEB Liability of \$702,347, a net OPEB Liability of \$804,000, deferred outflows of resources of \$317,699 and deferred inflows of resources of \$541,243 as of June 30, 2025. For additional information, please see the Authority's website at www.portofvirginia.com.

Hampton Roads Sanitation District (nonmajor component unit) offers a health and dental benefit plan for those employees who choose to participate. The District reported a net OPEB liability of \$4.0 million, deferred inflows of resources of \$20.9 million and deferred outflows of resources of \$9.6 million as of June 30, 2025. For additional information, please see the Authority's website at www.hrsd.com.

The Virginia Biotechnology Research Partnership Authority (nonmajor component unit) offers an Optional Retirement Life Insurance Plan for those employees who choose to participate. The Authority reported a net OPEB liability of \$37,924, deferred outflows of resources of \$22,219, and deferred inflows of resources of \$14,153 as of June 30, 2025.

20. DEFERRED COMPENSATION PLANS

The Commonwealth offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Virginia Retirement System (the System) administers the deferred compensation plan, pursuant to the Government Employees Deferred Compensation Plan Act, Section 51.1 of the *Code of Virginia*. The System contracts with private corporations or institutions subject to the standards set forth in the Code to provide investment products as well as any other goods and

services related to the administration of the deferred compensation plan. The Department of Accounts is responsible for the accounting, reconciliation, payment to the plan through payroll deductions, and timely transfer of withheld funds to the trustee designated by the System for investment. The plan provides a number of investment options and is designed so that each participant retains investment control of his/her individual account. The plan, available to all state employees, permits them to defer a portion of their salary until future years. The deferred compensation is held in trust for the exclusive benefit of plan participants and their beneficiaries and is not available to employees until termination, retirement, death, unforeseeable emergency, or an in-service distribution at age 70.5 or later. Since the System has no fiduciary relationship with plan participants, plan assets as of June 30, 2025, of \$5.1 billion are not included in the accompanying financial statements.

In addition, the Commonwealth provides a cash match under Internal Revenue Code Section 401(a) for employees participating in the deferred compensation plan. The match amount for an employee was established at 50.0 percent of the voluntary contributions to the deferred compensation plan. During the current fiscal year, the maximum match was \$20 per pay period or \$40 per month. The fair value of assets in the cash match savings plan as of June 30, 2025, was \$710.0 million, which is also excluded from the accompanying financial statements. Employer contributions under this plan were approximately \$14.7 million for fiscal year 2025.

Most employees of the Commonwealth's colleges and universities may participate in the Commonwealth's deferred compensation plan in accordance with Internal Revenue Code Section 457(b) and/or the institution's deferred compensation plan in accordance with Internal Revenue Code Section 403(b). Under either plan, the institution's cash match under the Internal Revenue Code Section 401(a) during fiscal year 2025 was a maximum match of up to \$20 per pay period or \$40 per month. This employer match is for either plan but not both plans. Employer contributions under these plans were approximately \$14.4 million for fiscal year 2025.

The Matching Contribution Retirement Plan for Salaried Employees for the University of Virginia Medical Center (part of the University of Virginia – nonmajor component unit) employees hired on or after September 30, 2002, provides a discretionary employer matching contribution equal to 50.0 percent of the employee's contributions to the supplemental retirement program up to 4.0 percent. Employer contributions under this plan were approximately \$20.2 million for fiscal year 2025. The University of Virginia provides executive deferred compensation retirement benefits for certain officers and executives of the University and the University Medical Center. The University makes contributions on behalf of each participant each plan year as determined by the Board of Visitors. The University contributed \$2.6 million to these accounts for fiscal year 2025. In addition, the UVA Community Health (UVACH - a blended component unit of the University of Virginia) has a Section 457(f) deferred compensation plan for certain officers,

executives, and physicians. UVACH makes contributions on behalf of each participant and is subject to certain vesting requirements.

The Virginia Housing Development Authority (major component unit) has a deferred compensation plan available to all employees created in accordance with Internal Revenue Section 457(b). The plan permits participants to defer a portion of their salary or wages until future years. The deferred compensation is not available to employees until termination, retirement, or death. The assets of the plan are in an irrevocable trust with an external trustee and, accordingly, no assets or liabilities are reflected in the accompanying financial statements. For additional information, please see the Authority's website at www.virginiahousing.com.

The Virginia Port Authority (VPA) (nonmajor component unit) offers two deferred compensation plans and a matching savings plan under Internal Revenue Code Sections 457 and 401(a), respectively. For additional information, please see the Authority's website at www.portofvirginia.com.

The Assistive Technology Loan Fund Authority (nonmajor component unit) employees contribute an amount of their choosing into Deferred Compensation Plans administered by the Virginia Retirement System and into a qualified 403(b) plan. For additional information, please see the Authority's website at www.atlfa.org.

21. STATE NON-ARBITRAGE POOL

The Commonwealth sponsors the Virginia State Non-Arbitrage Program (SNAP) for use by the Commonwealth and local governments to invest bond proceeds. The Treasury Board is responsible for the oversight of SNAP, procuring the following services: investment management, program administration, arbitrage rebate and calculation, and custodial and depository services. The Commonwealth does not have fiduciary responsibility for SNAP.

The SNAP fund is a local government investment pool. PFM Asset Management LLC serves as the investment adviser of the SNAP fund. The SNAP individual investment portfolios are the responsibility of the SNAP investment manager and the governments investing proceeds in the portfolios. These investments are held solely in the SNAP participants' names. Since the Commonwealth has no fiduciary relationship with local governmental entities participating in the plan, these assets of \$4.2 billion are not included in the financial statements.

22. COMMITMENTS

A. Construction Projects

Primary Government

Highway Projects

As of June 30, 2025, the Department of Transportation had contractual commitments of approximately \$5.6 billion for construction of various highway projects. Funding for these expenditures is expected to be provided as follows: (1) State funds - approximately 64.5 percent or \$3.6 billion; (2) Federal funds – approximately 24.0 percent or \$1.4 billion; and, (3) Proceeds from Bonds - approximately 11.5 percent or \$640.5 million.

Mass Transit Projects

As of June 30, 2025, the Department of Rail and Public Transportation had contractual commitments of approximately \$600.3 million for various public transportation and rail projects. Funding of the future expenditures is expected to be as follows: 1) State funds – approximately 86.8 percent or \$521.2 million, and 2) Federal funds – approximately 13.2 percent or \$79.1 million.

Wastewater Treatment Projects

As of June 30, 2025, the Department of Environmental Quality was committed to grant contracts with localities to reimburse a portion of construction costs for nutrient reduction facilities at wastewater treatment plants totaling \$341.7 million provided by bond proceeds and the Water Quality Improvement Fund.

Other Construction Projects

As of June 30, 2025, the Department of General Services had construction commitments of approximately \$350.8 million.

As of June 30, 2025, the Department of Behavioral Health and Developmental Services had construction contractual commitments of approximately \$101.0 million.

As of June 30, 2025, the Frontier Culture Museum of Virginia had construction contractual commitments of approximately \$62.2 million.

As of June 30, 2025, the Science Museum of Virginia had construction contractual commitments of approximately \$59.1 million.

As of June 30, 2025, the Department of Military Affairs had construction contractual commitments of approximately \$50.6 million.

As of June 30, 2025, the Department of Corrections had contractual commitments of \$34.2 million for construction projects.

As of June 30, 2025, the Department of Conservation and Recreation had contractual commitments of \$20.5 million for construction projects.

As of June 30, 2025, the Department of Forensic Science had commitments of approximately \$18.4 million for construction projects.

As of June 30, 2025, the Department of Veterans Services had contractual commitments of \$11.5 million and non-contractual commitments of \$6.8 million for construction projects.

As of June 30, 2025, the Virginia Museum of Fine Arts had contractual commitments of \$13.5 million and non-contractual commitments of \$3.2 million for construction projects.

Component Units

Port Projects

As of June 30, 2025, the Virginia Port Authority (nonmajor) was committed to construction contracts totaling \$284.1 million.

Wallops Island Project

As of June 30, 2025, the Virginia Commercial Space Flight Authority (nonmajor) was committed to construction programs totaling \$19.9 million, approximately \$6.5 million of which will be reimbursable under separate private and federal contract agreements and approximately \$7.7 million of which are funded by the Commonwealth.

Treatment Plant

As of June 30, 2025, the Hampton Roads Sanitation District Commission (nonmajor) was committed to construction contracts totaling \$1.3 billion.

Higher Education Institutions

Colleges and universities (nonmajor) had contractual commitments as of June 30, 2025, of approximately \$1.8 billion primarily for construction contracts. Higher education foundations' construction and other commitments total approximately \$61.1 million and \$31.1 million, respectively.

B. Long-term Leases

As of June 30, 2025, the Commonwealth has entered into long-term leases that have not yet commenced. Commitments for the primary government were \$25.0 million for lease payments due for governmental activities (including internal service funds). Business-type activities did not have lease commitments at June 30, 2025. Commitments for component units total \$7.2 million for higher education institutions, excluding foundations.

Lease agreements are for various terms and contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly.

C. Long-term Subscription-Based Information Technology Arrangements (SBITAs)

As of June 30, 2025, the Commonwealth has entered into long-term SBITAs that have not yet commenced. Neither governmental nor business-type activities had SBITA commitments at June 30, 2025. Commitments for component units total \$10.1 million for higher education institutions, excluding foundations.

D. Investment Commitments – Virginia Retirement System

The Virginia Retirement System extends investment commitments in the normal course of business, which, as of June 30, 2025, amounted to \$23.6 billion.

E. Virginia Transportation Infrastructure Bank

Section 33.2-1500 of the *Code of Virginia* states the Virginia Transportation Infrastructure Bank is intended to help alleviate a critical financing need for present and future highways within the Commonwealth. This includes toll facilities; mass transit; freight, passenger, and commuter rail; and port, airport and other transportation facilities. As of June 30, 2025, there were no approved loans that have not been drawn upon.

F. Tobacco Grants

The Tobacco Region Revitalization Commission (nonmajor component unit) had \$102.8 million in grant award commitments that are not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2025, in accordance with GASB Statement No. 33.

G. Other Commitments

Primary Government

As of June 30, 2025, the Virginia Department of Transportation had contractual commitments of approximately \$1.9 billion for individual contracts awarded with a contract value of \$1.0 million or more for operational services, facilities, tolling services and other non-highway construction type contracts.

The Commonwealth Savers Plan (major enterprise fund) administers the Defined Benefit 529 Program. As of June 30, 2025, the Program had \$352.4 million in private equity and private debt obligations.

As of June 30, 2025, the Department of Behavioral Health and Developmental Services had contractual commitments of approximately \$173.2 million.

As of June 30, 2025, the Department of Motor Vehicles had contractual commitments of approximately \$37.6 million for driver's licenses and technology services and \$69.9 million for software licenses, support, maintenance, and consultants.

The Virginia Wireless E-911 (nonmajor enterprise fund) had \$42.0 million in outstanding grants awarded but not yet disbursed to localities as of June 30, 2025, since all of the eligibility criteria have not been met in accordance with GASB Statement No. 33, and other contractual commitments of \$11.8 million.

As of June 30, 2025, the Virginia Department of Health had commitments of approximately \$34.4 million to localities, trauma centers, regional councils, grants to rescue squads, and water supply assistance grants.

As of June 30, 2025, the Department of Veterans Services had contractual commitments of \$4.5 million and non-contractual commitments of \$1.4 million for supplies and various services.

Component Units

The Virginia Housing Development Authority (major) and Virginia Resources Authority (major) had \$1.4 billion and \$703.3 million, respectively, in commitments to fund new loans not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2025, in accordance with GASB Statement No. 33.

As of June 30, 2025, the Virginia Passenger Rail Authority (nonmajor) had capital grant commitments outstanding of \$194.0 million and other contractual commitments of \$2.3 billion. The Authority also has \$10.0 million of funding committed to reimburse the Department of Rail and Public Transportation (part of primary government) for planned expenses related to grants managed by the Department.

The Virginia Small Business Financing Authority (nonmajor) had \$1.4 million in loan commitments to banks and borrowers not reflected in the accompanying financial statements since eligibility requirements were not met as of June 30, 2025, in accordance with GASB Statement No. 33.

23. ACCRUED LIABILITY FOR COMPENSATED ABSENCES

Employees accrue annual leave at a rate of four to nine hours semimonthly, depending on their length of service. The maximum leave accumulation is dependent upon years of service, but in no case may it exceed 432 hours at the end of the leave year. The maximum compensation for annual leave balances is also dependent upon years of service, but in no case may an employee be compensated for more than 336 hours upon separation.

All employees hired after January 1, 1999, are required to enroll in the Virginia Sickness and Disability Program (VSDP) (see Note 18). Under the VSDP, employees receive a specified number of sick and personal leave hours, depending on their length of service, and any balances at the end of the leave year revert. Individuals employed at January 1, 1999, had the option of

converting to the VSDP or remaining in the traditional sick leave plan. If converting, the employee's sick leave balance could be used to purchase retirement credits or be converted to disability credits. If an employee opted to remain in the traditional sick leave program, sick leave accrues at a rate of five hours semimonthly. Employees who leave state service after a minimum of five years employment receive the lesser of 25.0 percent of the value of their disability credits or accumulated sick leave at their current earnings rate or \$5,000. All employees leaving state service are paid for accrued annual leave up to the maximum leave year limit at their current earnings rate.

In conformance with GASB Statement No. 101, *Compensated Absences*, the monetary value of accumulated vacation, VSDP personal and sick, compensatory, overtime, recognition, and traditional sick leave that is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means is included in the accompanying financial statements as Compensated Absences. Also included is commenced leave for parental, military, or jury duty. In the government-wide statements, proprietary fund statements, and discrete component unit fund statements, compensated absence amounts are segregated into two components – the amount due within one year and the amount due in more than one year. Compensated absences due within one year consist of an estimate of the amount that will be used by active employees for paid time off and/or paid upon termination, plus the actual amount paid after June 30 for employees terminating on or before June 30. In the governmental fund statements, amounts to be paid from expendable resources are recognized as fund liabilities in the applicable governmental fund types as long-term liabilities and represent payments to employees for separations that occurred on or before June 30. Amounts not payable from expendable resources are reflected in the governmental activities column in the Government-wide Statement of Net Position (see Note 28). All amounts related to the fiduciary funds are recognized in those funds.

The liability as of June 30, 2025, was computed using salary rates effective at that date, and represents vacation, VSDP personal and sick, compensatory, overtime, recognition, and traditional sick leave. Also included is commenced leave for parental, military, or jury duty, and disability credits held by employees, up to the allowable ceilings.

24. POLLUTION REMEDIATION OBLIGATIONS

The Commonwealth has pollution remediation obligations of \$2.8 million, of which \$913,673 is due within one year. With the exception of the Department of Environmental Quality (DEQ), agencies estimated future obligations based on professional consultant estimates and/or historical project expenses of similar projects; however, there is the potential for change in estimates due to price increases or reductions, technology, or applicable laws and regulations. Remediations for DEQ are not estimates, but contractual obligations between the Commonwealth and the U.S. Environmental Protection Agency (EPA), and any change due to a reconciliation of incurred costs requires mutual consent and contract amendment.

The estimated Commonwealth pollution remediation liability relates to the anticipated cost of cleanup relating to leakage of underground storage tanks, soil and groundwater contaminations, dump site cleanups, mold remediation and remediation relating to superfund state contracts.

Agencies involved in remediation include:

- Department of Conservation and Recreation (DCR)
- Department of Corrections (DOC)
- Department of Environmental Quality (DEQ)
- Department of Juvenile Justice (DJJ)
- Department of Transportation (VDOT)

A Facility Lead Agreement was signed between the EPA and VDOT to resolve an issue concerning the storage of lab wastewater in an outdoor lined surface impoundment that operated between 1979 and 1983 for which contamination is present in soil and groundwater. DOC was fined by the EPA in September/October 2003. DOC proposed to conduct a Supplemental Environmental Project (SEP) which included the formation of the Pollution Prevention Section of the Environmental Services Unit, disclosure of all environmental deficiencies to both the EPA and DEQ and corrections of those deficiencies.

The following pollution remediation outlay could not reasonably be estimated as of June 30, 2025:

- VDOT relating to groundwater contamination.

25. INSURANCE

A. Self-Insurance

The Commonwealth maintains three types of self-insurance plans. The first type of self-insurance is a health care plan administered by the Department of Human Resource Management (DHRM) for Commonwealth employees. The plan is accounted for in the Health Care Internal Service Fund. Interfund premiums are accounted for as internal activity receipts from other funds. As of June 30, 2025, \$143.4 million is reported as the estimated insurance claims payable for this fund, which is undiscounted as nearly all healthcare claims are current in nature. The estimated liability is based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported as described in Note 1.W. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Insurance Claim Payments	Balance June 30, (1)
2024-2025	\$ 126,055	\$ 1,996,961	\$ (1,979,605)	\$ 143,411
2023-2024	\$ 95,189	\$ 1,875,863	\$ (1,844,997)	\$ 126,055

- (1) The entire ending balance shown above is due within one year.

The second type of plan, Risk Management, is administered by the Department of the Treasury, Division of Risk Management and the Department of Human Resource Management, Worker's Compensation Program. These plans are accounted for in the Risk Management Internal Service Fund. The Department of the Treasury administers risk management programs providing property, general (tort) liability, medical malpractice, automobile and surety bond exposures for the Commonwealth of Virginia as provided in Sections 2.2-1834 through 1838 and Section 2.2-1840 of the *Code of Virginia*. Established subject to the approval of the Governor, risk management plans provide state agencies with protection through purchased insurance, self-insurance or a combination thereof. Interfund premiums for the fund are accounted for as internal activity receipts from other funds. The insurance claims payable is an estimated liability based upon actual claims that have been submitted as well as actuarially determined claims incurred but not reported. As of June 30, 2025, \$408.6 million is reported as the estimated insurance claims payable for the risk management plan. This amount is discounted to present value at a rate of 4.0 percent. Undiscounted insurance claims payable as of June 30, 2025, is \$596.4 million. The estimated losses are based upon actual claims that have been submitted, as well as claims incurred but not reported. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Insurance Claim Payments	Balance June 30, (1)
2024-2025	\$ 386,672	\$ 88,964	\$ (67,026)	\$ 408,610
2023-2024	\$ 393,576	\$ 77,994	\$ (84,898)	\$ 386,672

- (1) Of the balance shown above, \$77.8 million is due within one year.

For workers' compensation, the Commonwealth assumes the full risk of claims filed. For tort and automobile, liability is assumed at a maximum of \$2.0 million per occurrence. Medical malpractice is assumed at the maximum per occurrence recovery limited as stated in Section 8.01-581.15 of the *Code of Virginia*. Risk Management purchases commercial insurance to protect state-owned property with deductibles as stated in the insurance policies.

The third type of plan, Line of Duty, is administered by the Department of Human Resource Management for Line of Duty recipients. Per the amended Line of Duty Act Section 9.1-401 of the *Code of Virginia*, the Department of Human Resource Management is responsible for administration of the premium-free health benefits provided to eligible Line of Duty recipients. The plan is accounted for in the Line of Duty Internal Service Fund. All eligible employees, former employees, and eligible family members will be covered under one program, the Line of Duty Health Benefit Plans. Participating or non-participating refers to whether the employer participates in the Line of Duty Death and Health Benefits Trust Fund, administered by VRS. All state agencies are participating employers, but localities can be either participating or non-participating. As of June 30, 2025, \$595,842 is reported as the insurance claims payable for the fund for state employees and participating localities, which is undiscounted as nearly all healthcare claims are current in nature. Changes in the balances of claims liabilities (dollars in thousands) during the current and prior fiscal years are as follows:

	Balance July 1,	Current Year Claims and Changes in Estimates	Claim Payments	Balance June 30, (1)
2024-2025	\$ 485	\$ 9,311	\$ (9,200)	\$ 596
2023-2024	\$ 404	\$ 8,956	\$ (8,875)	\$ 485

- (1) The entire ending balance shown above is due within one year.

The Commonwealth has not had any insurance settlements exceed the coverage during the past three years.

University of Virginia (nonmajor component unit) employees 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. 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.

As of June 30, 2025, the Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit) reports the following insurance claims payable amounts: estimated workers' compensation claims of \$2.0 million and estimated losses on malpractice claims of \$4.0 million. Aries Insurance Captive (component unit of the Authority) reports insurance claims payable of \$28.9 million for estimated losses on malpractice claims, \$4.9 million for estimated workers' compensation claims, and \$6.6 million for other insurance coverages. Additional information on insurance claims payable can be found in the Authority's separately issued financial statements, which can be found at the University's website at www.vcu.edu.

Virginia International Terminals, LLC (VIT) (a blended component unit of the Virginia Port Authority – nonmajor) participates in a workers compensation insurance pool and shares risk with other members of the pool. VIT remains obligated under its former self-insured plan for future losses as a result of accidents that occurred prior to April 12, 1999. VIT bears some self-insurance risk for health/medical insurance claims cost in excess of employee premiums/contributions received. Pursuant to a joint arrangement with the Virginia Port Authority, (VPA) (nonmajor) the entity carries stop loss insurance to mitigate exposure to significant claims. The stop loss policy is on a calendar year basis, with renewals effective each January 1. During the calendar year 2025 and 2024, the individual claim cost limit (deductible) under the policy for the Authority was \$150,000. The aggregate deductible for VIT and VPA combined claims in excess of the individual limit was \$7.4 million for calendar year 2025 and \$7.1 million for calendar year 2024. For additional information, please see the Authority's website at www.portofvirginia.com.

B. Public Entity Risk Pools

The Commonwealth administers three types of public entity risk pools for the benefit of local governmental units: healthcare, risk management, and line of duty insurance. The Local Choice Health Care plan was established to make comprehensive healthcare insurance available to localities and political subdivisions at affordable rates and with stable premiums. During the fiscal year, there were 444 local government units participating in the pool. This includes 64 school districts, 39 counties, 134 cities/towns, and 207 other subdivisions. This program is accounted for

in the Local Choice Health Care Enterprise Fund (nonmajor).

The Department of Human Resource Management, under Section 2.2-1204 of the *Code of Virginia*, has the authority to design, set rates, and administer the Local Choice Health Care fund. The pool's standard contract period is one year. However, a member group may withdraw on the last day of any month with three month's written notice. Contributions are based on the current necessary contribution and the amortization of experience adjustments in the pool. As of June 30, 2025, \$56.1 million is reported as the actuarially determined estimated insurance claims payable for this fund based on claims incurred but not reported.

The actuarial liability is determined for the membership pool in total and then adjusted for each locality based on individual historic and demographic data. If the pool's assets were to be exhausted, the program participants would share the responsibility for any liabilities or deficits.

The Department of the Treasury, Division of Risk Management administers the VARisk and VARisk2 risk management programs for political subdivisions, constitutional officers and others in accordance with Section 2.2-1839 of the *Code of Virginia*. These pools were established to provide an economical, low-cost alternative to the commercial insurance market for the Commonwealth's political subdivisions. These risk programs are accounted for in the Risk Management Enterprise Fund (nonmajor). The pool is established subject to approval by the Governor. It may be insurance, self-insurance, or any combination thereof, and must provide protection and legal defense against liability. Participation is voluntary and open to those identified in Section 2.2-1839 of the *Code of Virginia*. As of June 30, 2025, there were 490 units of local government in the pool, including 12 towns and 23 counties. The remaining 455 units include a large variety of boards, commissions, authorities, and special districts.

The VARisk program is comprised of constitutional officers and regional jails, and participation is not mandated by the *Code of Virginia*. However, the Compensation Board (part of the primary government) requires participation by all constitutional officers.

The VARisk2 program is comprised of local governments and has a minimum membership period of one year. However, a member group can cancel membership and withdraw from the plan on their coverage anniversary date or at the end of the fiscal year with 30 days' notice.

No excess insurance or reinsurance is provided. The risk assumed by the VARisk and VARisk2 pool for liability is \$1.0 million per occurrence, with the

exception of sheriffs and their deputies, which is \$1.5 million per occurrence.

As of June 30, 2025, \$42.7 million and \$2.3 million are reported as estimated insurance claims payable for the VARisk and the VARisk2 programs, respectively. These figures are actuarially determined for the funds in total and are reported at gross. They are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors. They do not reflect possible reimbursements for insurance recoveries.

Per the amended Line of Duty Act Section 9.1-401 of the *Code of Virginia*, the Virginia Department of Human Resource Management (DHRM) is responsible for administration of the premium-free health benefits provided to eligible LODA recipients. All eligible employees, former employees, and eligible family members will be covered under one program, the LODA Health Benefits Plans. As of June 30, 2025, \$1.5 million is reported as the actuarially determined estimated insurance claims payable for the non-participating localities reported in this fund based on claims incurred but not reported.

The following schedule (dollars in thousands) shows the changes in claims liabilities for the past two fiscal years.

	Local Choice Health Care		Risk Management		Line of Duty	
	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024	June 30, 2025	June 30, 2024
Unpaid Claims and Claim						
Adjustment Expenses at Beginning of Fiscal Year	\$ 50,393	\$ 48,711	\$ 43,718	\$ 43,169	\$ 1,187	\$ 988
Incurring Claims and Claim Adjustment Expenses:						
Provision for Insured Events of the Current Fiscal Year	588,767	532,820	13,970	13,123	22,796	21,927
Changes in Provision for Insured Events of Prior Fiscal Years	—	—	(6,682)	(4,745)	—	—
Total Incurred Claims and Adjustment Expenses	588,767	532,820	7,288	8,378	22,796	21,927
Payments:						
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Current Fiscal Year	583,044	531,138	1,211	1,090	22,525	21,728
Claims and Claim Adjustment Expenses Attributable to Insured Events of the Prior Fiscal Year	—	—	7,440	8,537	—	—
Total Payments	583,044	531,138	8,651	9,627	22,525	21,728
Change in Provision for Discounts	—	—	2,664	1,798	—	—
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Discounted) (1) (2) (3)	\$ 56,116	\$ 50,393	\$ 45,019	\$ 43,718	\$ 1,458	\$ 1,187
Total Unpaid Claims and Claim Adjustment Expenses at End of the Fiscal Year (Undiscounted)	\$ 56,116	\$ 50,393	\$ 49,138	\$ 49,018	\$ 1,458	\$ 1,187

Note (1): The entire balance for Local Choice Health Care, \$56,116 (dollars in thousands) is due within one year.

Note (2): Of the balance shown above for Risk Management, \$13,247 (dollars in thousands) is due within one year.

Note (3): The entire balance for Line of Duty, \$1,458 (dollars in thousands) is due within one year.

26. ACCOUNTS PAYABLE

The following table (dollars in thousands) summarizes Accounts Payable as of June 30, 2025.

	Vendor	Salary / Wage	Retainage	Other	Foundations (1)	Total
Primary Government:						
General	\$ 403,000	\$ 147,696	\$ 2,773	\$ —	\$ —	\$ 553,469
Major Special Revenue Funds:						
Commonwealth Transportation	567,677	45,158	2,779	—	—	615,614
Federal Trust	246,751	24,308	6,359	—	—	277,418
Literary	4	—	—	—	—	4
Nonmajor Governmental Funds	61,835	19,971	22,802	474	—	105,082
Major Enterprise Funds:						
Virginia Lottery (2)	30,413	2,620	—	12,856	—	45,889
Commonwealth Savers Plan	133	991	—	2,299	—	3,423
Unemployment Compensation	—	—	—	33	—	33
Nonmajor Enterprise Funds	91,204	12,607	—	13	—	103,824
Internal Service Funds	125,024	4,760	—	—	—	129,784
Private Purpose Trust Funds	—	—	—	11,401	—	11,401
Pension and Other Employee Benefit Trust Funds (3)	11,995	77	—	42,211	—	54,283
Custodial Funds - Other	3,007	—	—	154	—	3,161
Total Primary Government (4)	\$ 1,541,043	\$ 258,188	\$ 34,713	\$ 69,441	\$ —	\$ 1,903,385
Discrete Component Units:						
Virginia Housing Development Authority (5)	\$ 3,789	\$ 6,579	\$ —	\$ 35,428	\$ —	\$ 45,796
Virginia Public School Authority	501	—	—	—	—	501
Virginia Resources Authority	36	5	—	—	—	41
Virginia College Building Authority	21	—	—	—	—	21
Nonmajor Component Units	1,047,413	622,695	123,091	912	137,707	1,931,818
Total Component Units	\$ 1,051,760	\$ 629,279	\$ 123,091	\$ 36,340	\$ 137,707	\$ 1,978,177

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Note (2): Other Accounts Payable for the Virginia Lottery primarily represents unclaimed prizes attributable to multi-state games and player subscription wallets.

Note (3): Other Accounts Payable for the Pension and Other Employee Benefit Trust Fund consists of \$22,461 (dollars in thousands) in investment management fees and \$19,750 (dollars in thousands) in program benefit liabilities.

Note (4): Fiduciary liabilities of \$68,845 (dollars in thousands) are not included in the Government-wide Statement of Net Position. In addition, governmental fund liabilities of \$208,215 (dollars in thousands) are included in the Government-wide Statement of Net Position, but excluded from the above amounts.

Note (5): Other Accounts Payable for the Virginia Housing Development Authority (major) of \$1,335 (dollars in thousands) predominantly represents federal pass-through grant awards that have not been disbursed to the recipients as of June 30.

27. OTHER LIABILITIES

The following tables (dollars in thousands) summarize Other Liabilities as of June 30, 2025.

	Primary Government					
	General	Commonwealth Transportation	Federal Trust	Nonmajor Governmental Funds	Virginia Lottery	Commonwealth Savers Plan (1)
Lottery Prizes Payable	\$ —	\$ —	\$ —	\$ —	\$ 264,734	\$ —
Medicaid Payable	704,466	—	1,930,271	339,883	—	—
Family Access to Medical Insurance Security Payable	29,041	—	55,533	—	—	—
Tax Refunds Payable (2)	2,544,514	—	—	—	—	—
Accrued Interest Payable	—	—	—	—	233	84
Deposits Pending Distribution	16,175	6,951	71	37,232	—	—
Car Tax Payable	263,025	—	—	—	—	—
Other Liabilities	78	31,195	139	54,948	—	32,125
Total Other Liabilities	<u>\$ 3,557,299</u>	<u>\$ 38,146</u>	<u>\$ 1,986,014</u>	<u>\$ 432,063</u>	<u>\$ 264,967</u>	<u>\$ 32,209</u>

	Primary Government					
	Nonmajor Enterprise Funds	Internal Service Funds	Private Purpose Trust Funds	Pension and Other Employee Benefit Trust Funds (3)	Custodial Funds - Other	Total Primary Government (4)
Lottery Prizes Payable	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 264,734
Medicaid Payable	—	—	—	—	—	2,974,620
Family Access to Medical Insurance Security Payable	—	—	—	—	—	84,574
Tax Refunds Payable	—	—	—	—	—	2,544,514
Accrued Interest Payable	—	61	—	—	—	378
Deposits Pending Distribution	130	460	—	—	—	61,019
Car Tax Refund Payable	—	—	—	—	—	263,025
Other Liabilities	7	—	17	46,354	2,979	167,842
Total Other Liabilities	<u>\$ 137</u>	<u>\$ 521</u>	<u>\$ 17</u>	<u>\$ 46,354</u>	<u>\$ 2,979</u>	<u>\$ 6,360,706</u>

Note (1): Other Liabilities of \$32,125 (dollars in thousands) reported by the Commonwealth Savers Plan (major) represent amounts associated with pending investment trades and program distributions payable.

Note (2): During fiscal year 2025, the Department of Taxation revised the estimate methodology for calculating the Tax Refund Payable for both individual and corporate income taxes.

Note (3): Other Liabilities of \$46,354 (dollars in thousands) reported in Pension and Other Employee Benefit Trust Funds are made up of \$2,881 (dollars in thousands) in other payables related to the System benefit plans; and \$43,473 (dollars in thousands) in pending investment transactions consisting of: \$27,310 (dollars in thousands) in net foreign exchange contracts payable; \$12,278 (dollars in thousands) in other miscellaneous payables; \$2,505 (dollars in thousands) in foreign taxes payable related to the System benefit plans; and \$1,380 in dividends payable related to the System benefit plans.

Note (4): Fiduciary liabilities of \$49,350 (dollars in thousands) are not included in the Government-wide Statement of Net Position. Governmental fund liabilities of \$81,631 (dollars in thousands) are included in the Government-wide Statement of Net Position, but excluded from the above amounts.

	Component Units					
	Virginia Housing Development Authority	Virginia Public School Authority	Virginia Resources Authority	Virginia College Building Authority	Nonmajor Component Units (5)	Total Component Units
Accrued Interest Payable	\$ 77,190	\$ 56,134	\$ 20,449	\$ 88,491	\$ 109,046	\$ 351,310
Deposits Pending Distribution	—	—	—	—	1,101,119	1,101,119
Short-term Debt	400,000	—	—	—	452,070	852,070
Grants Payable	—	—	—	—	7,088	7,088
Other Liabilities	51,574	—	3,617	—	150,464	205,655
Total Other Liabilities	<u>\$ 528,764</u>	<u>\$ 56,134</u>	<u>\$ 24,066</u>	<u>\$ 88,491</u>	<u>\$ 1,819,787</u>	<u>\$ 2,517,242</u>

Note (5): Other Liabilities of nonmajor component units are predominantly comprised of the following (dollars in thousands): Derivative instruments reported by University of Virginia of \$8,166, Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University) (VCUHSA) of \$10,755, and foundations of higher education institutions of \$2,106. Other Liabilities also includes third party settlements of \$23,173, a city of Richmond PILOT obligation of \$33,393 reported by VCUHSA, and accrued liabilities of \$31,827 reported by the Virginia Passenger Rail Authority.

Medicaid Payable

Medicaid Payable represents services rendered but not billed by providers and potential liability resulting from cost reports not settled as of year-end. Providers subject to cost settlement are paid in the interim based on established per diem or diagnosis related group rates for services.

The Department of Medical Assistance Services (DMAS) estimates, based on experience, the total amount of Medicaid claims that will be paid from the Medicaid program in the future which relate to services provided before year-end. As of June 30, 2025, the estimated liability related to Medicaid claims totaled \$3.0 billion in the fund financial statements. Of this amount, \$704.5 million is reflected in the General Fund (major governmental), \$1.9 billion in the Federal Trust Special Revenue Fund (major governmental), and \$339.9 million in the Health and Social Services Fund (nonmajor special revenue).

Family Access to Medical Insurance Security Payable

DMAS estimates the total amount of claims that will be paid from the Family Access to Medical Insurance Security program in the future which relate to services provided before year-end. As of June 30, 2025, the estimated liability related to claims totaled \$84.6 million. Of this amount, \$29.1 million is reflected in the General Fund (major governmental) and \$55.5 million in the Federal Trust Special Revenue Fund (major governmental).

Tax Refunds Payable

Tax refunds payable represent refunds due on individual tax returns filed for the calendar year ended on or before December 31, 2024, and on business tax returns filed for corporate fiscal years ending on or before June 30, 2025. The individual tax return filing deadline is May 1 of each year for the preceding calendar year. The corporate tax return filing deadline is the 15th day of the fourth month following the close of the corporate fiscal year.

During fiscal year 2025, the Department of Taxation revised its estimate for Tax Refund Payable for both individual and corporate income taxes. The change is based on updated historical refund patterns, taxpayer filing data, and improved forecasting methods.

The revision affects the Tax Refund Payable liability and related tax revenue for the current period. The new methodology is preferable because it provides a more accurate estimate of expected refunds. The change is applied prospectively in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Car Tax Refund Payable

During the year ended June 30, 1998, the General Assembly passed the Personal Property Tax Relief Act. Under the terms of this legislation, the Commonwealth assumed financial responsibility for a portion, ranging from 12.5 percent to 70.0 percent, of the personal property taxes assessed by localities.

During 2004, the General Assembly modified this legislation. Chapter 1 of Special Session 1 (2004) established a \$950.0 million limit on the amount the Commonwealth would appropriate for personal property tax relief, beginning in tax year 2006. It further established that each county, city, and town would receive a fixed percentage of the \$950.0 million, with payments to begin on or after July 1, 2006 (fiscal year 2007). The accrued liability amount of \$263.0 million reflects payments owed to localities as of June 30 and paid in July.

Termination Benefits

During the fiscal year, the Commonwealth had laid off 72 employees. The affected employees had the option of volunteering for enhanced retirement benefits or severance benefits. The enhanced retirement benefits option was elected by 4 employees, and the remaining 68 employees elected severance benefits. The severance benefits include salary payments based on years of service and insurance premium payments for health and life insurance. All severance benefits were initiated during fiscal year 2025 and will end no later than June 30, 2026. The benefit cost expended and the outstanding liability for governmental funds as of June 30, 2025, are \$1,415,366 and \$262,017 respectively. Since the severance benefits last for a maximum of 12 months, discounting of future cash flows is unnecessary. Additionally, the estimated payments are calculated using the Department of Human Resources' Termination Benefits Calculator and actual costs.

Short-term Debt

Short-term debt results from borrowings from anticipation notes, lines of credit, and similar loans with parties external to the primary government. The primary government's policy is to disclose activity related to short-term borrowings occurring during the fiscal year. For fiscal year 2025, the primary government's agencies did not participate in short-term borrowings with external parties.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires the disclosure of any unused lines of credit. The Virginia Department of Transportation (VDOT) (primary government) has unused lines of credit of \$82.6 million at June 30, 2025 for one federal Transportation Infrastructure Finance and Innovation Act (TIFIA) loan.

The Hampton Roads Transportation Accountability Commission (nonmajor governmental) has unused lines of credit of \$345.0 million at June 30, 2025 for various Transportation Infrastructure Finance and Innovation Act (TIFIA) loans.

The Virginia Housing Development Authority (major component unit) has a direct borrowing from a line of credit of \$400.0 million. The University of Virginia, Virginia Polytechnic Institute and State University, and Virginia Commonwealth University (nonmajor component units) have commercial paper of \$120.0 million, \$5.1 million, and \$4.7 million, respectively,

primarily for general liquidity purposes and capital projects. Various higher education institution foundations (nonmajor component units) have lines of credit of \$315.7 million primarily for investments, construction, or property acquisition. The Virginia Museum of Fine Arts Foundation (nonmajor component unit) has borrowed \$6.7 million from a line of credit to purchase a building expected to be used by the Museum.

The Virginia Housing Development Authority (major component unit) has two unused lines of credit totaling \$150.0 million. The University of Virginia, Virginia Polytechnic Institute and State University, Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University), Christopher Newport University, Institute for Advanced Learning and Research, and Longwood University (nonmajor component units) have unused lines of credit of \$600.0 million, \$198.0 million, \$100.0 million, \$200,000, \$1.8 million, and \$5.0 million, respectively. The Hampton Roads Sanitation District Commission and the Virginia Port Authority (nonmajor component units) have unused lines of credit of \$207.5 million and \$1.0 million, respectively. For the University of Virginia, in the event of default under revolving credit agreements, any outstanding advances, interest, and the value of the promissory note would be due and payable to the various banking institutions.

28. LONG-TERM LIABILITIES

Commonwealth bonds are issued pursuant to Section 9 of Article X of the Constitution of Virginia. Section 9(a) bonds have been issued to redeem previous debt obligations. Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations. Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt. Section 9(a), 9(b), and 9(c) bonds are tax-supported general obligation bonds and are backed by the full faith and credit of the Commonwealth. No other long-term debt obligations are backed by the full faith and credit of the Commonwealth.

Section 9(d) bonds are revenue bonds that are not backed by the full faith and credit of the Commonwealth. These bonds are not general obligation bonds and are not deemed to constitute a legal liability of the Commonwealth. However, this debt may be supported by state appropriations in whole or in part, such as certain debt of the Commonwealth Transportation Board (primary government) and the Virginia Port Authority (nonmajor component unit). Other 9(d) revenue bonds are payable from general revenues of the component units, or from revenues of specific revenue-producing capital projects, such as the teaching hospitals, dormitories, student centers, and dining halls at the various colleges and universities (nonmajor component units).

Certain 9(d) bonds are considered, along with 9(a), 9(b), and 9(c) bonds, to be tax-supported debt of the Commonwealth. Tax-supported debt includes all bonds and short-term debt for which debt service payments are made or are ultimately pledged to be made from tax revenues (net of sinking fund requirements).

Other 9(d) revenue bonds are considered debt not supported by taxes. For this debt, the Commonwealth has no direct or indirect pledge of tax revenues. In certain limited cases, the Commonwealth has made a moral obligation pledge. A government's moral obligation pledge provides a deficiency make-up for bondholders in the event pledged revenues prove to be insufficient. If a revenue deficiency exists, monies held in a debt service reserve fund are used to pay bondholders. The issuer then requests that the legislative body provide an appropriation to replenish the reserve fund before subsequent debt service is due. The legislative body may, but is not legally required to, replenish the reserve fund.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires disclosures related to unused lines of credit (see Note 27), direct borrowings and placement debt, and specific disclosures related to debt default. Direct borrowings and placements have terms with an investor or lender and are not offered for public sale.

GASB Statement No. 101, *Compensated Absences*, effective for fiscal year 2025, modifies the reporting criteria for compensated absences liabilities as discussed in Note 23.

The following schedule presents the total long-term liabilities of the Commonwealth, and the portion of these amounts which are due within one year, as reported on the Government-wide Statement of Net Position.

Total Long-term Liabilities

June 30, 2025

<i>(Dollars in Thousands)</i>	Balance At June 30	Amount Due Within One Year
Primary Government:		
Governmental Activities: (1)		
General Obligation Bonds: (2)		
9(b) Public Facilities (3)	\$ 76,525	\$ 29,705
9(c) Parking Facilities (3)	2,918	605
Total General Obligation Bonds	<u>79,443</u>	<u>30,310</u>
Nongeneral Obligation Bonds - 9(d):		
Transportation Debt (3) (4)	3,391,891	233,796
Virginia Public Building Authority (3)	3,645,519	234,900
Total Nongeneral Obligation Bonds	<u>7,037,410</u>	<u>468,696</u>
Other Long-term Obligations:		
Net Pension Liability	3,729,025	—
Net OPEB Liability	690,826	7,390
Total OPEB Liability	192,904	17,582
Compensated Absences	528,879	362,529
Long-term Lease Liabilities (12)	456,256	44,047
Long-term Subscription-Based Information Technology Arrangements (13)	217,112	50,774
Pollution Remediation Obligations	2,810	914
Installment Purchase Obligations from Direct Borrowings	90,128	16,716
Hampton Roads Transportation Accountability Commission (3) (5)	2,976,621	7,115
Other Liabilities	22,626	2,300
Total Other Long-term Obligations	<u>8,907,187</u>	<u>509,367</u>
Total Governmental Activities	<u>16,024,040</u>	<u>1,008,373</u>
Business-type Activities: (1) (5)		
Other Long-term Obligations:		
Net Pension Liability	145,142	—
Net OPEB Liability	21,633	79
Total OPEB Liability	8,564	739
Compensated Absences	18,055	13,938
Long-term Lease Liabilities	196,664	25,487
Long-term Subscription-Based Information Technology Arrangements	193,753	12,887
Educational Benefits Payable	1,184,289	171,455
Lottery Prizes Payable	187,539	13,029
Total Other Long-term Obligations	<u>1,955,639</u>	<u>237,614</u>
Total Business-type Activities	<u>1,955,639</u>	<u>237,614</u>
Total Primary Government	<u>17,979,679</u>	<u>1,245,987</u>

Total Long-term Liabilities

June 30, 2025

	Balance At June 30	Amount Due Within One Year
<i>(Dollars in Thousands)</i>		
Component Units:		
General Obligation Bonds: (2)		
Higher Education Fund - 9(c) Bonds (3)	921,820	76,030
Nongeneral Obligation Bonds:		
Higher Education Institutions - 9(d) (3) (5)	4,353,219	22,876
Higher Education Institutions - 9(d) from Direct Placements (3) (5)	136,727	13,526
Virginia College Building Authority (3)	5,397,855	405,570
Virginia Port Authority - 9(d) (3) (6)	584,356	19,275
Virginia Housing Development Authority - 9(d) (3) (5)	7,350,857	296,520
Virginia Housing Development Authority from Direct Placements - 9(d) (3) (5)	200,235	8,210
Virginia Resources Authority - 9(d) (3) (7)	3,134,794	198,560
Virginia Resources Authority from Direct Placements (3) (7)	86,480	3,635
Virginia Public School Authority - 9(d) (3) (5)	4,105,164	292,905
Virginia Public School Authority from Direct Placements - 9(d) (3) (5)	75,405	4,105
Hampton Roads Sanitation District Commission (3) (5)	1,854,322	101,251
Foundations (5) (8)	891,725	41,023
Total Nongeneral Obligation Bonds	<u>28,171,139</u>	<u>1,407,456</u>
Other Long-term Obligations:		
Net Pension Liability (9)	2,252,591	—
Net OPEB Liability (10)	607,400	501
Total OPEB Liability (11)	171,265	14,106
Compensated Absences	582,816	420,970
Long-term Lease Liabilities (12)	5,043,934	101,874
Long-term Subscription-Based Information Technology Arrangements (13)	313,084	121,510
Notes Payable (5)	1,633,476	275,511
Notes Payable from Direct Borrowings (5)	132,191	1,065
Installment Purchase Obligations from Direct Borrowings	215,196	7,998
Trust and Annuity Obligations (5) (14)	109,808	—
Other Liabilities (5)	309,905	16,871
Total Other Long-term Obligations (Excluding Foundations)	<u>11,371,666</u>	<u>960,406</u>
Other Long-term Obligations (Foundations): (5) (8)		
Compensated Absences	32,174	19,670
Notes Payable	257,198	15,861
Trust and Annuity Obligations (14)	89,082	2,726
Other Liabilities	555,112	84,072
Total Other Long-term Obligations - Foundations	<u>933,566</u>	<u>122,329</u>
Total Other Long-term Obligations	<u>12,305,232</u>	<u>1,082,735</u>
Total Component Units	<u>41,398,191</u>	<u>2,566,221</u>
Total Long-term Liabilities	<u><u>\$ 59,377,870</u></u>	<u><u>\$ 3,812,208</u></u>

- Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.
- Total general obligation debt of the Commonwealth is \$1.0 billion.
- Amounts are net of any unamortized discounts and premiums.
- This debt includes \$904.3 million that is not supported by taxes.
- This debt is not supported by taxes.
- This debt includes \$244.3 million for bonds that is not supported by taxes.
- This debt is not supported by taxes; however, \$919.2 million is considered moral obligation debt.
- Foundations represent FASB reporting entities defined in Note 1.B.
- This includes net pension liabilities that do not relate to the Virginia Retirement System's State Plan from the Hampton Roads Sanitation District Commission and Virginia Port Authority of \$32.0 million and \$7.1 million, respectively. This debt is not supported by taxes.
- This includes OPEB obligations that do not relate to the Virginia Retirement System's State Plan from the Hampton Roads Sanitation District Commission, Virginia Port Authority, Virginia Resources Authority, Roanoke Higher Education Authority, and Virginia Biotechnology Research Partnership Authority, of \$4.0 million, \$804,000, \$69,076, \$56,689, and \$37,924 respectively. This debt is not supported by taxes.
- This includes OPEB obligations that do not relate to the Department of Human Resource Management from the University of Virginia of \$15.5 million and Virginia Port Authority of \$702,347. This debt is not supported by taxes.
- This includes \$357.1 million for governmental activities and \$288.8 million for component units that are supported by taxes.
- This includes \$214.9 million for governmental activities and \$88.9 million for component units that are supported by taxes.
- These generally represent split-interest agreements that represent donor contributed assets with the requirement that an annual distribution be made to the donor or specified beneficiary. The annual distributions are usually for a fixed dollar amount or a fixed percentage of the trust's fair value. The present value of these commitments is reported as Trust and Annuity Obligations.

Primary Government

Transportation Facilities Debt

Transportation Facilities Bonds include \$3.4 billion of Transportation Facilities Section 9(d) debt. The Section 9(d) debt includes \$2.5 billion of Section 9(d) revenue bonds, \$792.5 million of Grant Anticipation Revenue Notes (GARVEES), and \$111.8 million of I-81 revenue bonds in addition to the outstanding Section 9(d) revenue bonds. There are no Section 9(c) bonds outstanding at June 30, 2025. Section 9(d) principal and interest requirements for the current year totaled \$366.4 million. The Section 9(d) Transportation Facilities Bonds were issued to fund the construction of State Route 28, U.S. Route 58, the Northern Virginia Transportation District Program, the Interstate 81 Improvement Program, and the costs of certain transportation projects throughout the Commonwealth. The interest rates for these bonds range from 1.8 percent to 5.0 percent and the issuance dates range from October 10, 2002 to June 17, 2024. The GARVEES were issued to finance various Federal Aid Transportation projects throughout the Commonwealth. The interest rates for these bonds range from 2.0 percent to 5.0 percent and the issuance dates range from November 9, 2016 to October 16, 2024.

The following schedule details the annual funding requirements necessary to amortize Transportation 9(d) debt. The Commonwealth will receive the amounts required to pay the debt service on outstanding Series 2002 bonds from the Route 28 Transportation Improvement District, annually. The Commonwealth will also receive a portion of the debt service amount for the Northern Virginia Transportation District from the localities where the projects are located, annually.

9(d) TRANSPORTATION FACILITIES DEBT Debt Service Requirements to Maturity			
Maturity	Principal	Interest	Total
2026	\$ 233,796,316	\$ 133,408,302	\$ 367,204,618
2027	236,824,277	121,789,495	358,613,772
2028	228,068,678	110,007,415	338,076,093
2029	208,195,469	99,320,225	307,515,694
2030	205,676,408	89,592,391	295,268,799
2031-2035	985,314,690	303,016,864	1,288,331,554
2036-2040	558,543,049	127,363,037	685,906,086
2041-2045	244,267,922	45,427,867	289,695,789
2046-2050	78,314,430	13,962,976	92,277,406
2051-2055	21,374,966	5,348,726	26,723,692
2056-2060	9,992,678	699,151	10,691,829
Add:			
Accretion on Capital			
Appreciation			
Bonds	10,326,207	—	10,326,207
Unamortized Premium	371,195,460	—	371,195,460
Total	<u>\$ 3,391,890,550</u>	<u>\$ 1,049,936,449</u>	<u>\$ 4,441,826,999</u>

Public Facilities Bonds

Section 9(b) general obligation bonds consist of Public Facilities Bonds, Series 2016B Refunding, Series 2019C Refunding, Series 2024B Refunding, and Series 2025B Refunding. Bonds were issued to fund construction projects for higher educational institutions, behavioral health, and/or park facilities. The Series 2016B bonds were issued to advance refund certain maturities of outstanding Series 2009A bonds. The Series 2019C bonds were issued to refund outstanding 2009E bonds. The Series 2024B bonds were issued to refund outstanding 2013B bonds. The Series 2025B bonds were issued to refund outstanding 2015B bonds. Principal and interest requirements for the current year totaled \$40.9 million. The interest rates for all bonds range from 2.0 percent to 5.0 percent and the issuance dates range from November 10, 2016, to June 24, 2025. The following schedule details the annual funding requirements necessary to repay these bonds.

9(b) PUBLIC FACILITIES BONDS Debt Service Requirements to Maturity			
Maturity	Principal	Interest	Total
2026	\$ 29,705,000	\$ 3,228,822	\$ 32,933,822
2027	23,680,000	1,880,143	25,560,143
2028	13,740,000	721,075	14,461,075
2029	4,835,000	180,280	5,015,280
Add:			
Unamortized Premium	4,564,640	—	4,564,640
Total	<u>\$ 76,524,640</u>	<u>\$ 6,010,320</u>	<u>\$ 82,534,960</u>

Parking Facilities Bonds

Section 9(c) general obligation bonds consist of Parking Facilities Bond Series 2016B Refunding. The Series 2016B Refunding bonds were issued to advance refund certain maturities of outstanding Series 2009B bonds. The interest rate for these bonds range from 2.0 percent to 5.0 percent, and the issuance date was November 10, 2016. Current year principal and interest requirements totaled \$705,700. The following schedule details the annual funding requirements necessary to repay these bonds.

9(c) PARKING FACILITIES BONDS Debt Service Requirements to Maturity			
Maturity	Principal	Interest	Total
2026	\$ 605,000	\$ 101,950	\$ 706,950
2027	630,000	71,700	701,700
2028	660,000	40,200	700,200
2029	675,000	27,000	702,000
Add:			
Unamortized Premium	348,440	—	348,440
Total	<u>\$ 2,918,440</u>	<u>\$ 240,850</u>	<u>\$ 3,159,290</u>

Virginia Public Building Authority

Virginia Public Building Authority Section 9(d) bonds consist of 2010B-2 (Taxable Build America Bonds), 2013A, 2014B (Taxable), 2015A, 2015B Refunding, 2016A, 2016B Refunding, 2016C (AMT), 2016D (Taxable), 2017A Refunding, 2018A, 2018B (Taxable), 2019A, 2019B (AMT), 2020A, 2020B Refunding, 2020C (Taxable), 2021A, 2021B Refunding (Taxable), 2022A, 2022B (Taxable), 2024A, 2024B Refunding, 2024C (Taxable), 2025A, and 2025B (Taxable). All bonds were

issued for the purpose of constructing, improving, furnishing, maintaining, and acquiring public buildings for the use of the Commonwealth and also to reimburse localities, regional jail authorities or other combinations of localities under the Regional Jail Financing Program. The Series 2015B bonds were issued to advance refund outstanding series 2005A Refunding, 2005B Refunding, and 2006A bonds and certain maturities of the series 2008B bonds. The Series 2016B bonds were issued to advance refund certain maturities of the series 2009B and 2011A bonds. The Series 2017A bonds were issued to advance refund certain maturities of the 2011A, 2013A, and 2014A bonds. The Series 2020B bonds were issued to refund outstanding Series 2005D, Series 2009D Refunding and 2010A bonds. The Series 2021B bonds were issued to refund outstanding Series 2011B bonds. The Series 2024B bonds were issued to refund certain outstanding Series 2014A and Series 2014C bonds. The interest rates range from 0.8 percent to 5.9 percent and the issuance dates range from November 23, 2010, to March 19, 2025.

Current year principal and interest requirements for all VPBA bonds totaled \$362.5 million. The following schedule details the annual funding requirements necessary to repay these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$6.0 million for Build America Bonds (BABs) issued. The BABs are applicable to Series 2010 Revenue Bonds.

9(d) VIRGINIA PUBLIC BUILDING AUTHORITY BONDS Debt Service Requirements to Maturity				
<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2026	\$ 234,900,000	\$ 138,748,990	\$ 373,648,990	
2027	241,905,000	129,474,800	371,379,800	
2028	223,305,000	118,241,943	341,546,943	
2029	219,815,000	107,785,702	327,600,702	
2030	214,900,000	97,596,766	312,496,766	
2031-2035	919,800,000	355,153,669	1,274,953,669	
2036-2040	777,835,000	168,539,491	946,374,491	
2041-2045	394,970,000	40,893,793	435,863,793	
2046-2050	26,855,000	671,375	27,526,375	
Add:				
Unamortized Premium	391,233,883	—	391,233,883	
Total	<u>\$ 3,645,518,883</u>	<u>\$ 1,157,106,529</u>	<u>\$ 4,802,625,412</u>	

Hampton Roads Transportation Accountability Commission

Hampton Roads Transportation Accountability Commission bonds consists of Senior Lien Revenue Bonds, Series 2018A, Senior Lien Revenue Bonds, Series 2020A, TIFIA Loan, Series 2021A, TIFIA Loan, Series 2021B, Senior Lien Revenue Bonds, Series 2022A, Senior Lien Revenue Bonds, Series 2023A, and Senior Lien Revenue Bonds, Series 2024A. The bonds were issued to pay for the costs of planning, design, and construction of transportation infrastructure in the localities comprising Planning District 23. The TIFIA loans were issued to refund the 2019A and 2021A bond anticipation notes. The interest rates for these bond and loan series range from 1.9 percent to 5.5 percent and the issue dates range from February 14, 2018 to October 22, 2024. Current year principal and interest requirements totaled \$74.2 million.

The following schedule details the annual funding requirements necessary to repay these bonds. This schedule includes future capitalized interest of \$15.6 million through June 30, 2026.

HAMPTON ROADS TRANSPORTATION ACCOUNTABILITY COMMISSION BONDS Debt Service Requirements to Maturity				
<i>Maturity</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2026	\$ 7,114,779	\$ 76,480,229	\$ 83,595,008	
2027	7,907,957	84,142,709	92,050,666	
2028	162,031,082	87,840,867	249,871,949	
2029	22,471,387	83,529,706	106,001,093	
2030	23,856,168	82,590,220	106,446,388	
2031-2035	200,711,250	395,072,600	595,783,850	
2036-2040	288,651,460	355,416,212	644,067,672	
2041-2045	371,511,698	304,543,541	676,055,239	
2046-2050	469,218,588	239,783,098	709,001,686	
2051-2055	583,789,730	163,841,756	747,631,486	
2056-2060	546,837,489	77,141,703	623,979,192	
2061-2065	149,634,815	7,240,260	156,875,075	
Add:				
Unamortized Premium	158,451,709	—	158,451,709	
Total	<u>\$ 2,992,188,112</u>	<u>\$ 1,957,622,901</u>	<u>\$ 4,949,811,013</u>	

Component Units

Higher Education Institution Bonds

Higher Education Institution Bonds are comprised of both 9(c) general obligation bonds and 9(d) revenue bonds. Section 9(d) bonds are from several sources as shown on the following schedule (dollars in thousands).

College and university bonds backed by pledge of general revenue or revenue from specific revenue-producing capital projects	\$	3,873,871
College and university debt backed exclusively by pledged revenues of an institution		616,075
Total Higher Education Institution 9(d) debt	\$	4,489,946

The interest rates for these bonds range from 0.7 percent to 5.3 percent and the issuance dates range from June 15, 2006, to June 24, 2025. The Virginia Commonwealth University Health System Authority (a blended component unit of the Virginia Commonwealth University – nonmajor) Series 2024B bonds are variable rate bonds and the rates are reset weekly by the remarketing agent.

The following schedules detail the annual funding requirements necessary to amortize Higher Education Institution 9(c) and 9(d) bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$134.4 million for Build America Bonds (BABs) issued. The BABs are applicable to General Obligation Series 2010A Bonds, Series 2010B 21st Century Virginia College Building Authority Education Facilities Bonds, and the University of Virginia's Series 2009 and 2010 General Revenue Bonds. Virginia Commonwealth University (nonmajor component unit) and Virginia Commonwealth University Health System Authority (blended component unit of Virginia Commonwealth University - nonmajor component unit) (VCUHSA) have Direct Placement Bond Series. The VCUHSA bonds include event of default provisions that could change the timing of repayment of the outstanding amounts to become immediately due.

9(c) HIGHER EDUCATION INSTITUTION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2026	\$ 76,030,000	\$ 32,479,266	\$ 108,509,266
2027	74,960,000	29,740,922	104,700,922
2028	71,385,000	26,561,952	97,946,952
2029	68,595,000	23,760,977	92,355,977
2030	67,690,000	20,986,037	88,676,037
2031-2035	272,120,000	71,117,767	343,237,767
2036-2040	145,885,000	33,227,732	179,112,732
2041-2045	54,740,000	13,735,723	68,475,723
2046-2050	30,445,000	5,310,113	35,755,113
2051-2055	3,630,000	274,500	3,904,500
Add:			
Unamortized Premium	56,339,801	—	56,339,801
Total	\$ 921,819,801	\$ 257,194,989	\$ 1,179,014,790

9(d) HIGHER EDUCATION INSTITUTION BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest (1)	Total
2026	\$ 22,875,799	\$ 159,650,881	\$ 182,526,680
2027	31,899,835	158,591,489	190,491,324
2028	33,188,032	157,386,181	190,574,213
2029	39,205,204	156,203,591	195,408,795
2030	41,880,450	154,882,350	196,762,800
2031-2035	237,596,428	747,062,806	984,659,234
2036-2040	536,750,772	688,483,286	1,225,234,058
2041-2045	723,725,000	508,889,193	1,232,614,193
2046-2050	763,705,000	362,522,720	1,126,227,720
2051-2055	1,184,175,000	160,238,610	1,344,413,610
2056-2060	—	119,157,500	119,157,500
2061-2065	—	119,157,500	119,157,500
2066-2070	—	119,157,500	119,157,500
2071-2075	—	119,157,500	119,157,500
2076-2080	—	119,157,500	119,157,500
2081-2085	—	119,157,500	119,157,500
2086-2090	—	119,157,500	119,157,500
2091-2095	—	119,157,500	119,157,500
2096-2100	—	119,157,500	119,157,500
2101-2105	—	119,157,500	119,157,500
2106-2110	—	119,157,500	119,157,500
2111-2115	—	119,157,500	119,157,500
2116-2120	650,000,000	82,167,750	732,167,750
Add:			
Unamortized Premium	88,217,862	—	88,217,862
Total	\$ 4,353,219,382	\$ 4,765,968,857	\$ 9,119,188,239

Note (1): The future interest requirements exclude any net payments associated with hedging derivative instruments. See Note 16 for more details on hedging derivative instruments.

9(d) HIGHER EDUCATION INSTITUTION DIRECT PLACEMENT BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2026	\$ 13,526,057	\$ 3,621,882	\$ 17,147,939
2027	12,831,518	3,339,519	16,171,037
2028	13,197,903	3,092,852	16,290,755
2029	13,590,223	2,838,658	16,428,881
2030	14,013,505	2,576,575	16,590,080
2031-2035	26,722,833	10,499,472	37,222,305
2036-2040	19,980,000	6,989,931	26,969,931
2041-2045	17,360,000	2,774,669	20,134,669
2046-2050	5,505,000	427,045	5,932,045
Total	\$ 136,727,039	\$ 36,160,603	\$ 172,887,642

9(d) VIRGINIA COLLEGE BUILDING AUTHORITY BONDS
Debt Service Requirements to Maturity

Maturity	Principal	Interest	Total
2026	\$ 405,570,000	\$ 212,379,518	\$ 617,949,518
2027	399,155,000	194,557,558	593,712,558
2028	400,395,000	176,931,618	577,326,618
2029	390,840,000	157,999,364	548,839,364
2030	372,035,000	139,315,371	511,350,371
2031-2035	1,517,160,000	468,490,239	1,985,650,239
2036-2040	988,125,000	199,005,520	1,187,130,520
2041-2045	380,365,000	33,232,413	413,597,413
Add:			
Unamortized Premium	544,210,007	—	544,210,007
Total	\$ 5,397,855,007	\$ 1,581,911,601	\$ 6,979,766,608

Various higher education institutions' foundations (component units) and a museum foundation (component unit) have bonds outstanding as of year-end. The purpose of a majority of these bonds is for construction, property acquisition, and defeasance of prior debt. The following schedule details the future principal payments.

FOUNDATIONS' BONDS (1) Debt Service Requirements to Maturity		
<i>Maturity</i>	<i>Principal</i>	
2026	\$	41,023,352
2027		39,662,508
2028		61,417,246
2029		39,187,980
2030		40,924,113
Thereafter		669,509,950
Total	\$	<u>891,725,149</u>

Note (1): Foundations represent FASB reporting entities defined in Note 1.B.

Virginia Port Authority

The Virginia Port Authority (nonmajor) has issued Section 9(d) revenue bonds and notes pursuant to powers provided to its Board of Commissioners by the *Code of Virginia*. The interest rates for these bonds range from 0.8 percent to 5.3 percent, and the issuance dates range from January 25, 2012, to May 11, 2023. The following schedule details the annual funding requirements necessary to amortize these bonds.

9(d) VIRGINIA PORT AUTHORITY DEBT Debt Service Requirements to Maturity				
<i>Maturity</i>	<i>Principal</i>		<i>Interest</i>	<i>Total</i>
2026	\$	19,275,000	\$ 23,261,386	\$ 42,536,386
2027		19,980,000	22,535,539	42,515,539
2028		20,725,000	21,767,026	42,492,026
2029		22,755,000	21,025,190	43,780,190
2030		21,555,000	20,325,504	41,880,504
2031-2035		102,795,000	89,990,715	192,785,715
2036-2040		114,475,000	67,388,952	181,863,952
2041-2045		141,985,000	39,803,920	181,788,920
2046-2050		85,460,000	7,836,630	93,296,630
Add:				
Unamortized Premium		35,350,922	—	35,350,922
Total	\$	<u>584,355,922</u>	\$ <u>313,934,862</u>	\$ <u>898,290,784</u>

Virginia Housing Development Authority

The Virginia Housing Development Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 2.1 percent to 6.6 percent and the issuance dates range from June 8, 2006, to June 17, 2025. The following schedule details the annual funding requirements necessary to amortize these bonds. VHDA has an option to redeem various bonds pursuant to the terms of each bond issue. The redemptions generally cannot be exercised without condition until the bonds have been outstanding for nine years or more.

9(d) VIRGINIA HOUSING DEVELOPMENT AUTHORITY BONDS Debt Service Requirements to Maturity				
<i>Maturity</i>	<i>Principal</i>		<i>Interest</i>	<i>Total</i>
2026	\$	296,519,940	\$ 281,169,147	\$ 577,689,087
2027		152,315,000	276,351,882	428,666,882
2028		193,670,000	274,371,919	468,041,919
2029		325,095,000	265,173,025	590,268,025
2030		226,270,000	254,427,343	480,697,343
2031-2035		914,579,478	1,171,424,474	2,086,003,952
2036-2040		1,015,912,511	993,856,197	2,009,768,708
2041-2045		1,154,983,401	774,224,090	1,929,207,491
2046-2050		1,208,964,574	536,459,231	1,745,423,805
2051-2055		1,248,847,559	270,813,452	1,519,661,011
2056-2060		341,597,505	100,754,947	442,352,452
2061-2065		208,575,000	43,255,138	251,830,138
2066-2070		64,295,000	3,954,382	68,249,382
Less:				
Unamortized		(767,816)	—	(767,816)
Discount				
Total	\$	<u>7,350,857,152</u>	\$ <u>5,246,235,227</u>	\$ <u>12,597,092,379</u>

9(d) VIRGINIA HOUSING DEVELOPMENT AUTHORITY DIRECT PLACEMENT BONDS Debt Service Requirements to Maturity				
<i>Maturity</i>	<i>Principal</i>		<i>Interest</i>	<i>Total</i>
2026	\$	8,210,000	\$ 7,770,205	\$ 15,980,205
2027		8,490,000	7,445,935	15,935,935
2028		8,780,000	7,110,661	15,890,661
2029		9,085,000	6,763,703	15,848,703
2030		9,400,000	6,404,754	15,804,754
2031-2035		52,090,000	26,188,678	78,278,678
2036-2040		61,745,000	15,154,037	76,899,037
2041-2045		42,435,000	2,955,081	45,390,081
Total	\$	<u>200,235,000</u>	\$ <u>79,793,054</u>	\$ <u>280,028,054</u>

Virginia Resources Authority

The Virginia Resources Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.2 percent to 6.3 percent and the issuance dates range from July 31, 2002, to May 20, 2025. The following schedule details the annual funding requirements necessary to amortize these bonds.

Maturity	Principal	Interest	Total
2026	\$ 198,560,000	\$ 111,110,918	\$ 309,670,918
2027	211,215,000	102,528,511	313,743,511
2028	212,110,000	93,797,766	305,907,766
2029	213,070,000	85,227,359	298,297,359
2030	198,830,000	76,913,382	275,743,382
2031-2035	813,145,000	282,961,887	1,096,106,887
2036-2040	567,415,000	158,089,084	725,504,084
2041-2045	333,885,000	71,430,741	405,315,741
2046-2050	134,970,000	29,360,759	164,330,759
2051-2055	84,235,000	8,977,559	93,212,559
Less:			
Unaccreted			
Capital			
Appreciation			
Bonds	(1,113,307)	—	(1,113,307)
Add:			
Unamortized			
Premium	168,471,928	—	168,471,928
Total	\$ 3,134,793,621	\$ 1,020,397,966	\$ 4,155,191,587

Maturity	Principal	Interest	Total
2026	\$ 3,635,000	\$ 2,692,268	\$ 6,327,268
2027	3,750,000	2,574,846	6,324,846
2028	3,870,000	2,453,688	6,323,688
2029	3,990,000	2,328,714	6,318,714
2030	4,120,000	2,199,765	6,319,765
2031-2035	22,645,000	8,916,005	31,561,005
2036-2040	26,480,000	5,018,040	31,498,040
2041-2045	17,990,000	870,048	18,860,048
Total	\$ 86,480,000	\$ 27,053,374	\$ 113,533,374

Virginia Public School Authority

The Virginia Public School Authority (major) issued Section 9(d) revenue bonds. The interest rates for these bonds range from 0.0 percent to 5.5 percent, and the issuance dates range from November 13, 2009, to June 26, 2025. The following schedules detail the annual funding requirements necessary to amortize these bonds. Pursuant to the American Recovery and Reinvestment Act, the Commonwealth expects to receive an interest subsidy to reimburse interest payments of \$52.0 million for Qualified School Construction Bonds (QSCBs) issued. The QSCBs are applicable to Series 2010-1, 2011-1, 2011-2, and 2012-1 Revenue Bonds. VPSPA's 2014-1 QZAB Bond Series matured on December 15, 2024.

Maturity	Principal	Interest	Total
2026	\$ 292,905,000	\$ 150,574,440	\$ 443,479,440
2027	486,185,000	142,994,989	629,179,989
2028	271,820,000	124,002,495	395,822,495
2029	261,295,000	112,503,446	373,798,446
2030	248,355,000	101,657,169	350,012,169
2031-2035	1,171,275,000	351,107,578	1,522,382,578
2036-2040	766,730,000	178,463,646	945,193,646
2041-2045	403,720,000	67,547,834	471,267,834
2046-2050	123,055,000	19,676,175	142,731,175
2051-2055	40,730,000	2,564,200	43,294,200
Add:			
Unamortized Premium	39,094,036	—	39,094,036
Total	\$ 4,105,164,036	\$ 1,251,091,972	\$ 5,356,256,008

Maturity	Principal	Interest	Total
2026	\$ 4,105,000	\$ 2,023,571	\$ 6,128,571
2027	4,160,000	1,905,795	6,065,795
2028	4,215,000	1,786,451	6,001,451
2029	4,270,000	1,665,540	5,935,540
2030	4,330,000	1,542,990	5,872,990
2031-2035	24,925,000	5,816,209	30,741,209
2036-2040	24,305,000	2,478,716	26,783,716
2041-2045	5,095,000	72,604	5,167,604
Total	\$ 75,405,000	\$ 17,291,876	\$ 92,696,876

Hampton Roads Sanitation District Commission

The Hampton Roads Sanitation District Commission (nonmajor) issues revenue bonds for various capital improvements including, but not limited to, wastewater treatment plants and interceptor system improvements. Bond issue dates range from March 17, 2016 to August 8, 2024. The interest cost for these bonds range from 1.0 percent to 5.0 percent. The following schedule details the annual funding requirements necessary to amortize these bonds. The fiscal year 2025 principal amount includes \$50.0 million for demand bonds, which are also classified as "due within one year" in the accompanying financial statements.

Maturity	Principal	Interest	Total
2026	\$ 101,251,000	\$ 39,068,000	\$ 140,319,000
2027	55,794,000	38,261,000	94,055,000
2028	53,874,000	36,829,000	90,703,000
2029	55,316,000	45,110,000	100,426,000
2030	56,701,000	43,544,000	100,245,000
2031-2035	281,976,000	194,720,000	476,696,000
2036-2040	235,155,000	155,615,000	390,770,000
2041-2045	217,060,000	117,186,000	334,246,000
2046-2050	200,905,000	73,933,000	274,838,000
2051-2055	313,164,000	43,211,000	356,375,000
2056-2060	236,054,000	12,528,000	248,582,000
Add:			
Unamortized Premium	47,072,000	—	47,072,000
Total	\$ 1,854,322,000	\$ 800,005,000	\$ 2,654,327,000

Total principal outstanding as of June 30, 2025, on all component unit bonds amounted to \$29.1 billion.

The following schedule summarizes the changes in long-term liabilities:

(Dollars in Thousands)

	Schedule of Changes in Long-term Debt and Obligations (1) (2)			
	Balance July 1, as restated	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30
Primary Government				
Governmental Activities:				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - 9(b) and 9(c):				
Public Facilities Bonds	\$ 108,845	\$ 34,220	\$ (71,105)	\$ 71,960
Parking Facilities Bonds	3,145	—	(575)	2,570
Add: Unamortized Premium	11,657	1,383	(8,127)	4,913
Total General Obligation Bonds	123,647	35,603	(79,807)	79,443
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Transportation Facilities Bonds	3,110,983	119,610	(220,224)	3,010,369
Virginia Public Building Authority Bonds	3,140,230	348,540	(234,485)	3,254,285
Hampton Roads Transportation Accountability Commission	2,651,498	151,385	—	2,802,883
Add: Unamortized Premium	921,650	77,037	(77,805)	920,882
Accretion on Capital Appreciation Bonds	14,741	1,036	(5,451)	10,326
Capitalization of Interest Related to TIFIA Loans	—	15,286	—	15,286
Installment Purchase Obligations from Direct Borrowings	89,457	18,113	(17,442)	90,128
Compensated Absences* (3)	516,517	12,362	—	528,879
Long-term Lease Liabilities	451,114	50,761	(45,619)	456,256
Long-term Subscription-Based Information Technology Arrangements (4)	239,428	42,241	(64,557)	217,112
Net Pension Liability*	3,756,222	—	(27,197)	3,729,025
Net OPEB Liability* (10)	768,602	—	(77,776)	690,826
Total OPEB Liability* (10)	191,029	1,875	—	192,904
Pollution Remediation Obligations	4,115	3	(1,308)	2,810
Other	23,575	1,345	(2,294)	22,626
Total Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth	15,879,161	839,594	(774,158)	15,944,597
Total Governmental Activities	16,002,808	875,197	(853,965)	16,024,040
Business-type Activities:				
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Compensated Absences* (3)	18,668	—	(613)	18,055
Long-term Lease Liabilities	204,259	19,106	(26,701)	196,664
Long-term Subscription-Based Information Technology Arrangements	203,109	5,452	(14,808)	193,753
Net Pension Liability*	149,602	—	(4,460)	145,142
Net OPEB Liability* (10)	23,798	—	(2,165)	21,633
Total OPEB Liability* (10)	8,505	59	—	8,564
Lottery Prizes Payable	192,722	870	(6,053)	187,539
Educational Benefits Payable (5)	1,310,998	48,075	(174,784)	1,184,289
Total Business-type Activities	2,111,661	73,562	(229,584)	1,955,639
Total Primary Government	\$ 18,114,469	\$ 948,759	\$ (1,083,549)	\$ 17,979,679

*Net increase/decrease is shown.

Foundations (9)	Balance June 30	Due Within One Year
\$ —	\$ 71,960	\$ 29,705
—	2,570	605
—	4,913	—
—	79,443	30,310
—	3,010,369	233,796
—	3,254,285	234,900
—	2,802,883	7,115
—	920,882	—
—	10,326	—
—	15,286	—
—	90,128	16,716
—	528,879	362,529
—	456,256	44,047
—	217,112	50,774
—	3,729,025	—
—	690,826	7,390
—	192,904	17,582
—	2,810	914
—	22,626	2,300
—	15,944,597	978,063
—	16,024,040	1,008,373
—	18,055	13,938
—	196,664	25,487
—	193,753	12,887
—	145,142	—
—	21,633	79
—	8,564	739
—	187,539	13,029
—	1,184,289	171,455
—	1,955,639	237,614
\$ —	\$ 17,979,679	\$ 1,245,987

Continued on next page

Schedule of Changes in Long-term Debt and Obligations (1) (2)

(Dollars in Thousands)

(Continued from previous page)

	Balance July 1, as restated	Issuances and Other Increases	Retirements and Other Decreases	Subtotal June 30
Component Units				
Long-term Debt Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
General Obligation Bonds - Higher Education 9(c) (11)	\$ 929,445	\$ 142,810	\$ (150,435)	\$ 921,820
Long-term Debt/Obligations Not Bearing the Pledge of the Full Faith and Credit of the Commonwealth:				
Bonds (6) (11)	25,305,459	3,428,161	(1,953,053)	26,780,567
Bonds from Direct Placements (11)	531,824	—	(32,977)	498,847
Installment Purchase Obligations from Direct Borrowings	220,229	5,208	(10,241)	215,196
Long-term Lease Liabilities (7)	5,008,710	175,659	(140,435)	5,043,934
Long-term Subscription-Based Information Technology Arrangements (7)	222,967	256,379	(166,262)	313,084
Notes Payable	1,725,231	103,893	(195,648)	1,633,476
Notes Payable from Direct Borrowings	128,668	4,800	(1,277)	132,191
Compensated Absences* (8)	533,492	49,324	—	582,816
Net Pension Liability*	2,312,486	—	(59,895)	2,252,591
Net OPEB Liability* (10)	685,690	—	(78,290)	607,400
Total OPEB Liability* (10)	167,662	3,603	—	171,265
Trust and Annuity Obligations	92,686	17,322	(200)	109,808
Other (7)	258,563	148,508	(97,166)	309,905
Total Component Units	\$ 38,123,112	\$ 4,335,667	\$ (2,885,879)	\$ 39,572,900

*Net increase/decrease is shown.

Note (1): Pursuant to GASB Statement No. 34, governmental activities include internal service funds. Business-type activities are considered enterprise funds.

Note (2): Payments on bonded debt that pertain to the Commonwealth's governmental activities are made through the debt service funds. Payments for installment purchases, compensated absences, long-term leases, long-term SBITAs, pension, other post-employment benefits, and other obligations that pertain to the Commonwealth's governmental activities are made through the general and all special revenue funds, excluding the Literary Fund (major). Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the total for governmental activities. Enterprise funds, or business-type activities, are self-supporting funds. Accordingly, long-term liabilities are paid from each respective fund.

Note (3): As a result of the implementation of GASB Statement No. 101, *Compensated Absences*, the beginning balances for compensated absences have been restated by \$131.3 million and \$3.6 million for governmental activities and business-type activities, respectively.

Note (4): Long-term Subscription-Based Information Technology Arrangements have been restated because of an understatement in the amount of \$32.4 million for governmental activities as a result of prior year corrections.

Note (5): Educational Benefits Payable has been restated because of an actuarial understatement in the amount of \$9.2 million for business-type activities.

Note (6): Component Unit Bonds have been restated because of an understatement of \$42.2 million as a result of the Old Dominion University merger with Eastern Virginia Medical School (ODU/EVMS merger).

Note (7): Component Unit Long-term Lease Liabilities, Long-term Subscription-Based Information Technology Arrangements, and Other have been restated because of understatements in the amounts of \$5.4 million, \$21.3 million, and \$11.3 million as a result of prior year corrections.

Note (8): Component Unit Compensated Absences have been restated because of an understatement of \$109.6 million due to the implementation of GASB Statement No. 101, *Compensated Absences* as well as the ODU/EVMS merger.

Note (9): Foundations represent FASB reporting entities defined in Note 1.B.

Note (10): The Net OPEB Liability amount reported as due within one year pertains to the Commonwealth's Line of Duty (LODA) OPEB plan because the ending fiduciary net position is less than the benefit payments expected to be paid within one year. The Total OPEB Liability amount reported as due within one year represents the benefit payments expected to be paid within one year from the Pre-Medicare Retiree Healthcare (PMRH) OPEB plan. This plan does not have a trust.

Note (11): Amounts are net of any unamortized discounts and premiums.

Foundations (9)	Balance June 30	Due Within One Year
\$ —	\$ 921,820	\$ 76,030
891,725	27,672,292	1,377,980
—	498,847	29,476
—	215,196	7,998
—	5,043,934	101,874
—	313,084	121,510
257,198	1,890,674	291,372
—	132,191	1,065
32,174	614,990	440,640
—	2,252,591	—
—	607,400	501
—	171,265	14,106
89,082	198,890	2,726
555,112	865,017	100,943
<u>\$ 1,825,291</u>	<u>\$ 41,398,191</u>	<u>\$ 2,566,221</u>

Bond and Note Defeasance

GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of June 30, 2025, there were \$990.2 million in bonds from the primary government that have been refunded and defeased in-substance from the governmental activities column by placing existing assets and the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments. In addition, there were \$861.7 million in bonds and notes outstanding considered defeased from the component units.

Primary Government

In June 2025, the Commonwealth issued \$96.0 million of General Obligation Refunding Bonds, Series 2025B, pursuant to Sections 9(c) of Article X of the Constitution of Virginia, with a true interest cost (TIC) of 2.7 percent to refund \$100.3 million of certain outstanding bonds. The bonds that were refunded include Series 2015A and 2015B. The net proceeds from the sale of the Refunding Bonds of \$100.7 million (after payment of underwriter's fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide for all future debt service and redemption premiums on the Refunded Bonds. The debt defeasance resulted in an accounting gain of \$5.0 million. It will reduce total debt service payments over the next seven years by \$4.5 million resulting in an economic gain of \$4.1 million discounted at the rate of 3.9 percent.

Component Units

In May 2025, the Virginia Public School Authority (VPSA) (major) issued \$186.5 million of Series 2025B School Financing and Refunding Bonds. The net proceeds from the sale of the refunding bonds of \$197.5 million was deposited in an irrevocable trust with an escrow agent to provide for all future debt service on the defeased bonds. This defeasance resulted in an accounting loss of \$2.5 million. Total debt service payments over the next 14 years will be reduced by \$6.5 million resulting in a present value savings of \$5.9 million discounted at the rate of 3.1 percent.

Arbitrage Rebate

The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt calculate and rebate arbitrage earnings to the Federal government. The U.S. Treasury has issued regulations on calculating the rebate amount and complying with the provisions of the Tax Reform Act of 1986. Governmental issuers must comply with the rebate regulations in order for their bonds to maintain tax-exempt status. The regulations require earnings on investments purchased with bond proceeds in excess of the amount that would have been earned if the proceeds were invested at a rate equal to the bond yield, be subject to rebate to the Federal government. Income earned on excess earnings is also subject to rebate. Rebate liability, if any, must be paid every five years over the life of the bonds. Governmental issuers may at the time of issuance elect to pay a penalty in lieu of rebate. Bonds may be exempt from the rebate requirements if they qualify for certain exceptions under the regulations. If the issuer meets one of the exceptions, the issuer retains any arbitrage earnings. Rebate and penalty payments are calculated and paid as required by law on bond issues that do not qualify for an exception.

Rebate liability on bonds issued by the Commonwealth of Virginia (Primary Government) under its General Obligation Bond Program is payable from earnings on related bond funds and funds of the Commonwealth. During fiscal year 2025, an arbitrage rebate calculation for the Commonwealth of Virginia, General Obligation and General Obligation Refunding Bonds, Series 2019A&B identified a yield reduction payment of \$313,179 due to the Federal government as of the first installment computation period ending June 30, 2024. The liability was paid in fiscal year 2025, from the related earnings of the Series 2019A&B bond proceeds.

Rebate liability on bonds issued by the Commonwealth Transportation Board (Primary Government) is payable from earnings on related bond funds and from other revenues identified by the Commonwealth Transportation Board. During fiscal year 2025, an arbitrage rebate calculation for Commonwealth Transportation Board, Commonwealth of Virginia Interstate 81 Corridor Program Revenue Bonds, Series 2021 identified an arbitrage rebate payment of \$1.5 million due to the Federal government as of the first installment computation period ending August 19, 2024. The liability was paid in fiscal year 2025, by the Commonwealth Transportation Board from the related earnings of the Series 2021 bond proceeds held by US Bank, as Trustee.

Rebate liability on bonds of the Virginia College Building Authority (major component unit) issued under its Public Higher Education Financing Program is payable from earnings on related bond funds and from other funds available to the Virginia College Building Authority and the public higher education institutions whose notes were purchased by the Virginia College Building Authority. During fiscal year 2025, an arbitrage rebate calculation for the Virginia College Building Authority's Educational Facilities Revenue Bonds (Public Higher Education Financing Program), Series 2019A identified a yield reduction payment of \$82,942 due to the Federal government as of the first installment computation period ending December 4, 2024. The liability was paid in fiscal year 2025 by the Virginia College Building Authority and was reimbursed by the public higher education institutions whose notes were purchased by the Virginia College Building Authority as part of the Series 2019A financing.

Rebate liability on bonds of the VPSA (major component unit) issued under its Pooled Bond Program is payable from earnings on related bond funds and from local issuers whose local school bonds were purchased by the VPSA. During fiscal year 2025, two rebate payments were owed on VPSA bonds issued under its Pooled Bond Program. An arbitrage rebate calculation for the VPSA's Series 2019C bonds indicated a yield reduction payment of \$367,619 due to the Federal government as of the first installment computation period ending August 1, 2024. The liability was paid in fiscal year 2025 by the VPSA and reimbursed by the local issuers. An arbitrage rebate calculation for the VPSA's Series 2020A bonds indicated a yield reduction payment of \$144,639 due to the Federal government as of the first installment computation period ending August 1, 2024. The liability

was paid in fiscal year 2025 by the VPSA and reimbursed by the local issuers.

Rebate liability on bonds of the VPSA issued under its School Technology and Security Notes Program is payable from earnings on related note funds and funds of the Commonwealth. During fiscal year 2025, a final arbitrage rebate calculation for VPSA's School Technology and Security Notes, Series VIII identified an arbitrage rebate and yield reduction liability payment of \$1.1 million due to the Federal government as of the final installment period ending April 15, 2025. The liability was paid in fiscal year 2025 by the VPSA, and the Virginia Department of Education reimbursed the VPSA in the fiscal year from the related earnings on the Series VIII Notes.

Rebate liability on bonds issued by the Virginia Port Authority (nonmajor component unit) is payable from earnings on related bond funds and from other funds available to the Virginia Port Authority. During fiscal year 2025, an arbitrage rebate calculation for the Virginia Port Authority's Commonwealth Port Fund Revenue Bonds, Series 2023A identified that an arbitrage rebate liability had accrued and that a payment of \$3.2 million was due to the Federal government as of the first installment period ending April 30, 2025. The liability was paid in fiscal year 2025 by the Virginia Port Authority from its Terminal Revenue funds.

Rebatable arbitrage need only be calculated for tax purposes every fifth year that debt is outstanding. Consistent with the modified accrual basis of accounting, it is not recognized as a liability in governmental funds until amounts actually become due and payable; however, a liability is recognized in accrual basis government-wide statements as soon as the underlying event has occurred. Accordingly, as of June 30, 2025, the Virginia Resources Authority (major component unit) has recognized a liability of \$5.3 million.

Amounts remitted to the Federal government for rebate liability are generally paid from earnings derived from the issue. However, if all proceeds have been expended and depending on the type of issue, it may be necessary to use project revenues or general or non-general fund appropriations to satisfy any rebate liability. During fiscal year 2025, no rebate payments were owed on the Commonwealth's Virginia College Building Authority 21st Century Program or Virginia Public Building Authority Bonds.

Long-term Leases

The Commonwealth leases buildings, equipment, and land under various agreements that are accounted for as long-term leases under GASB Statement No. 87, *Leases*. The lease agreements are for various terms and all leases contain nonappropriation clauses indicating that continuation of the lease is subject to funding by the General Assembly. The Commonwealth has recorded \$26.9 million of variable payments for leases. These amounts are recognized as an expense in the period in which the obligation for those payments is incurred.

Presented in the following tables are repayment schedules for long-term lease liabilities as of June 30, 2025.

Long-term Lease Liabilities Governmental Funds June 30, 2025			
Maturity	Principal	Interest	Total
2026	\$ 44,047,366	\$ 34,910,580	\$ 78,957,946
2027	36,616,886	32,056,521	68,673,407
2028	30,916,948	29,485,036	60,401,984
2029	26,610,140	27,217,410	53,827,550
2030	26,686,031	25,126,015	51,812,046
2031-2035	131,261,440	93,390,740	224,652,180
2036-2040	104,699,683	42,722,539	147,422,222
2041-2045	44,192,328	10,815,819	55,008,147
2046-2050	7,212,961	2,084,766	9,297,727
2051-2055	2,437,626	458,805	2,896,431
2056-2060	913,302	192,996	1,106,298
2061-2065	661,287	49,299	710,586
Total	<u>\$ 456,255,998</u>	<u>\$298,510,526</u>	<u>\$ 754,766,524</u>

Long-term Lease Liabilities Business-type Activities June 30, 2025			
Maturity	Principal	Interest	Total
2026	\$ 25,486,785	\$ 9,040,507	\$ 34,527,292
2027	19,364,704	7,957,479	27,322,183
2028	17,522,415	7,126,547	24,648,962
2029	16,505,406	6,343,961	22,849,367
2030	15,050,288	5,624,184	20,674,472
2031-2035	59,163,269	18,797,205	77,960,474
2036-2040	33,288,667	7,172,889	40,461,556
2041-2045	10,282,539	1,139,382	11,421,921
Total	<u>\$ 196,664,073</u>	<u>\$ 63,202,154</u>	<u>\$ 259,866,227</u>

Long-term Lease Liabilities Component Units June 30, 2025			
Maturity	Principal	Interest	Total
2026	\$ 101,874,229	\$ 182,615,473	\$ 284,489,702
2027	15,383,983	180,500,571	195,884,554
2028	50,803,014	178,110,518	228,913,532
2029	44,655,925	190,773,696	235,429,621
2030	39,209,900	173,081,805	212,291,705
2031-2035	41,427,213	843,814,888	885,242,101
2036-2040	97,487,898	839,043,383	936,531,281
2041-2045	259,341,740	801,409,948	1,060,751,688
2046-2050	471,159,968	732,567,501	1,203,727,469
2051-2055	770,610,576	620,310,113	1,390,920,689
2056-2060	1,157,084,536	453,304,625	1,610,389,161
2061-2065	1,708,577,230	208,467,602	1,917,044,832
2066-2070	285,884,339	3,442,645	289,326,984
2071-2075	433,203	—	433,203
Total	<u>\$ 5,043,933,754</u>	<u>\$ 5,407,442,768</u>	<u>\$10,451,376,522</u>

Long-term Subscription-Based Information Technology Arrangements

The Commonwealth has entered into contractual agreements with various vendors that convey control of the right-to-use another entity's IT asset, alone, or in conjunction with a tangible capital asset in an exchange or exchange-like transaction under GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (SBITAs). The Commonwealth has a variety of variable payment clauses within its SBITAs, including variable payments based on future performance, usage of the underlying asset, number of software licenses, or hours of access necessary. Such amounts are recognized as an expense in the period in which the obligation for those payments is incurred. During the year, the Commonwealth recorded \$26.6 million for variable payments related to a SBITA.

Presented in the following tables are repayment schedules for long-term SBITA liabilities as of June 30, 2025.

Long-term Subscription-Based Information Technology Arrangements Governmental Funds June 30, 2025			
Maturity	Principal	Interest	Total
2026	\$ 50,773,982	\$ 11,339,197	\$ 62,113,179
2027	40,226,304	8,621,718	48,848,022
2028	32,546,840	6,369,081	38,915,921
2029	21,375,476	4,550,697	25,926,173
2030	19,879,444	3,388,268	23,267,712
2031-2035	51,862,494	5,015,033	56,877,527
2036-2040	140,385	166,995	307,380
2041-2045	200,844	99,156	300,000
2046-2050	106,267	13,733	120,000
Total	<u>\$ 217,112,036</u>	<u>\$ 39,563,878</u>	<u>\$ 256,675,914</u>

Long-term Subscription-Based Information Technology Arrangements Business-type Activities June 30, 2025			
Maturity	Principal	Interest	Total
2026	\$ 12,886,794	\$ 6,799,054	\$ 19,685,848
2027	12,313,491	6,107,867	18,421,358
2028	10,232,202	5,527,326	15,759,528
2029	10,110,734	5,094,691	15,205,425
2030	8,896,162	4,676,668	13,572,830
2031-2035	48,408,818	18,611,064	67,019,882
2036-2040	58,956,982	9,988,016	68,944,998
2041-2045	31,947,748	1,232,252	33,180,000
Total	<u>\$ 193,752,931</u>	<u>\$ 58,036,938</u>	<u>\$ 251,789,869</u>

Long-term Subscription-Based Information Technology Arrangements Component Units June 30, 2025			
Maturity	Principal	Interest	Total
2026	\$ 121,509,621	\$ 11,412,016	\$ 132,921,637
2027	94,796,985	6,866,704	101,663,689
2028	40,691,665	3,735,381	44,427,046
2029	31,154,632	1,958,419	33,113,051
2030	10,449,282	962,100	11,411,382
2031-2035	14,481,494	1,124,622	15,606,116
Total	<u>\$ 313,083,679</u>	<u>\$ 26,059,242</u>	<u>\$ 339,142,921</u>

Notes Payable

Notes Payable consist of several items as shown in the following schedule (dollars in thousands):

Primary Government	
Installment Notes from Direct Borrowings	\$ 90,128
Total Primary Government	90,128
Component Units	
Virginia Public School Authority	197,510
Nonmajor Component Units	1,435,966
Nonmajor Component Units from Direct Borrowings	132,191
Installment Notes from Direct Borrowings	215,196
Subtotal (excluding Foundations)	<u>1,980,863</u>
Foundations:	
Notes Payable	257,198
Subtotal - Foundations	<u>257,198</u>
Total Component Units	2,238,061
Total Notes Payable	\$ 2,328,189

The Virginia Public School Authority (major component unit) notes of \$197.5 million are for the School Technology and Security Notes Program. The note proceeds were used to finance technology equipment purchases and to make grants to school divisions for the purchase of security equipment. The notes will be repaid from appropriations to be made by the Virginia General Assembly from the Literary Fund (major special revenue).

An additional amount of \$1.4 billion is comprised primarily of higher education institutions' (nonmajor component units) promissory notes with the Virginia College Building Authority (VCBA) (major component unit) to finance the construction of various higher education facilities pursuant to the Pooled Bond Program. Interest rates range from 0.6 percent to 5.6 percent and shall be paid semi-annually and the planned interest payments total \$357.5 million. Additionally, in accordance with the American Recovery and Reinvestment Act, the Commonwealth expects to receive a Build America Bonds (BABs) interest subsidy to reimburse interest payments of \$9.6 million. The final principal payment is due in fiscal year 2055.

University of Virginia (nonmajor), Virginia Commonwealth University Health System Authority (Authority) (a blended component unit of the Virginia Commonwealth University – nonmajor component unit), George Mason University (nonmajor), and Institute for Advanced Learning and Research (nonmajor) reported notes payable of \$324,817, \$59.1 million, \$68.0 million, and \$4.7 million respectively. For additional information pertaining to these direct borrowings, refer to the separately issued financial statements. In addition, the Hampton Roads Sanitation District Commission (nonmajor component unit) reported notes payable of \$92.5 million.

Various foundations (nonmajor component units) have notes outstanding as of year-end. The purpose of a majority of these notes is for property acquisition, working capital, and construction. Future principal payments as of June 30, 2025, are shown in the following table (dollars in thousands).

Foundations' Notes Payable (Component Units) (1)		
Maturity		Principal
2026	\$	15,861
2027		16,357
2028		16,451
2029		16,014
2030		41,281
Thereafter		151,234
Total	\$	<u>257,198</u>

Installment purchase obligations have been entered into by agencies and institutions of the Commonwealth. These agreements, other than those in the component units and certain institutions of higher education, contain nonappropriation clauses indicating that continuation of the installment purchase obligations is subject to funding by the General Assembly. Installment purchase obligations represent \$305.3 million of the total outstanding debt of the Commonwealth.

Presented in the following tables are repayment schedules for installment purchase obligations as of June 30, 2025.

Installment Purchase Obligations from Direct Borrowings Governmental Funds				
June 30, 2025				
Maturity	Principal	Interest	Total	
2026	\$ 16,715,950	\$ 2,365,041	\$ 19,080,991	
2027	15,569,853	1,933,116	17,502,969	
2028	12,335,510	1,541,032	13,876,542	
2029	11,607,656	1,204,060	12,811,716	
2030	10,374,496	937,539	11,312,035	
2031-2035	22,594,931	1,594,641	24,189,572	
2036-2040	929,350	24,825	954,175	
Total	\$ 90,127,746	\$ 9,600,254	\$ 99,728,000	

Installment Purchase Obligations from Direct Borrowings Component Units				
June 30, 2025				
Maturity	Principal	Interest	Total	
2026	\$ 7,997,817	\$ 10,403,865	\$ 18,401,682	
2027	338,577	10,448,970	10,787,547	
2028	5,244,878	10,436,987	15,681,865	
2029	4,887,024	10,414,726	15,301,750	
2030	4,365,436	10,414,358	14,779,794	
2031-2035	6,859,548	52,623,173	59,482,721	
2036-2040	(6,492,906)	54,885,308	48,392,402	
2041-2045	(698,257)	56,592,743	55,894,486	
2046-2050	9,367,474	55,659,991	65,027,465	
2051-2055	26,866,183	50,552,778	77,418,961	
2056-2060	53,060,215	39,111,539	92,171,754	
2061-2065	91,436,451	18,299,358	109,735,809	
2066-2070	11,963,275	206,129	12,169,404	
Total	\$215,195,715	\$380,049,925	\$595,245,640	

The foundations (nonmajor component units) had no installment purchase obligations as of June 30, 2025.

Lottery Prizes Payable

Lottery prizes are paid in 20, 25, 26, or 30 installments. The first installment is paid on the day the prize is claimed. The subsequent annual payments are funded with U.S. Treasury STRIPS purchased by the Virginia Lottery. For Life prizes payable represent estimated prizes payable monthly, quarterly or annually for the life of the winner based on life expectancy tables from the Virginia Bureau of Insurance, and funded with a pool of U.S. Treasury STRIPS.

Lottery prizes payable represent the future annual prize payments valued at cost plus accrued interest (current value of securities held to maturity) of the assets funding the payments.

Lottery prizes payable for the fiscal year ended June 30, 2025, are shown in the following table:

	Jackpot	Win For Life	Total
Due within one year	\$ 7,148,850	\$ 5,880,608	\$ 13,029,458
Due in subsequent years	101,653,236	72,855,812	174,509,048
Total (current value)	108,802,086	78,736,420	187,538,506
Add: Interest to Maturity	71,203,914	29,447,580	100,651,494
Lottery Prizes Payable at Maturity	<u>\$ 180,006,000</u>	<u>\$ 108,184,000</u>	<u>\$ 288,190,000</u>

Educational Benefits Payable

The Commonwealth Savers Plan administers the Defined Benefit 529 Program, which consists of two savings options: Prepaid529 and Tuition Track Portfolio. Prepaid529 services contracts that provide for full future tuition and mandatory fee payments at Virginia's higher education institutions and differing payouts at private or out-of-state institutions using actuarially determined amounts. Prepaid529 is closed to new contracts. The Tuition Track Portfolio allows for the purchase of units to be redeemed for future tuition costs. The value of a unit is tied to the average tuition inflation rate of Virginia four year institutions.

As of June 30, 2025, educational benefits payable of \$1.2 billion have been recorded for the Defined Benefit 529 program on the statement of net position for the actuarially determined present value of future obligations anticipated for payment of benefits and administrative expenses for the Defined Benefit 529 program. In addition, a receivable in the amount of \$40.0 million has been recorded to reflect the actuarially determined present value of future payments anticipated from contract holders.

29. OTHER REVENUE

The following table (dollars in thousands) summarizes Other Revenue for the fiscal year ended June 30, 2025.

	Assessments and Receipts for Support of Special Services	Fines, Forfeitures, Court Fees, Penalties, and Escheats	Receipts from Cities, Counties, and Towns	Private Gifts, Grants, and Contracts	Sales of Property
Primary Government:					
General	\$ 7,268	\$ 256,345	\$ 9,072	\$ 492	\$ 25,286
Major Special Revenue Funds:					
Commonwealth Transportation	24,435	27,199	608,847	4,430	762
Federal Trust	—	1,009	—	—	—
Literary	—	41,276	—	—	—
Nonmajor Governmental Funds	238,032	56,082	76,326	7,561	8,861
Major Enterprise Funds:					
Commonwealth Savers Plan	—	—	—	—	—
Nonmajor Enterprise Funds	—	20,344	—	—	—
Internal Service Funds	—	—	—	—	—
Private Purpose Trust Funds	—	—	—	—	—
Pension and Other Employee Benefit Trust Funds	—	—	—	—	—
Custodial Funds - Other	—	—	—	—	—
Total Primary Government	<u>\$ 269,735</u>	<u>\$ 402,255</u>	<u>\$ 694,245</u>	<u>\$ 12,483</u>	<u>\$ 34,909</u>

	Tobacco Master Settlement	Taxes	Other (1)	Total Other Revenue
Primary Government:				
General	\$ 48,210	\$ —	\$ 197,392	\$ 544,065
Major Special Revenue Funds:				
Commonwealth Transportation	—	—	60,997	726,670
Federal Trust	—	—	496,908	497,917
Literary	—	—	—	41,276
Nonmajor Governmental Funds	—	—	660,781	1,047,643
Major Enterprise Funds:				
Commonwealth Savers Plan	—	—	114,021	114,021
Nonmajor Enterprise Funds	—	4,383	10,509	35,236
Internal Service Funds	—	—	6,888	6,888
Private Purpose Trust Funds	—	—	96	96
Pension and Other Employee Benefit Trust Funds	—	—	4,852	4,852
Custodial Funds - Other	—	—	16,129	16,129
Total Primary Government	<u>\$ 48,210</u>	<u>\$ 4,383</u>	<u>\$ 1,568,573</u>	<u>\$ 3,034,793</u>

Note (1): \$144,974 (dollars in thousands) and \$494,626 (dollars in thousands) are related to prior year expenditures refunded in the current fiscal year for the General Fund and Federal Trust (major special revenue), respectively, and \$27,120 (dollars in thousands) is related to localities' share of capital funding for the Washington Metropolitan Area Transit Authority in the Commonwealth Transportation Fund (major special revenue). \$269,747 (dollars in thousands) is related to proceeds from unclaimed property in the Unclaimed Property Fund (nonmajor governmental), \$108,779 (dollars in thousands) is related to indirect costs, reimbursable employee benefits, law enforcement services, proceeds from sale of surplus property, court collection fees, and charge card rebates fees in the Other Special Revenue Fund, \$81,560 (dollars in thousands) and \$48,415 (dollars in thousands) are related to welfare activity receipts and prior year expenditures refunded in the current fiscal year and opioid abatement settlement for the Health and Social Services Special Revenue Fund, and the remaining \$152,280 (dollars in thousands) is related to other miscellaneous activities in the nonmajor governmental funds.

30. TAX ABATEMENTS

GASB Statement No. 77, *Tax Abatements*, requires disclosures to be made for tax abatements. These arise from agreements between the Commonwealth and taxpayers and result in reduced tax revenue when the taxpayer promises to provide economic benefits to the Commonwealth. As of June 30, 2025, the Commonwealth participates in the following tax abatement programs in excess of \$1.0 million. There are no provisions for recapturing abated taxes since the requirements must be met prior to receiving the abatement.

- The Retail Sales and Use Tax Data Center Exemptions are intended to attract data centers to the Commonwealth pursuant to Section 58.1-609.3(18) of the *Code of Virginia*. Qualifying entities may purchase or lease certain computer equipment, enabling software and other enabling hardware for use in the data center exempt from the retail sales and use tax. Each recipient's retail sales and use taxes are reduced by being able to purchase qualifying items for use in the data center without having to pay the retail sales and use tax on the purchase price. The amount of the abatement for each recipient is determined by multiplying the purchase price of the qualifying computer equipment, enabling software and other enabling hardware purchased by the recipient by the rate of the retail sales and use tax that would be imposed on the purchase if the exemption was not available. The rate of the retail sales and use tax is 6.0 percent in the Northern Virginia, Hampton Roads, and Central Virginia regions; 7.0 percent in the Historic Triangle region; 6.3 percent in the city of Danville and the counties of Charlotte, Gloucester, Halifax, Henry, Northampton, Patrick, and Pittsylvania; and 5.3 percent in the remainder of the state. The exemption is available for data centers that (i) are located in a Virginia locality; (ii) result in a new capital investment on or after January 1, 2009, of at least \$150.0 million; and (iii) result in the creation on or after July 1, 2009, of at least 50 new jobs by the data center operator and the tenants of the data center, collectively, associated with the operation or maintenance of the data center provided that such jobs pay at least one and one-half times the prevailing average wage in that locality. The requirement of at least 50 new jobs is reduced to 10 new jobs if the data center is located in a distressed locality at the time of the execution of a memorandum of understanding with the Virginia Economic Development Partnership Authority (nonmajor component unit). Additionally, the requirement of a \$150.0 million capital investment is reduced to \$70.0 million for data centers that qualify for the reduced jobs requirement. Effective July 1, 2012, the exemption was extended to purchases and leases made by tenants of a data center that meets the requirements of the data center exemption.

In order to qualify for the exemption, the data center operator must enter into a memorandum of understanding with the Virginia Economic Development Partnership Authority. The exemption is scheduled to sunset June 30, 2035. The amount of abated taxes for fiscal year 2025 is estimated to be \$1.6 billion.

- The Motion Picture Production Tax Credit is intended to encourage the filming of motion picture productions in the Commonwealth. Pursuant to Section 58.1-439.12:03 of the *Code of Virginia*, a motion picture production company with qualifying expenses of at least \$250,000 may abate its individual income tax or corporate income tax liability by the amount of the Motion Picture Production Tax Credit. The amount of the tax credit is equal to (i) 15.0 percent of the production company's qualifying expenses or (ii) 20.0 percent of such expenses if the production is filmed in an economically distressed area of the Commonwealth. In addition to the credit for the qualifying expenses incurred by a motion picture production company, such company may receive an Additional Virginia Resident Credit and an Additional Virginia Resident First-Time Industry Employee Credit. The Additional Virginia Resident Credit equals (i) 10.0 percent of the total aggregate payroll for Virginia residents employed in connection with the production of a film in Virginia when total production costs in Virginia are at least \$250,000, but not more than \$1.0 million or (ii) 20.0 percent of the total aggregate payroll of such residents when total production costs in Virginia exceed \$1.0 million. The Additional Virginia Resident First-Time Industry Employee Credit is equal to 10.0 percent of the total aggregate payroll for Virginia residents employed for the first time as actors or members of a production crew in connection with the production of a film in Virginia.

The Motion Picture Production Tax Credit is a refundable tax credit. Therefore, if the amount of credit that a company is allowed to claim exceeds the company's tax liability for the taxable year, the excess amount of credit will be refunded to the company. Companies must have a memorandum of understanding with the Virginia Tourism Authority (nonmajor component unit) in order to participate in this program.

The credit is scheduled to sunset January 1, 2027. The annual cap on the amount of credits granted for a fiscal year is \$6.5 million, and this amount is expected to be claimed annually. While a motion picture production company may receive approval within a given year, the credits may not be claimed by the taxpayer until at the earliest, the filing of a return. The filing of a return often occurs in a fiscal year subsequent to the year during which a credit is granted. In addition, the Virginia Tourism Authority is allowed to issue credits and a taxpayer can claim credits in future fiscal years subject to certain conditions. Because of these timing differences between when tax credits are granted

and when they are claimed, the credits claimed in a fiscal year may fluctuate compared to the \$6.5 million annual cap. For fiscal year 2025, \$3.5 million of income tax was abated.

- The Retail Sales and Use Tax Entitlement to Tax Revenues from Tourism Projects is intended to encourage the development of certain tourism projects by assisting the developer in (i) obtaining gap financing needed to meet a shortfall in project funding between the expected costs of the project and the debt and equity capital provided by the developer and (ii) making payments of principal and interest on the gap financing.

If the project qualifies for the entitlement, the developer is entitled to an amount equivalent to a one percent state sales tax on transactions taking place on the premises of the tourism project. The entitled sales tax revenues must be applied to payments of principal and interest on the gap financing. The entitlement continues until the gap financing is paid in full.

Section 58.1-3851.1 of the *Code of Virginia* imposes requirements on both the local government and the developer in order for the project to qualify for the entitlement. The locality must have (i) established a tourism zone pursuant to Section 58.1-3851 of the *Code of Virginia*; (ii) established a tourism plan under the guidelines of the Virginia Tourism Authority; (iii) authorized a tourism project that meets a deficiency identified in the tourism plan; and (iv) dedicated an amount equivalent to a one percent sales tax on transactions taking place on the premises of the tourism project to the payment of principal and interest on the gap financing. The developer must have (i) secured a minimum of 70.0 percent of funding for the project in place through debt or equity; and (ii) entered into a performance agreement with the local economic development authority to pay an access fee equivalent to a one percent sales tax on transactions taking place on the premises of the tourism project to the payment of principal and interest on the gap financing. In order for the project to qualify for the entitlement, the project must be certified by the State Comptroller. The amount of abated taxes for fiscal year 2025 was \$1.4 million.

31. PRIZES AND CLAIMS

The following table summarizes Prizes and Claims Expense for the fiscal year ended June 30, 2025.

(Dollars in Thousands)

	Insurance Claims	Lottery Prize Expense	Total Prizes and Claims
Proprietary Funds:			
Major Enterprise Funds:			
Virginia Lottery	\$ —	\$ 4,498,672	\$ 4,498,672
Unemployment Compensation	306,852	—	306,852
Nonmajor Enterprise Funds	639,169	—	639,169
Total Enterprise Funds	<u>\$ 946,021</u>	<u>\$ 4,498,672</u>	<u>\$ 5,444,693</u>
Internal Service Funds	<u>\$ 2,055,544</u>	<u>\$ —</u>	<u>\$ 2,055,544</u>

32. DEPRECIATION AND AMORTIZATION

The following table summarizes Depreciation and Amortization Expense as of June 30, 2025.

(Dollars in Thousands)

	Depreciation	Amortization	Total Depreciation and Amortization
Proprietary Funds:			
Major Enterprise Funds:			
Virginia Lottery	\$ 3,604	\$ 6,564	\$ 10,168
Commonwealth Savers Plan	616	1,963	2,579
Nonmajor Enterprise Funds	14,024	39,512	53,536
Total Enterprise Funds	<u>\$ 18,244</u>	<u>\$ 48,039</u>	<u>\$ 66,283</u>
Internal Service Funds	<u>\$ 29,085</u>	<u>\$ 67,624</u>	<u>\$ 96,709</u>

33. OTHER EXPENSES

The following table summarizes Other Expenses for the fiscal year ended June 30, 2025.

(Dollars in Thousands)

	Grants and Distributions To Localities	Expendable Equipment/ Improvements	Other (1)	Total Other Expenses
Proprietary Funds:				
Major Enterprise Funds:				
Commonwealth Savers Plan	\$ —	\$ 331	\$ 27,222	\$ 27,553
Nonmajor Enterprise Funds	138	610	1,520	2,268
Total Enterprise Funds	<u>\$ 138</u>	<u>\$ 941</u>	<u>\$ 28,742</u>	<u>\$ 29,821</u>
Internal Service Funds	<u>\$ 2,457</u>	<u>\$ 1,993</u>	<u>\$ 28,325</u>	<u>\$ 32,775</u>
Fiduciary Funds:				
Pension and Other Employee Benefit Trust Funds (2)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 5,374</u>	<u>\$ 5,374</u>
Custodial Funds - Other (2)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,741</u>	<u>\$ 1,741</u>

Note (1): \$27,222 (dollars in thousands) can be attributed to the Defined Benefit 529 Program for the SOAR scholarship program, Access and Affordability program, and other promotional scholarships. \$27,082 (dollars in thousands) can be attributed to expenses related to insurance program expenses in the Risk Management internal service fund.

Note (2): Fiduciary expenses of \$7,115 (dollars in thousands) are not included in the Government-wide Statement of Activities.

34. OTHER NON-OPERATING REVENUE/EXPENSES

The following table summarizes Other Non-Operating Revenue/Expenses for the fiscal year ended June 30, 2025.

(Dollars in Thousands)

	Gain/(Loss) on Sale of Capital Assets	Securities Lending	Interest Expense	Other (1)	Total Other Non-Operating Revenue/ (Expenses)
Proprietary Funds:					
Major Enterprise Funds:					
Virginia Lottery	\$ (22)	\$ (28)	\$ (1,296)	\$ 672	\$ (674)
Commonwealth Savers Plan	(53)	(100)	(132)	—	(285)
Nonmajor Enterprise Funds	(13)	(2,069)	(15,901)	10,401	(7,582)
Total Enterprise Funds	<u>\$ (88)</u>	<u>\$ (2,197)</u>	<u>\$ (17,329)</u>	<u>\$ 11,073</u>	<u>\$ (8,541)</u>
Internal Service Funds	<u>\$ 1,601</u>	<u>\$ (3,844)</u>	<u>\$ (34,386)</u>	<u>\$ 403</u>	<u>\$ (36,226)</u>

Note (1): Other Non-Operating Revenue/Expenses of the nonmajor enterprise funds are primarily comprised of amounts reported by Alcoholic Beverage Control.

35. TRANSFERS

The following table summarizes Transfers In and Transfers Out for the fiscal year ended June 30, 2025 (dollars in thousands).

Transfers In (Reported In):								
Transfers Out (Reported In):	General	Commonwealth Transportation	Federal Trust	Literary	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Total Primary Government
Primary Government								
General	\$ —	\$ 271,871	\$ —	\$ —	\$ 541,465	\$ —	\$ 1,000	\$ 814,336
Major Special Revenue Funds:								
Commonwealth Transportation	32,420	—	—	—	545,932	—	483	578,835
Federal Trust	2,011	99,295	—	—	7,850	211	—	109,367
Literary	50,000	—	—	—	—	—	—	50,000
Nonmajor Governmental Funds	273,281	—	2,563	150,000	111,394	—	—	537,238
Major Enterprise Funds:								
Virginia Lottery	901,528	—	—	23,165	—	—	—	924,693
Commonwealth Savers Plan	309	—	—	—	—	—	—	309
Unemployment Compensation	—	—	3,634	—	—	—	—	3,634
Nonmajor Enterprise Funds	251,811	—	—	—	15,160	—	—	266,971
Internal Service Funds	1,000	—	—	—	17,304	—	—	18,304
Total Primary Government	<u>\$ 1,512,360</u>	<u>\$ 371,166</u>	<u>\$ 6,197</u>	<u>\$ 173,165</u>	<u>\$ 1,239,105</u>	<u>\$ 211</u>	<u>\$ 1,483</u>	<u>\$ 3,303,687</u>

Transfers are used to (1) move revenues from the fund that the *Code of Virginia* or budget requires to collect them to the fund that the *Code of Virginia* or budget requires to expend them; (2) move receipts restricted for debt service from the funds holding the resources to the debt service fund as principal and interest payments become due; and (3) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

As of June 30, 2025, the transfers executed pursuant to statutory or budgetary requirements are predominantly comprised of a transfer of \$115.0 million from the Unclaimed Property Fund (nonmajor governmental) to the General Fund, transfers of \$901.5 million from Virginia Lottery (major enterprise) to the General Fund, transfers of \$251.2 million from the Alcoholic Beverage Control Fund (nonmajor enterprise) to the General Fund, and a transfer of \$150.0 million from the Unclaimed Property Fund (nonmajor governmental) to the Literary Fund (major special revenue).

As discussed previously, transfers to move receipts restricted for debt service included a transfer from the General Fund of \$400.7 million, a transfer from the Commonwealth Transportation Fund (major special revenue) of \$227.2 million, and a transfer from a Capital Project Fund (nonmajor governmental) of \$109.3 million.

Transfers for transportation related activities include transfers from the General Fund of \$271.9 million to the Commonwealth Transportation Fund (major special revenue) and a transfer from the Commonwealth Transportation Fund to the Capital Project Fund (nonmajor governmental) of \$305.3 million.

Various other nongeneral funds transferred approximately \$130.0 million to the General Fund as required by Chapter 725, 2025 Virginia Acts of Assembly Reconvened Session. These transfers do not occur on a routine basis.

36. ENDOWMENTS

Donor-restricted endowments reside primarily within the higher education institutions. The net appreciation available for expenditure is \$2.5 billion as of June 30, 2025. Of this amount, \$2.4 million is reported as unrestricted net position and the remainder is reported as restricted net position. The *Code of Virginia*

authorizes acceptance of donations. The governing boards of these entities and the donor agreements determine whether net appreciation can be spent and the accepted spending rate. These policies are entity specific and vary with each institution.

37. CASH FLOWS – ADDITIONAL DETAILED INFORMATION

The following table (dollars in thousands) summarizes specific cash flows for the fiscal year ended June 30, 2025.

	Virginia Lottery	Commonwealth Savers Plan	Unemployment Compensation	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Cash Flows Resulting from:						
Payments for Prizes, Claims, and Loss Control:						
Lottery Prizes	\$ (4,386,055)	\$ —	\$ —	\$ —	\$ (4,386,055)	\$ —
Claims and Loss Control	—	—	(307,798)	(614,309)	(922,107)	(2,053,497)
Total	<u>\$ (4,386,055)</u>	<u>\$ —</u>	<u>\$ (307,798)</u>	<u>\$ (614,309)</u>	<u>\$ (5,308,162)</u>	<u>\$ (2,053,497)</u>
Other Operating Revenue:						
Other Operating Revenue	\$ —	\$ 3	\$ —	\$ 30,442	\$ 30,445	\$ 6,888
Total	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ 30,442</u>	<u>\$ 30,445</u>	<u>\$ 6,888</u>
Other Operating Expense:						
Other Operating Expenses (1)	\$ —	\$ (27,221)	\$ —	\$ (17,542)	\$ (44,763)	\$ (32,238)
Total	<u>\$ —</u>	<u>\$ (27,221)</u>	<u>\$ —</u>	<u>\$ (17,542)</u>	<u>\$ (44,763)</u>	<u>\$ (32,238)</u>
Other Noncapital Financing Receipt Activities:						
Advances/Contributions from the Commonwealth	\$ —	\$ —	\$ —	\$ 47,806	\$ 47,806	\$ 41,974
Receipts from Taxes	—	—	—	349,438	349,438	—
Retail Applications, Seized Assets and Loans	673	—	—	285	958	—
Insurance Recoveries	—	—	—	—	—	17
Total	<u>\$ 673</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 397,529</u>	<u>\$ 398,202</u>	<u>\$ 41,991</u>
Other Noncapital Financing Disbursement Activities:						
Repayments of Advances/Contributions from the Commonwealth	\$ —	\$ —	\$ —	\$ (54,755)	\$ (54,755)	\$ (75,393)
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (54,755)</u>	<u>\$ (54,755)</u>	<u>\$ (75,393)</u>
Other Capital and Related Financing Receipt Activities:						
Interest	\$ —	\$ —	\$ —	\$ 2,031	\$ 2,031	\$ —
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2,031</u>	<u>\$ 2,031</u>	<u>\$ —</u>
Other Capital and Related Financing Disbursement Activities:						
Loss from Termination	\$ —	\$ —	\$ —	\$ (408)	\$ (408)	\$ —
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (408)</u>	<u>\$ (408)</u>	<u>\$ —</u>

Note (1): \$27,221 (dollars in thousands) can be attributed to SOAR scholarship expenses, Access and Affordability program, and other scholarships and awards. Also, \$27,183 (dollars in thousands) can be attributed to expenses related to insurance program expenses in the Risk Management internal service fund and \$2,453 (dollars in thousands) can be attributed to payments in lieu of taxes in the Property Management internal service fund.

38. TOBACCO SETTLEMENT AND SECURITIZATION

On November 23, 1998, 46 states' Attorneys General and the major tobacco companies signed a proposed settlement that reimburses states for smoking-related medical expenses paid through Medicaid and other healthcare programs. At the time of the settlement, it was estimated that the Commonwealth could receive approximately \$4.1 billion over the duration of the settlement. The settlement was approved in a Consent Decree in December 1998. On March 29, 1999, the General Assembly enacted a law approving the establishment of the Tobacco Region Revitalization Commission (Commission) (nonmajor component unit), in compliance with the Consent Decree, to help communities in Virginia hurt by the decline of tobacco.

The Commission was established for the purposes of determining the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund. The monies are to be used to provide payments to tobacco farmers as compensation for the tobacco equipment and barns and lost tobacco production opportunities associated with a decline in quota. The monies are also to be used to revitalize tobacco dependent communities.

The General Assembly also created the Virginia Foundation for Healthy Youth (Foundation) (nonmajor component unit). The purpose of the Foundation is to determine the appropriate recipients of monies in the Virginia Tobacco Settlement Fund. The Foundation will also be responsible for distributing monies for the purposes provided in the legislation. Disbursements can be made to assist in financing efforts to restrict the use of tobacco products by minors, through educational and awareness programs describing the health effects of tobacco use on minors, and laws restricting the distribution of tobacco products to minors. Monies from the fund can also be used to assist in financing efforts to reduce childhood obesity through such means as educational and awareness programs, implementing evidence based practices, and assisting schools and communities with policies and programs.

Additionally, the General Assembly created two special non-reverting funds. The Tobacco Settlement monies were accounted for in these funds and in the General Fund. Of the Settlement monies, 50.0 percent was deposited into the Tobacco Indemnification and Community Revitalization Fund at the Commission and 8.5 percent is deposited into the Virginia Tobacco Settlement Fund at the Foundation. The remaining 41.5 percent is reported in the General Fund.

Pursuant to Purchase and Sale Agreements executed in 2005 and 2007, the Commonwealth, acting as an agent on behalf of the Commission, sold the Commission's future right, title and interest in the Tobacco Settlement Revenues (TSRs) to the Tobacco Settlement Financing Corporation (Corporation) (related organization).

Consideration paid by the Corporation to the Commission for TSRs consisted of a cash amount deposited into an endowment to fund the long-term

spending plan approved by the Commission. Bonds issued by the Corporation to finance the purchase price are asset-backed instruments secured solely by the Corporation's right to receive TSRs. At the time of issuance these revenues were expected to produce sufficient funds to repay the bond obligations issued by the Corporation.

The Commission is a nonmajor component unit of the Commonwealth, and the Corporation is disclosed as a related organization.

39. PUBLIC-PRIVATE AND PUBLIC-PUBLIC PARTNERSHIP ARRANGEMENTS (PPPs)

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, supersedes GASB Statement No. 60, *Service Concession Arrangements*, and describes a PPP as an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset for a period of time in an exchange or exchange-like transaction.

SERVICE CONCESSION ARRANGEMENTS (SCAs)

GASB Statement No. 94 describes the criteria for when an arrangement is classified as an SCA. The basic criteria are as follows: the operator of the capital asset owned by the transferor has the right to provide services in exchange for significant consideration; the operator's revenue must come from a third party; the transferor has the ability to modify or approve which services the operator is to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; the transferor is entitled to significant residual interest in the service utility of the underlying asset at the end of the arrangement.

Primary Government

The Commonwealth of Virginia has five SCAs as of June 30, 2025: Pocahontas 895, the 495 Express Lanes, Elizabeth River – Midtown Tunnel, the 95 Express Lanes, and the I-66 Outside the Beltway Express Lanes. They are all related to highway construction and operation and were established per the Public-Private Transportation Act (PPTA) of 1995, as amended. PPTA project goals are to provide highway projects to the public in a timely and cost-effective manner with private funding and support.

Pocahontas 895

On June 21, 2006, the Pocahontas Parkway Association (Association), which was previously reported as a blended component unit of the Virginia Department of Transportation (VDOT), signed an agreement transferring all assets and rights of the Association to Transurban 895 LLC (Transurban). In exchange for the existing toll road and other assets, Transurban transferred sufficient funds and securities to

pay or defease all outstanding bonds of the Association and pay all other outstanding obligations owed to VDOT. Additionally, Transurban agreed to construct an enhancement to the original toll road, and this enhancement was completed in 2011.

During fiscal year 2014, Transurban transferred its debt and equity interest in Pocahontas 895 to Macquarie Capital Bank. In December 2016, Macquarie Capital Bank closed on the sale of the tolling rights to Globalvia. Globalvia acquired the company that had at that time, the agreement with VDOT to develop, finance, operate, manage the tolls, and maintain Route 895-Pocahontas Parkway. The concession agreement period will end in 2105. Capital assets of \$337.2 million and deferred inflows of \$460.4 million are included in the government-wide financial statements. During the 99-year agreement term, VDOT will have fee title or good and valid interest in the asset. VDOT retains the right of inspection of the asset and has outlined maximum toll charges and increases in the terms of the agreement. The revenue source for the concessionaire will be toll collections which will be used for maintenance, operating and return on investment for constructing the project. At the end of the term, the asset must be returned in new condition and control of and rights to operate the facilities will revert back to VDOT. No contractual liabilities exist for this arrangement as of June 30.

495 Express Lanes

On December 19, 2007, VDOT signed an 80-year public-private partnership agreement with Capital Beltway Express LLC to build new express lanes to provide users with a faster and more reliable travel option. The construction of the express lanes was completed in November 2012. Capital assets of \$606.1 million and deferred inflows of \$883.0 million are included in the government-wide financial statements.

During the 80-year agreement, VDOT maintains regulatory control and jurisdiction of the express lanes. VDOT will have fee title or good and valid interest in the express lanes. The revenue source for the concessionaire will be toll collections which will be used for maintenance, operating and return on investment for constructing the project.

On September 30, 2021, the agreement was amended and restated to add the scope of project work related to the northern extension of the 495 Express Lanes (495 NEXT), which is an approximately 2-mile extension of the existing express lanes.

In June 2025, the concessionaire made an up-front payment of \$2.2 million to VDOT as part of the transit and corridor investment commitment under the service concession agreement. Deferred inflows of \$2.2 million relating to the up-front payment are included in the fund financial statements. The 495 NEXT is undergoing construction and no contractual liabilities exist for this arrangement as of June 30, 2025.

The total amounts reported for the 495 Express Lanes agreement are capital assets of \$606.1 million, deferred inflows of \$885.2 million, and payments of \$2.2 million.

Elizabeth River – Midtown Tunnel

On December 5, 2011, VDOT signed a 58-year public-private partnership agreement with Elizabeth River Crossings OPCO, LLC to design, build, finance, operate, and maintain a new Midtown Tunnel, provide improvements to the existing Midtown Tunnel and the Downtown Tunnel, and to provide various extensions and improvements of the Martin Luther King Jr. (MLK) Freeway and I-264. All project components reached substantial completion in September 2017. Capital assets of \$831.9 million and deferred inflows of \$784.7 million are included in the government-wide financial statements. During the agreement, Elizabeth River Crossings OPCO, LLC will operate and maintain the road. The revenue source for the concessionaire will be toll collections, excluding the MLK Freeway, which will be used for maintenance, operating and return on investment for constructing the project. At the end of the 58-year term, the tunnel must be returned in new condition and control of and rights to operate the facilities will revert back to VDOT.

In July 2017, VDOT issued a Department Project Enhancement directive for Elizabeth River Crossings OPCO LLC, to design and build noise barrier walls on I-264. After the Preliminary Field Inspection Plans were developed, VDOT agreed to complete the project due to lower costs. The current funds allocated to the project equal \$33.5 million. In addition to these project enhancements, the Federal Highway Administration (FHWA) has also required an annual traffic study for the Value Pricing Pilot Program (VPPP) to monitor driver behavior, traffic volume, transit ridership, air quality, and availability of funds for transportation programs. VDOT has completed the ten year VPPP study.

95 Express Lanes

On July 31, 2012, VDOT signed a 73-year public-private partnership agreement with 95 Express Lanes LLC to build approximately 29 miles of Express Lanes on I-95 in Northern Virginia and add capacity to the existing high occupancy vehicle (HOV) lanes. The construction of the express lanes was completed in December 2014. During fiscal year 2016, the Commonwealth Transportation Board awarded a contract to design and construct an approximately 2.5-mile reversible extension of the 95 Express Lanes at the southern terminus in Stafford County. The construction was completed in October 2017 and resulted in an increased value of \$25.7 million to the 95 Express Lanes. Capital assets of \$426.1 million and deferred inflows of \$538.6 million are included in the government-wide financial statements.

During the agreement, 95 Express Lanes LLC will operate and maintain the road. The revenue source for the concessionaire will be toll collections which will be used for maintenance, operating and return on investment for constructing the project. At the end of the 73-year term, control of and the rights to operate the facilities will revert back to VDOT. The lanes will remain open for the public as long as the applicable tolls are paid. No contractual liabilities exist for this arrangement as of June 30.

On June 8, 2017, the agreement was amended and restated to include the scope of the project work for the I-395 northern extension, which is approximately 8-miles. The construction was completed in November 2019. In consideration for the rights granted by VDOT to 95 Express Lanes LLC, solely in respect of the I-395 Project, 95 Express Lanes LLC made an up-front payment to VDOT of \$15.0 million on the I-395 Project Service Commencement date. Deferred inflows of \$13.8 million relating to the up-front payment are included in the fund financial statements. Additionally, VDOT will receive an annual transit investment payment that escalates at a rate of 2.5 percent per annum. Accordingly, accounts receivable of \$945.0 million and deferred inflows of \$945.0 million relating to the present value of the annual installment payments discounted at 2.5 percent are included in the fund financial statements. Capital assets of \$239.0 million and deferred inflows of \$275.8 million are included in the government-wide financial statements. No contractual liabilities exist for this arrangement as of June 30.

On April 18, 2019, an amended and restated Comprehensive Agreement was signed between VDOT and 95 Express Lanes LLC to add the scope of the project work for the Fredericksburg Extension. The Comprehensive Agreement was updated to include payments to VDOT. Two reversible high-occupancy toll (HOT) lanes opened to traffic in August 2023 and all new access points opened in December 2023. At financial close on April 30, 2019, 95 Express Lanes LLC made a \$45.0 million Initial Permit Fee Buyout Payment. The Concessionaire also provided a right of way cost deposit of \$2.5 million and \$4.0 million for southbound Rappahannock River Crossing work overlap funding. Deferred inflows of \$46.6 million are included in the fund financial statements. VDOT received an additional \$65.9 million from 95 Express Lanes LLC at the additional financial close in July 2019, which is a sum of \$11.5 million Private Activity Bonds (PABs) payment and \$54.4 million design-build price protection benefits. Deferred inflows of \$60.0 million are included in the fund financial statements. The concessionaire made \$140.0 million of \$232.0 million Final Permit Fee Buyout Payments in installments as set forth in the Amended and Restated Comprehensive Agreement as of June 30, 2025. Accounts Receivable of \$92.0 million and deferred inflows of \$210.9 million are included in the fund financial statements. Capital assets of \$475.7 million and deferred inflows of \$492.7 million are included in the government-wide financial statements. No contractual liabilities exist for this arrangement as of June 30.

On August 10, 2022, an amended and restated 65-year Comprehensive Agreement was signed between VDOT and the 95 Express Lanes LLC to add the scope and project work for the Seminary Road Ramp Project and Opitz Boulevard Ramp Project.

The Seminary Road Ramp Project converted an existing HOV ramp to a HOT ramp at Seminary Road on I-395. The project was limited to signage and configuration changes. The Opitz Boulevard Ramp Project is an enhancement to the existing 95 Express

Lanes. The project work included improvements to the Opitz Boulevard bridge and the addition of a reversible, south-facing ramp that provides direct access to the 95 Express Lanes. The ramp opened in November 2024 and resulted in an increased value of \$85.7 million to the 95 Express Lanes. Capital assets of \$80.2 million and deferred inflows of \$80.4 million are included in the government-wide financial statements. No contractual liabilities exist for this arrangement as of June 30.

The total amounts reported for the 95 Express Lanes agreement are capital assets of \$1.2 billion, deferred inflows of \$2.7 billion, payments of \$272.4 million, and accounts receivables of \$1.0 billion.

I-66 Outside the Beltway Express Lanes

On December 8, 2016, VDOT signed a 50-year public-private partnership agreement (Agreement) with I-66 Express Mobility Partners LLC (EMP) to build 22.5 miles of new express lanes alongside three regular lanes from I-495 to University Boulevard in Gainesville, Virginia. The project also includes new and improved bus service and transit routes, new and improved park and ride lots, and interchange improvements to enhance safety and reduce congestion. Nine miles of the express lanes opened September 2022, and the remaining 13 miles opened November 2022.

EMP is required to pay VDOT a permit fee that consists of support for corridor improvements, revenue sharing, and transit funding payments. The support for corridor improvements is to be paid as indicated in the Agreement. Amounts to be paid are contingent on actual toll revenues. At the end of the Agreement, any unpaid balance of these payments is to be forgiven or cancelled. The revenue sharing payments are calculated based on actual cumulative net present value of gross revenue at the end of each year of the agreement. The percentage of gross revenue to be paid increases in accordance with a five-tier revenue sharing scale. Revenue sharing payments do not have to be made if transit funding payments or support for corridor improvements are past due or unpaid. The transit funding payments will be payable in accordance with the schedule in the Agreement. If funds are insufficient to make scheduled transit funding payments at the time due, such payments will remain due and payable without interest charges. Accordingly, accounts receivable of \$459.0 million and deferred inflows of \$459.0 million, relating to the present value of the annual installment payments discounted at 4.9 percent are included in the fund financial statements.

EMP provided \$578.9 million during fiscal 2018, as an up-front concession payment to VDOT. In both fiscal years 2021 and 2022, VDOT received up-front payments of \$21.3 million to be used for transit investments, and deferred inflows of \$529.3 million are included in the fund financial statements. Capital assets of \$2.4 billion and deferred inflows of \$2.3 billion are included in the government-wide financial statements. During the 50-year Agreement, VDOT maintains regulatory control and jurisdiction of the express lanes. VDOT will have fee title or good and valid interest in the express lanes. The revenue source for the concessionaire will be toll collections which will be used

for maintenance, operating and return on investment for constructing the project. At the end of the term, the asset must be returned in new condition and control of and rights to operate the facilities will revert back to VDOT. No contractual liabilities exist for this arrangement as of June 30.

The total amounts reported for the I-66 Outside the Beltway Express Lanes agreement are capital assets of \$2.4 billion, deferred inflows of \$3.3 billion, payments of \$621.5 million and accounts receivables of \$459.0 million.

Component Units

Aramark – Dining Services

During the year ended June 30, 2015, the University of Virginia (nonmajor) 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. 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.

The College of William & Mary (nonmajor) entered into an agreement with Aramark on July 1, 2023 for Aramark to provide dining services to the College. In return for use of College facilities, Aramark made an upfront payment to the College of \$10.0 million and the College is required to provide certain repair and maintenance services related to the dining facilities. The College also receives a profit split on all retail sales. As of June 30, 2025, the College recorded \$2.4 million in receivables and a \$10.6 million deferred inflow of resources related to the service concession arrangement.

OTHER PPPs

Other PPPs that do not meet the criteria to be reported as a SCA or a lease are discussed in this section.

The University of Virginia (nonmajor component unit) is a party to a limited number of other PPPs which primarily consists of the PPP to operate the John Paul Jones Arena for concerts and sporting events. Variable payments and other inflows of resources under PPPs are not included in the measurement of the related assets and deferred inflows of resources. Variable inflows amount to \$8.0 million for the period ended June 30, 2025.

Radford University (nonmajor component unit) has PPPs for dining services and bookstore services. As of June 30, 2025, the University recorded \$1.8 million in noncurrent receivables and \$612,381 in deferred inflow of resources. Additional information regarding PPPs

can be found in the separately issued financial statements of the institutions.

On July 1, 2023, the College of William & Mary (nonmajor) entered into a PPP agreement with Provident Group-Williamsburg Properties LLC to construct university housing and a dining facility. As of June 30, 2025, the College recognized \$7.8 million in deferred inflow of resources to defease debt in relation to this agreement.

40. INFORMATION TECHNOLOGY INFRASTRUCTURE

With the exception of NTT DATA (NTT Data) and Peraton, the Commonwealth is into its sixth or seventh contract year, depending on when services commenced, with all of its current IT infrastructure service providers. This includes SAIC for Multi-Services Integrator (MSI) services, Atos for managed security services, Iron Bow for end-user computing services, Unisys for server and data center services, and Verizon for voice and data network services. The Xerox Managed Print contract was terminated in fiscal year 2025 and services transitioned to VITA's existing statewide convenience contract with Xerox. VITA established a new infrastructure contract with NTT DATA in fiscal year 2025 for Managed Cloud Services. With a multi-services integrator (MSI) model in effect, the Commonwealth will continuously pursue new and additional IT service providers to ensure that the Commonwealth has a competitive portfolio of IT suppliers that deliver modern cost-effective technology services. VITA is in the process of recompeting managed security services, with the intent of insourcing certain functions. Subsequent recompetes include end user computing, server storage and data center services, and lastly the multi-services integrator contracts. The contract terms range from three years to six years, with additional renewal options on each. Lastly, VITA anticipates increasing the portfolio of enterprise services provided to support the Commonwealth.

Expenses in fiscal year 2025 associated with the service providers were \$177.2 million, exclusive of amounts reported as lease payments and interest expense related to GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Commonwealth expects to spend an additional \$140.8 million over the remaining life of these contracts with the current portfolio of suppliers, exclusive of long-term lease and long-term SBITA liabilities related to GASB Statements No. 87 and No. 96. The remaining life calculation does not include any unexecuted renewals that are listed in the contract.

41. CONTINGENCIES

A. Grants and Contracts

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

Institutions of higher education (component units) and other state agencies are required to comply with various federal regulations issued by the Office of Management and Budget, if such agencies are recipients of federal grants, contracts, or other sponsored agreements. Failure to comply with certain requirements of these regulations may result in questions concerning the allowability of related direct and indirect charges pursuant to such agreements. It is believed that the ultimate disallowance pertaining to these regulations, if any, will be immaterial to the overall financial condition of the Commonwealth.

The U.S. Department of Health and Human Services (DHHS) Office of the Inspector General conducted a review and indicated that the Commonwealth's Statewide Indirect Cost Allocation Plan rates have allowed over-recoveries and transfers in the internal service funds and portions of selected rebates. The Commonwealth computed a liability of \$55.8 million in fiscal year 2025 which is based on fiscal years 2024, 2023, and 2022 representing the amounts owed to the federal government for internal service fund over-recoveries and transfers, as well as the federal share of various rebates received. This amount has been reflected in the accompanying government-wide financial statements.

The Virginia Tourism Authority (nonmajor component unit) had unclaimed awards totaling \$2.3 million payable to awardees upon submission of proper claims for reimbursement for the Marketing Leverage Program, the DMO Marketing Program and the Special Events & Festivals Program. Additionally, property at the Virginia/Maryland border to be used for the Gateway Welcome Center was donated to the Authority in July 2008. The deed to the property includes a covenant requiring any or all land to revert to the U.S. Government should it become needed for national defense. The net book value of the property as of June 30, 2025 was \$805,150.

B. Litigation

The Commonwealth is named as a party in legal proceedings and investigations that occur in the normal course of governmental operations, some involving substantial amounts. It is not possible at the present time to estimate the ultimate outcome or liability, if any, of the Commonwealth in respect to the various proceedings; however, it is believed that any ultimate liability resulting from these suits or investigations will not have a material, adverse effect on the financial condition, fund activity, or cash flows of the Commonwealth.

C. Subject to Appropriation

Both the primary government and the discretely presented component units enter into agreements and issue debt secured solely by future appropriations from the General Fund of the Commonwealth. The primary government has leases and other agreements of such debt of \$4.2 billion. The discretely presented component units have such debt of \$5.4 billion.

D. Bailment Inventory

The Virginia Alcoholic Beverage Control Authority (ABC) houses and controls bailment inventory in the warehouse and is therefore responsible for the exercise of reasonable care to preserve the inventory until it is purchased by ABC or returned to the supplier. ABC uses the bailment system for payment of merchandise for resale. ABC initiates payments to the vendors based on shipments from the ABC warehouse to the retail stores, rather than receipt of invoice from the vendor. As of June 30, 2025, the bailment inventory was valued at \$97.5 million.

E. Loan Guarantees

The Virginia Small Business Financing Authority (VSBFA) (nonmajor component unit) has a loan guaranty program which provides guarantees up to the lesser of \$1.0 million, or 75.0 percent, of a bank loan for lines of credit and short-term working capital loans for small businesses as defined by Section 2.2-2285 of the *Code of Virginia*. The relationship of the Commonwealth to the issuer or issuers of the obligations are private banks that contact VSBFA to obtain guarantees if they deem it necessary to approve the loan. The VSBFA staff underwrites the request for guarantees and approves applications of \$1.0 million or less with subsequent ratification by the Board of Directors. The Board of Directors approves applications in excess of \$1.0 million. The maximum term of support for guarantees is up to five years for lines of credit and seven years for term loans. In the event the small business borrower fails to repay a loan guaranteed through the program, the originating bank lender exercises its rights against the collateral and the guarantors of the loan and proceeds from the sale of the collateral are applied

to the loan. In the event the originating bank lender incurs a deficiency principal balance, the bank submits a claim to VSBFA under the program. If a claim payment is subsequently paid under the program, VSBFA retains the right to pursue collection from the borrower or the guarantor to the extent possible and provided that neither the borrower nor the guarantor has been adjudicated bankrupt. VSBFA submits collections to the Office of the Attorney General, Division of Debt Collection for legal action and collection of debt. As of June 30, 2025, the loan guaranty program has guarantees outstanding of \$9.3 million. There are no additional pending commitments to guarantees as of June 30, 2025.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, requires that certain information be disclosed regarding selected nonexchange financial guarantees. As of June 30, 2025, the VSBFA recognized a nonexchange financial guarantee liability of \$186,014. This is an increase of \$30,805 from the beginning balance of \$155,209. There were no required payments made during fiscal year 2025. Additionally, there have been no cumulative amounts paid on these outstanding loan guarantees nor are there any expected recoveries.

Virginia Innovation Partnership Authority has a contingent liability, which at the end of fiscal year June 30, 2025 reported investments in three open nonbinding term sheets totaling \$1.0 million.

F. Regional Wet Weather Management Plan

Hampton Roads Sanitation District (HRSD) (nonmajor component unit) is party to a federal consent decree with the federal and state governments (the Consent Decree), which requires the HRSD to evaluate the wet weather capacity of the regional sewer system, including collection systems owned by 14 of the localities which the HRSD serves in the Hampton Roads area. Based upon that evaluation, the HRSD, in consultation with the localities, is required to develop a regional wet weather management plan (RWWMP) for submittal to the federal and state environmental agencies for their approval.

The HRSD and the localities believe that addressing wet weather capacity issues from a regional perspective will result in the most affordable and cost-effective approach for rate payers throughout the region. Toward that end, the HRSD and the localities entered into a legally binding Memorandum of Agreement in 2014 (the MOA). The MOA commits HRSD to (1) develop the RWWMP in consultation with the localities, (2) fund the approved plan through a regional rate imposed on all regional ratepayers, (3) design and construct the necessary improvements, and (4) assume responsibility for wet weather capacity throughout the region in each area once the RWWMP is implemented. In exchange, the localities have agreed to (1) cooperate with the HRSD, (2)

facilitate the construction of and accept ownership of any improvements which the HRSD may need to construct in the localities' systems, and (3) maintain the integrity of their systems to industry standards.

The Consent Decree and MOA also contemplate that the localities' obligation to maintain the integrity of their sewer systems to industry standards was embodied in a State administrative order. While the HRSD is preparing the RWWMP, the Consent Decree also requires the HRSD to implement approximately \$200.0 million in high priority capital system upgrade projects over the 10-year period between 2020 and 2030, and then another \$200.0 million in high priority sewer overflow control projects between 2030 and 2040, which are included in the capital improvement and expansion program. These two sets of projects reflect further priority system improvements that HRSD is to implement along with the SWIFT project. The Amended Consent Decree gives HRSD until 2032 to invest \$1.1 billion in the SWIFT program. Finally, the Amended Consent Decree provides that if HRSD will not make the full \$1.1 billion investment in the SWIFT Project by 2032 then EPA can require HRSD to accelerate some or all of the second group (\$200.0 million worth) of high priority sewer overflow control projects to offset the avoided investment in the SWIFT program. The HRSD is on schedule to complete these projects.

The HRSD has a major capital improvement and expansion program funded through the issuance of debt and its own resources. As of June 30, 2025, the HRSD has outstanding commitments for contracts in progress of approximately \$1.3 billion.

42. PENDING GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENTS

The GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. GASB Statement No. 103 establishes new accounting and financial reporting requirements or modifies existing requirements. GASB Statement No. 104 expands disclosure requirements for certain capital assets. Both GASB Statements will be implemented in fiscal year 2026.

43. SUBSEQUENT EVENTS

Primary Government

Other

On September 30, 2025, the Virginia Retirement System closed on sales of its investments in 30 private equity limited partnerships to two buyers. One of the limited partnership investments was sold at a premium of 10.0 percent, but the rest of the investments were sold at an average discount of 30.0 percent. The total sale price was \$503.2 million; \$179.2 million being paid on September 30, 2025, with the remainder to be paid on June 30, 2026.

Component Units

Debt

The Virginia Resources Authority (VRA) (major) Board of Directors in June 2025, authorized the transfer of \$13.0 million of unrestricted net assets to the Local Government Direct Loan Program and to make loans therefrom, and to issue up to \$50.0 million in bonds for Disaster Recovery loans, effective July 1, 2025.

On April 14, 2025, the Virginia Small Business Financing Authority (VSBFA) (nonmajor) requested its second tranche of SSBCI (State Small Business Credit Initiative) 2.0 program funding from the U.S. Treasury in the amount of \$78.5 million. These funds were not received until October 2, 2025.

On April 29, 2025, the Virginia Port Authority (VPA) (nonmajor) Board of Commissioners approved the First Amendment to the lease agreement with Virginia International Gateway, Inc. (VIG). The amendment included conditions precedent to its effectiveness, requiring VPA to retire all outstanding indebtedness secured under its 2016 Bond Resolution. To facilitate this, the Board adopted a new Port Facilities Bond Resolution, authorized a short-term credit note, and approved the issuance of up to \$350.0 million in new Port Facilities Revenue Bonds. As part of the amendment, VPA converted the option to purchase the facility at the end of the lease term to a fixed amount of \$950.0 million upon expiration of the lease in December 2065 (whereby previously the purchase price was to be determined based on fair value at the end of the lease term). VPA's lease obligations were modified to include a \$335.0 million upfront rental payment and an increase to the notional base rent, both due upon the amendment's effective date.

On July 1, 2025, the VPA entered into a Credit Agreement related to the First Amendment to the lease agreement with VIG mentioned above in the amount of \$495.0 million, bearing interest at Daily SOFR plus 0.7 percent. On July 8, 2025, VPA drew \$470.6 million and applied funds to (a) legally defease the outstanding 2016 Series Bonds, (b) payoff \$52.5 million of its Installment Purchase obligations and (c) satisfy \$200.0 million of the upfront rental payment. The remainder of the upfront rental payment was paid from unrestricted cash and investments on July 8, 2025, thereby satisfying the conditions for the First Amendment to become effective.

On July 16, 2025, the Virginia Housing Development Authority (VHDA) (major) issued Commonwealth Mortgage Bond 2025 Series F-2 Non-AMT in the amount of \$75.0 million.

On July 16, 2025, the VHDA issued Commonwealth Mortgage Bond 2025 Series C Taxable in the amount of \$150.0 million.

On July 17, 2025, the Virginia Resources Authority (VRA) (major) issued State Revolving Fund (SRF) Revenue Refunding Bonds, Series 2025, in the amount of \$167.2 million. Proceeds funded a defeasance

escrow to redeem the remaining Series 2014B and 2015 CWSRF (Refunding) Bonds on October 1, 2025.

On July 22, 2025, the VHDA issued Rental Housing Bond 2025 Series C Non-AMT in the amount of \$36.7 million.

On July 24, 2025, the Hampton Road Sanitation District (HRSD) (nonmajor) issued Subordinate Wastewater Revenue Bonds, Series 2025A, in the amount of \$223.9 million. The interest rate is 2.9 percent with a final maturity date of July 15, 2026. The Series 2025A Bonds serve as interim financing to fund capital improvements during the construction period.

On August 5, 2025, the VRA issued revenue bonds in the amount of \$131.1 million through the VPFP. Interest rates range from 4.0 percent to 5.0 percent with a final maturity date of November 1, 2055.

On August 21, 2025, the VHDA issued Rental Housing Bond 2025 Series D Taxable in the amount of \$57.3 million.

On August 26, 2025, the VPA issued Port Facilities Revenue Bonds, Series 2025 (Non-AMT) in the amount of \$248.7 million. Interest rates range from 5.0 percent to 5.3 percent, with the final installment date due July 1, 2055.

On September 18, 2025, the Hampton Roads Transportation Accountability Commission (HRTAC) approved a Resolution for the issuance of 2025 toll-backed senior lien revenue bonds of up to \$315.0 million, along with related amendments to various bond documents. The bonds are expected to close before the end of the calendar year.

On October 28, 2025, the Virginia Public School Authority (VPSA) (major) issued its \$24.1 million School Financing Bonds (1997 Resolution), Series 2025C to purchase certain general obligation local school bonds to finance capital projects for schools.

On November 13, 2025, the VPSA issued its \$103.9 million Special Obligation School Financing Bonds, Stafford County, Series 2025 to purchase certain general obligation local school bonds to finance capital projects for schools.

On November 18, 2025, the VRA issued revenue bonds in the amount of \$33.2 million through the VPFP, with a final maturity date of November 1, 2050.

On November 19, 2025, the VPSA issued its \$94.5 million Special Obligation School Financing Bonds, Prince William County, Series 2025 to purchase certain general obligation local school bonds to finance capital projects for schools.

On December 11, 2025, the VPSA issued its \$50.9 million Special Obligation School Financing Bonds, Hanover County, Series 2025 to purchase certain general obligation local school bonds to finance capital projects for schools.

Other

Subsequent to the fiscal year ended June 30, 2025, the George Mason University (nonmajor) entered into a contract with a vendor to manage and operate campus dining services in university facilities, effective July 1, 2025. The lease has a term of ten years, expiring on June 30, 2035. Minimum guaranteed receipts under this lease are estimated to be \$54.7 million. A lease receivable and corresponding deferred inflow of resources will be recognized in the University's financial statements for the fiscal year ending June 30, 2026, in accordance with GASB Statement No. 87, *Leases*.

On July 1, 2025, the George Mason University (nonmajor) entered into a Public-Private Partnership (PPP) arrangement whereby the University (the transferor), contracted with a vendor (the operator), to provide arena management services by conveying control of the right to operate the arena. The arrangement is for 5 years with a 5-year renewal option and includes provisions for the University to receive annual minimum guaranteed net income of approximately \$7.0 million as well as variable payments. The University will record an installment payment receivable and deferred inflow of resources related to this PPP arrangement in the University's financial statements for the fiscal year ended June 30, 2026, in accordance with GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.

Effective July 1, 2025, the Richard Bland College (RBC) established its own governing board. With their own independent governance structure, RBC will no longer be included in the College of William and Mary's (nonmajor) consolidated financial statements.

On July 8, 2025, in accordance with GASB Statement No. 87, *Leases*, the Virginia Port Authority (VPA) re-measured the VIG Lease asset and VIG liability on the First Amendment's effective date. The lease asset and liability were adjusted to \$4.0 billion, resulting in a \$550.6 million increase to the Net Investment in Capital Assets component of Net Position, which will be reflected in the Authority's financial statements for the fiscal year ending June 30, 2026.

On July 11, 2025, the Radford University (nonmajor) purchased a student housing apartment complex for \$7.0 million as part of a multi-year facilities management plan to provide student housing support.

During the first quarter of fiscal year 2026, the Virginia Commonwealth University (nonmajor) entered into additional subscription-based information technology arrangements (SBITAs) with a total liability of approximately \$1.6 million.

In July 2025, a foundation of the Virginia State University (nonmajor) refunded its bonds for the University Apartments at Ettrick. Also, the University received a \$50.0 million gift in October 2025.

On October 8, 2025, the Virginia College Building Authority (VCBA) (major) received approval of an internal Treasury Loan for up to \$50.0 million to continue providing funding for educational equipment until the next VCBA 21st Century College and Equipment Programs bond issuance anticipated in spring 2026.

On October 30, 2025, the Old Dominion University (nonmajor) announced a partnership with Google to launch the MonarchSphere, a first-of-its-kind AI incubator for higher education. The MonarchSphere will be powered by Google Cloud and will provide University students, faculty, Google, and industry partners a platform to accelerate discovery, research and digital transformation.

In November 2025, the Virginia Polytechnic Institute and State University (nonmajor) Board of Visitors approved two resolutions impacting university-affiliated entities. First, the Board authorized the dissolution of Virginia Tech Services, Inc. (VTSI), a 501(c)(3) nonstock corporation historically supporting university retail operations. Upon dissolution, VTSI will transfer approximately \$10.2 million in assets, including cash, investments, and receivables, to the University or the Virginia Tech Foundation, with all liabilities resolved prior to the transfer. Second, the Board approved a strategic restructuring of VTT, LLC (d/b/a Global Center for Automotive Performance Simulation), transitioning its operations and assets to the Virginia Tech Transportation Institute (VTTI). This includes an asset exchange of tire testing machinery to relieve up to \$4.4 million in university loan obligations, assumption of a \$775,000 loan from the Virginia Tech Foundation, and execution of a long-term lease with a net present value of approximately \$2.0 million. These actions are intended to streamline operations, resolve legacy liabilities, and enhance research capacity aligned with institutional priorities.

On November 6, 2025, the George Mason University (nonmajor) signed an agreement restructuring the existing partnership arrangement with INTO Mason, LLC and continuing the relationship under different contract terms and conditions with INTO North America, Inc. to support recruiting efforts for international students.



Required Supplementary Information

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General and Major Special Revenue Funds**

Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	General Fund			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ 19,244,700	\$ 21,558,100	\$ 21,892,442	\$ 334,342
Sales and Use	5,264,000	5,383,867	5,400,646	16,779
Corporation Income	2,065,500	1,791,500	1,878,586	87,086
Motor Fuel	—	—	—	—
Motor Vehicle Sales and Use	—	—	—	—
Communications Sales and Use	310,000	275,000	273,348	(1,652)
Deeds, Contracts, Wills, and Suits	464,700	463,600	477,680	14,080
Premiums of Insurance Companies	439,300	485,800	541,452	55,652
Alcoholic Beverage Sales	337,200	314,500	308,440	(6,060)
Tobacco Products	228,670	230,300	210,822	(19,478)
Estate	—	—	990	990
Public Service Corporations	105,900	108,000	114,467	6,467
Other Taxes	195,297	194,329	220,041	25,712
Rights and Privileges	125,142	128,379	138,068	9,689
Sales of Property and Commodities	16,723	20,085	25,222	5,137
Assessments and Receipts for Support of Special Services	6,190	7,345	7,240	(105)
Institutional Revenue	49,737	48,433	39,283	(9,150)
Interest, Dividends, and Rents	730,494	645,085	912,071	266,986
Fines, Forfeitures, Court Fees, Penalties, and Escheats	257,269	264,774	258,615	(6,159)
Federal Grants and Contracts	10,754	10,754	11,382	628
Receipts from Cities, Counties, and Towns	8,400	8,100	9,073	973
Private Donations, Gifts and Contracts	236	228	407	179
Tobacco Master Settlement	55,000	50,800	48,210	(2,590)
Other	204,848	249,247	393,032	143,785
Total Revenues	30,120,060	32,238,226	33,161,517	923,291
Expenditures:				
Current:				
General Government	3,011,438	4,157,955	2,744,034	1,413,921
Education	14,591,896	15,914,125	14,903,673	1,010,452
Transportation	144,714	409,095	155,523	253,572
Resources and Economic Development	1,179,363	1,839,341	1,066,196	773,145
Individual and Family Services	10,419,695	11,207,891	10,722,627	485,264
Administration of Justice	3,816,855	4,014,410	3,876,512	137,898
Capital Outlay	1,216,823	2,082,286	523,170	1,559,116
Debt Service:				
Principal Retirement	27,430	27,430	27,430	—
Interest and Charges	6,014	6,014	6,014	—
Total Expenditures	34,414,228	39,658,547	34,025,179	5,633,368
Revenues Over (Under) Expenditures	(4,294,168)	(7,420,321)	(863,662)	6,556,659
Other Financing Sources (Uses):				
Transfers:				
Transfers In	1,397,658	1,477,730	1,552,420	74,690
Transfers Out	(634,891)	(806,406)	(813,965)	(7,559)
Bonds Issued	—	—	—	—
Premium on Debt Issuance	—	—	—	—
Total Other Financing Sources (Uses)	762,767	671,324	738,455	67,131
Revenues and Other Sources Over (Under)	—	—	—	—
Expenditures and Other Uses	(3,531,401)	(6,748,997)	(125,207)	6,623,790
Fund Balance, July 1, as previously reported	15,561,899	15,561,899	15,561,899	—
Restatements to Fund Balance	—	—	—	—
Fund Balance, July 1, as restated	15,561,899	15,561,899	15,561,899	—
Fund Balance, June 30	\$ 12,030,498	\$ 8,812,902	\$ 15,436,692	\$ 6,623,790

See notes on page 209 in this section.

Special Revenue Funds			
Commonwealth Transportation Fund			
Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
\$ —	\$ —	\$ —	\$ —
2,082,000	2,180,054	2,143,106	(36,948)
—	—	—	—
2,010,900	2,033,900	2,046,844	12,944
1,193,473	1,220,482	1,285,120	64,638
—	—	—	—
85,500	89,000	96,919	7,919
228,661	228,700	228,661	(39)
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
237,555	223,623	231,223	7,600
794,437	821,317	990,551	169,234
259	259	9,647	9,388
19,500	23,400	24,421	1,021
—	—	—	—
20,799	48,346	258,540	210,194
20,150	26,781	28,870	2,089
1,743,227	1,754,428	1,295,286	(459,142)
1,467,268	1,467,332	587,696	(879,636)
25	25	4,667	4,642
—	—	—	—
43,502	46,510	63,838	17,328
9,947,256	10,164,157	9,295,389	(868,768)
61,241	83,766	73,904	9,862
1,797	1,797	1,744	53
9,653,261	10,729,580	8,538,755	2,190,825
35,431	34,245	28,518	5,727
—	—	—	—
10,779	10,779	10,779	—
56,754	170,507	44,748	125,759
15,394	15,394	15,394	—
1,939	1,939	1,939	—
9,836,596	11,048,007	8,715,781	2,332,226
110,660	(883,850)	579,608	1,463,458
92,788	267,788	371,166	103,378
(542,245)	(582,660)	(580,730)	1,930
119,610	119,610	119,610	—
17,835	17,835	17,835	—
(312,012)	(177,427)	(72,119)	105,308
(201,352)	(1,061,277)	507,489	1,568,766
6,708,840	6,708,840	6,708,840	—
33,114	33,114	33,114	—
6,741,954	6,741,954	6,741,954	—
\$ 6,540,602	\$ 5,680,677	\$ 7,249,443	\$ 1,568,766

Continued on next page

**Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual –
General and Major Special Revenue Funds** *(Continued from previous page)*

Fiscal Year Ended June 30, 2025
(Dollars in Thousands)

	Special Revenue Funds			
	Federal Trust			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Individual and Fiduciary Income	\$ —	\$ —	\$ —	\$ —
Sales and Use	—	—	—	—
Corporation Income	—	—	—	—
Motor Fuel	—	—	—	—
Motor Vehicle Sales and Use	—	—	—	—
Communications Sales and Use	—	—	—	—
Deeds, Contracts, Wills, and Suits	—	—	—	—
Premiums of Insurance Companies	—	—	—	—
Alcoholic Beverage Sales	—	—	—	—
Tobacco Products	—	—	—	—
Public Service Corporations	—	—	—	—
Other Taxes	—	—	—	—
Rights and Privileges	—	—	—	—
Sales of Property and Commodities	—	—	—	—
Assessments and Receipts for Support of Special Services	—	—	—	—
Institutional Revenue	—	—	31	31
Interest, Dividends, and Rents	395	918	4,230	3,312
Fines, Forfeitures, Court Fees, Penalties, and Escheats	550	725	1,009	284
Federal Grants and Contracts	19,569,014	24,265,447	22,807,027	(1,458,420)
Receipts from Cities, Counties, and Towns	—	—	—	—
Private Donations, Gifts and Contracts	—	—	—	—
Tobacco Master Settlement	—	—	—	—
Other	953,382	948,786	1,133,278	184,492
Total Revenues	20,523,341	25,215,876	23,945,575	(1,270,301)
Expenditures:				
Current:				
General Government	158,025	1,005,325	402,566	602,759
Education	1,458,956	2,484,120	2,059,411	424,709
Transportation	35,150	36,063	24,314	11,749
Resources and Economic Development	349,679	1,178,819	640,764	538,055
Individual and Family Services	18,242,730	20,091,206	20,515,653	(424,447)
Administration of Justice	116,103	172,940	116,754	56,186
Capital Outlay	148,223	232,928	68,468	164,460
Debt Service:				
Principal Retirement	13,183	13,183	13,183	—
Interest and Charges	1,292	1,292	1,292	—
Total Expenditures	20,523,341	25,215,876	23,842,405	1,373,471
Revenues Over (Under) Expenditures	—	—	103,170	103,170
Other Financing Sources (Uses):				
Transfers:				
Transfers In	—	—	6,197	6,197
Transfers Out	—	—	(109,367)	(109,367)
Bonds Issued	—	—	—	—
Total Other Financing Sources (Uses)	—	—	(103,170)	(103,170)
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	—	—	—	—
Fund Balance, July 1, as previously reported	—	—	—	—
Restatements to Fund Balance	—	—	—	—
Fund Balance, July 1, as restated	—	—	—	—
Fund Balance, June 30	\$ —	\$ —	\$ —	\$ —

See notes on page 209 in this section.

Notes for Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds

1. Basis of Budgeting vs. Modified Accrual Basis Fund Balance (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2025, to the fund balance on a modified accrual basis follows.

Fund Balance Comparison Budgetary Basis to GAAP Basis			
<i>(Dollars in Thousands)</i>	General Fund	Commonwealth Transportation Fund	Federal Trust Fund
Fund Balance, Basis of Budgeting	\$ 15,436,692	\$ 7,249,443	\$ —
Adjustments from Budget to Modified Accrual:			
Net Accrued Revenues:			
Taxes	1,765,699	398,868	—
Tax Refunds	(2,544,514)	—	—
Other Revenue/Other Sources	119,859	48,606	2,158,024
Deferral of Up-front SCA payment	—	(2,200)	—
Medicaid Payable	(704,466)	—	(1,930,271)
Net Accrued Expenditures/Other Uses	(964,004)	(820,560)	(19,132)
Fund Reclassification - Budget to Modified Accrual	—	(679,270)	—
Fund Balance, Modified Accrual Basis	<u>\$ 13,109,266</u>	<u>\$ 6,194,887</u>	<u>\$ 208,621</u>

- As discussed in Note 1.E., the Literary Fund has no approved budget.

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the General Fund and Major Special Revenue Funds, at June 30, 2025, except the Literary Fund which has no approved budget.

<i>(Dollars in Thousands)</i>	General Fund (8)	Commonwealth Transportation Fund	Federal Trust Fund (9)
Appropriations (1)	\$ 34,414,228	\$ 9,836,596	\$ 20,523,341
Supplemental Appropriations:			
Reappropriations (2)	3,470,102	137,374	373,045
Subsequent Executive (3)	864,678	534,581	3,196,872
Subsequent Legislative (4)	4,367,587	316,529	1,523,894
Capital Outlay and Operating Reversions (5)	(1,961)	(11,007)	(1,254)
Transfers (6)	(1,496,583)	250,548	(112,935)
Capital Outlay Adjustment (7)	(1,959,504)	(16,614)	(287,087)
Appropriations, as adjusted	<u>\$ 39,658,547</u>	<u>\$ 11,048,007</u>	<u>\$ 25,215,876</u>

- Represents the budget appropriated through Chapter 2, 2024 Special Session I Virginia Acts of Assembly as amended by Chapter 725, 2025 Virginia Acts of Assembly Reconvened Session.
- Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
- Actions taken by the Governor to carry forward any prior year unexpended balances, sum sufficient authority, and year 2 to year 1 reductions (General Fund) and actions taken to appropriate any additional revenues collected so that they can be legally spent (Special Revenue Funds).
- Actions taken by the Governor and the General Assembly to adjust the budget.
- Represents reversions of unexpended capital outlay and operating balances.
- Represents transfers required by the Appropriation Act. Transfers out are reduced by approximately \$3.3 billion (General Fund) and \$59.3 million (Commonwealth Transportation Fund) for transfers to component units and fiduciary funds that have been reclassified as expenditures in accordance with GASB Statement No. 34.
- Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.
- Budgetary reductions totaling \$1.2 billion are excluded since they were not available for disbursement during the current fiscal year.
- Appropriations do not include food stamp issuances of \$1.8 billion since this is a noncash item; however, this amount is included in actual expenditures.

3. Restatement

The beginning fund balance presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General and Major Special Revenue Funds for the Commonwealth Transportation Fund (major) was restated for an error reported by the Virginia Department of Transportation that understated Rights and Privileges revenue by \$33.1 million. This was not a beginning balance adjustment to the Fund Statements reported in Note 2.

Schedule of Changes in Employers' Net Pension Liability (1) (2)

Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Change in the Net Pension Liability	VRS State				
	2025	2024	2023	2022	2021
Total pension liability:					
Service cost	\$ 444,253	\$ 425,233	\$ 413,902	\$ 404,703	\$ 406,776
Interest	1,889,090	1,803,758	1,779,933	1,704,842	1,666,047
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	763,030	706,071	(247,391)	(281,382)	(12,440)
Assumption changes	—	—	—	412,575	—
Benefit payments	(1,710,387)	(1,610,266)	(1,536,665)	(1,486,951)	(1,427,873)
Refunds of contributions	(28,149)	(31,014)	(31,680)	(29,065)	(27,427)
Net change in total pension liability	1,357,837	1,293,782	378,099	724,722	605,083
Total pension liability - beginning	28,411,528	27,117,746	26,739,647	26,014,925	25,409,842
Total pension liability - ending (a)	\$ 29,769,365	\$ 28,411,528	\$ 27,117,746	\$ 26,739,647	\$ 26,014,925
Plan fiduciary net position:					
Contributions - employer	\$ 752,394	\$ 756,101	\$ 852,894	\$ 609,778	\$ 576,443
Contributions - member	257,469	234,317	217,945	207,065	210,896
Net investment income	2,237,565	1,437,612	(21,579)	5,055,163	361,061
Benefit payments	(1,710,387)	(1,610,266)	(1,536,665)	(1,486,951)	(1,427,873)
Refunds of contributions	(28,149)	(31,014)	(31,680)	(29,065)	(27,427)
Administrative expense	(15,340)	(14,498)	(14,302)	(12,904)	(12,603)
Other	(1,595)	249	296	(737)	(539)
Net change in plan fiduciary net position	1,491,957	772,501	(533,091)	4,342,349	(320,042)
Plan fiduciary net position - beginning	23,351,827	22,579,326	23,112,417	18,770,068	19,090,110
Plan fiduciary net position - ending (b)	24,843,784	23,351,827	22,579,326	23,112,417	18,770,068
Net pension liability - ending (a-b)	\$ 4,925,581	\$ 5,059,701	\$ 4,538,420	\$ 3,627,230	\$ 7,244,857
Plan fiduciary net position as a percentage of the total pension liability (b/a)	83.5 %	82.2 %	83.3 %	86.4 %	72.2 %
Covered payroll (c)	\$ 5,622,270	\$ 5,069,435	\$ 4,661,991	\$ 4,399,969	\$ 4,440,135
Net pension liability as a percentage of covered payroll ((a-b)/c)	87.6 %	99.8 %	97.3 %	82.4 %	163.2 %

(1) The Commonwealth implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective for the fiscal year ended June 30, 2015.

(2) The Commonwealth's fiscal year 2025 net pension liability measurement date is June 30, 2024, as reported in Note 17.

See notes on page 224 in this section.

2020	2019	2018	2017	2016
\$ 379,359	\$ 375,965	\$ 370,235	\$ 369,779	\$ 375,149
1,627,637	1,606,772	1,562,819	1,533,764	1,482,951
—	—	—	—	—
181,189	(327,289)	(85,975)	(245,642)	59,923
663,566	—	76,965	—	—
(1,360,833)	(1,296,803)	(1,234,388)	(1,195,198)	(1,136,102)
(26,897)	(30,236)	(30,837)	(25,240)	(27,724)
1,464,021	328,409	658,819	437,463	754,197
23,945,821	23,617,412	22,958,593	22,521,130	21,766,933
<u>\$ 25,409,842</u>	<u>\$ 23,945,821</u>	<u>\$ 23,617,412</u>	<u>\$ 22,958,593</u>	<u>\$ 22,521,130</u>

\$ 545,584	\$ 548,158	\$ 535,424	\$ 722,617	\$ 480,657
201,481	201,920	201,391	200,184	195,582
1,211,722	1,302,241	1,963,811	277,166	728,083
(1,360,833)	(1,296,803)	(1,234,388)	(1,195,198)	(1,136,102)
(26,897)	(30,236)	(30,837)	(25,240)	(27,724)
(12,374)	(11,481)	(11,612)	(10,140)	(10,302)
(762)	28,502	(1,743)	(122)	(154)
557,921	742,301	1,422,046	(30,733)	230,040
18,532,189	17,789,888	16,367,842	16,398,575	16,168,535
19,090,110	18,532,189	17,789,888	16,367,842	16,398,575
<u>\$ 6,319,732</u>	<u>\$ 5,413,632</u>	<u>\$ 5,827,524</u>	<u>\$ 6,590,751</u>	<u>\$ 6,122,555</u>

75.1 % 77.4 % 75.3 % 71.3 % 72.8 %

\$ 4,197,484 \$ 4,152,368 \$ 4,020,893 \$ 3,977,759 \$ 3,878,632

150.6 % 130.4 % 144.9 % 165.7 % 157.9 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)

Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Change in the Net Pension Liability	VRS Teacher				
	2025	2024	2023	2022	2021
Total pension liability:					
Service cost	\$ 920,742	\$ 901,517	\$ 823,885	\$ 948,915	\$ 938,143
Interest	3,847,616	3,660,139	3,568,410	3,355,158	3,269,776
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	1,266,547	1,099,742	(361,725)	(178,349)	(404,985)
Assumption changes	—	—	—	845,179	—
Benefit payments	(2,941,708)	(2,773,752)	(2,635,945)	(2,553,153)	(2,448,204)
Refunds of contributions	(45,546)	(45,366)	(43,437)	(38,464)	(36,211)
Net change in total pension liability	3,047,651	2,842,280	1,351,188	2,379,286	1,318,519
Total pension liability - beginning	57,574,609	54,732,329	53,381,141	51,001,855	49,683,336
Total pension liability - ending (a)	\$ 60,622,260	\$ 57,574,609	\$ 54,732,329	\$ 53,381,141	\$ 51,001,855
Plan fiduciary net position:					
Contributions - employer	\$ 1,702,445	\$ 1,576,963	\$ 1,485,307	\$ 1,416,135	\$ 1,327,774
Contributions - member	499,610	465,101	439,139	419,415	418,909
Contributions - non-employer	—	147,457	442,371	61,344	—
Net investment income	4,582,867	2,913,862	(66,609)	9,887,249	689,010
Benefit payments	(2,941,709)	(2,773,752)	(2,635,945)	(2,553,153)	(2,448,204)
Refunds of contributions	(45,546)	(45,366)	(43,437)	(38,464)	(36,211)
Administrative expense	(30,412)	(28,677)	(27,876)	(24,543)	(23,649)
Other	666	86	737	832	(1,169)
Net change in plan fiduciary net position	3,767,921	2,255,674	(406,313)	9,168,815	(73,540)
Plan fiduciary net position - beginning	47,467,405	45,211,731	45,618,044	36,449,229	36,522,769
Plan fiduciary net position - ending (b)	51,235,326	47,467,405	45,211,731	45,618,044	36,449,229
Net pension liability - ending (a-b)	\$ 9,386,934	\$ 10,107,204	\$ 9,520,598	\$ 7,763,097	\$ 14,552,626
Plan fiduciary net position as a percentage of the total pension liability (b/a)	84.5 %	82.4 %	82.6 %	85.5 %	71.5 %
Covered payroll (c)	\$ 10,700,769	\$ 9,970,623	\$ 9,319,260	\$ 8,843,887	\$ 8,766,667
Net pension liability as a percentage of covered payroll ((a-b)/c)	87.7 %	101.4 %	102.2 %	87.8 %	166.0 %

See notes on page 224 in this section.

2020	2019	2018	2017	2016
\$ 889,003	\$ 885,510	\$ 830,475	\$ 828,856	\$ 828,901
3,184,697	3,099,338	3,016,207	2,931,065	2,834,138
—	—	—	—	—
(174,815)	(440,308)	(642,745)	(391,881)	(212,089)
1,472,649	—	218,559	—	—
(2,331,038)	(2,241,927)	(2,147,781)	(2,081,069)	(1,980,353)
(36,715)	(40,578)	(39,521)	(35,067)	(36,058)
3,003,781	1,262,035	1,235,194	1,251,904	1,434,539
46,679,555	45,417,520	44,182,326	42,930,422	41,495,883
<u>\$ 49,683,336</u>	<u>\$ 46,679,555</u>	<u>\$ 45,417,520</u>	<u>\$ 44,182,326</u>	<u>\$ 42,930,422</u>

\$ 1,280,964	\$ 1,292,988	\$ 1,137,976	\$ 1,062,338	\$ 1,074,366
403,258	391,490	392,730	380,314	373,525
—	—	—	—	192,884
2,311,028	2,421,157	3,632,291	516,704	1,327,047
(2,331,038)	(2,241,927)	(2,147,781)	(2,081,069)	(1,980,353)
(36,715)	(40,578)	(39,521)	(35,067)	(36,058)
(22,843)	(20,945)	(21,123)	(18,859)	(18,238)
(1,448)	(2,167)	(3,238)	(222)	(284)
1,603,206	1,800,018	2,951,334	(175,861)	932,889
34,919,563	33,119,545	30,168,211	30,344,072	29,411,183
36,522,769	34,919,563	33,119,545	30,168,211	30,344,072
<u>\$ 13,160,567</u>	<u>\$ 11,759,992</u>	<u>\$ 12,297,975</u>	<u>\$ 14,014,115</u>	<u>\$ 12,586,350</u>

73.5 %	74.8 %	72.9 %	68.3 %	70.7 %
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\$ 8,387,503	\$ 8,086,986	\$ 7,891,783	\$ 7,624,612	\$ 7,434,932
156.9 %	145.4 %	155.8 %	183.8 %	169.3 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)

Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Change in the Net Pension Liability	VRS Political Subdivisions				
	2025	2024	2023	2022	2021
Total pension liability:					
Service cost	\$ 805,681	\$ 725,694	\$ 640,327	\$ 613,227	\$ 603,766
Interest	2,006,300	1,900,513	1,840,834	1,674,640	1,593,594
Benefit changes	4,867	2,891	9,042	13,157	19,657
Difference between actual and expected experience	977,207	363,648	(294,247)	(164,895)	221,364
Assumption changes	(1)	691	(15)	1,003,382	—
Benefit payments	(1,531,981)	(1,395,124)	(1,307,581)	(1,237,074)	(1,157,505)
Refunds of contributions	(41,948)	(43,391)	(48,297)	(42,460)	(38,323)
Net change in total pension liability	2,220,125	1,554,922	840,063	1,859,977	1,242,553
Total pension liability - beginning	29,704,278	28,149,356	27,309,293	25,449,316	24,206,763
Total pension liability - ending (a)	\$ 31,924,403	\$ 29,704,278	\$ 28,149,356	\$ 27,309,293	\$ 25,449,316
Plan fiduciary net position:					
Contributions - employer	\$ 814,134	\$ 736,843	\$ 608,879	\$ 579,989	\$ 521,543
Contributions - member	329,309	302,890	276,350	258,562	258,408
Net investment income	2,639,598	1,678,096	(26,243)	5,779,327	405,051
Benefit payments	(1,531,981)	(1,395,124)	(1,307,581)	(1,237,074)	(1,157,505)
Refunds of contributions	(41,948)	(43,391)	(48,297)	(42,460)	(38,323)
Administrative expense	(17,267)	(16,656)	(16,525)	(14,411)	(13,842)
Other	408	349	264	161	(274)
Net change in plan fiduciary net position	2,192,253	1,263,007	(513,153)	5,324,094	(24,942)
Plan fiduciary net position - beginning	27,308,038	26,045,031	26,558,184	21,234,090	21,259,032
Plan fiduciary net position - ending (b)	29,500,291	27,308,038	26,045,031	26,558,184	21,234,090
Net pension liability - ending (a-b)	\$ 2,424,112	\$ 2,396,240	\$ 2,104,325	\$ 751,109	\$ 4,215,226
Plan fiduciary net position as a percentage of the total pension liability (b/a)	92.4 %	91.9 %	92.5 %	97.2 %	83.4 %
Covered payroll (c)	\$ 7,046,820	\$ 6,337,774	\$ 5,699,596	\$ 5,403,267	\$ 5,368,250
Net pension liability as a percentage of covered payroll ((a-b)/c)	34.4 %	37.8 %	36.9 %	13.9 %	78.5 %

See notes on page 224 in this section.

2020	2019	2018	2017	2016
\$ 556,149	\$ 544,762	\$ 541,594	\$ 535,322	\$ 530,945
1,535,532	1,472,680	1,422,753	1,362,892	1,309,484
3,948	10,811	36,652	2,053	1,135
45,032	(43,177)	(205,649)	(87,268)	(185,419)
691,407	—	(64,510)	—	—
(1,082,791)	(1,010,021)	(941,856)	(893,585)	(819,201)
(40,249)	(41,324)	(42,068)	(37,380)	(36,898)
1,709,028	933,731	746,916	882,034	800,046
22,497,735	21,564,004	20,817,088	19,935,054	19,135,008
<u>\$ 24,206,763</u>	<u>\$ 22,497,735</u>	<u>\$ 21,564,004</u>	<u>\$ 20,817,088</u>	<u>\$ 19,935,054</u>

\$ 499,293	\$ 490,286	\$ 477,563	\$ 543,947	\$ 533,877
248,421	241,339	238,636	231,934	227,060
1,345,759	1,415,454	2,113,973	300,995	761,164
(1,082,791)	(1,010,021)	(941,856)	(893,585)	(819,201)
(40,249)	(41,324)	(42,068)	(37,380)	(36,898)
(13,369)	(12,236)	(12,220)	(10,696)	(10,358)
(853)	(30,924)	(1,887)	(130)	(162)
956,211	1,052,574	1,832,141	135,085	655,482
20,302,821	19,250,247	17,418,106	17,283,021	16,627,539
21,259,032	20,302,821	19,250,247	17,418,106	17,283,021
<u>\$ 2,947,731</u>	<u>\$ 2,194,914</u>	<u>\$ 2,313,757</u>	<u>\$ 3,398,982</u>	<u>\$ 2,652,033</u>

87.8 % 90.2 % 89.3 % 83.7 % 86.7 %

\$ 5,118,622 \$ 4,932,344 \$ 4,765,842 \$ 4,628,806 \$ 4,513,335

57.6 % 44.5 % 48.5 % 73.4 % 58.8 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)

Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Change in the Net Pension Liability	SPORS				
	2025	2024	2023	2022	2021
Total pension liability:					
Service cost	\$ 27,276	\$ 25,401	\$ 23,688	\$ 22,042	\$ 22,167
Interest	97,847	90,683	86,396	79,549	77,231
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	54,371	66,727	25,538	(9,431)	4,466
Assumption changes	—	—	—	58,257	—
Benefit payments	(80,552)	(75,578)	(71,466)	(73,227)	(64,991)
Refunds of contributions	(716)	(240)	(378)	(271)	(552)
Net change in total pension liability	98,226	106,993	63,778	76,919	38,321
Total pension liability - beginning	1,462,948	1,355,955	1,292,177	1,215,258	1,176,937
Total pension liability - ending (a)	<u>\$ 1,561,174</u>	<u>\$ 1,462,948</u>	<u>\$ 1,355,955</u>	<u>\$ 1,292,177</u>	<u>\$ 1,215,258</u>
Plan fiduciary net position:					
Contributions - employer	\$ 50,767	\$ 50,589	\$ 47,452	\$ 33,788	\$ 32,497
Contributions - member	8,546	7,952	7,131	6,489	6,600
Net investment income	103,488	66,245	(902)	229,138	16,333
Benefit payments	(80,552)	(75,578)	(71,466)	(73,227)	(64,991)
Refunds of contributions	(717)	(240)	(378)	(271)	(552)
Administrative expense	(646)	(595)	(602)	(531)	(360)
Other	(105)	(1)	—	—	(38)
Net change in plan fiduciary net position	80,781	48,372	(18,765)	195,386	(10,511)
Plan fiduciary net position - beginning	1,079,755	1,031,383	1,050,148	854,762	865,273
Plan fiduciary net position - ending (b)	<u>1,160,536</u>	<u>1,079,755</u>	<u>1,031,383</u>	<u>1,050,148</u>	<u>854,762</u>
Net pension liability - ending (a-b)	<u>\$ 400,638</u>	<u>\$ 383,193</u>	<u>\$ 324,572</u>	<u>\$ 242,029</u>	<u>\$ 360,496</u>
Plan fiduciary net position as a percentage of the total pension liability (b/a)	74.3 %	73.8 %	76.1 %	81.3 %	70.3 %
Covered payroll (c)	\$ 169,503	\$ 156,707	\$ 138,644	\$ 128,252	\$ 130,759
Net pension liability as a percentage of covered payroll ((a-b)/c)	236.4 %	244.5 %	234.1 %	188.7 %	275.7 %

See notes on page 224 in this section.

	2020	2019	2018	2017	2016
\$	20,079	\$ 18,187	\$ 18,880	\$ 18,700	\$ 18,847
	72,715	71,251	74,042	72,618	70,350
	—	—	—	—	—
	45,330	(7,248)	(5,327)	(14,711)	(2,890)
	31,773	—	(68,707)	—	—
	(62,683)	(58,197)	(57,814)	(53,515)	(53,338)
	(805)	(867)	(630)	(584)	(375)
	106,409	23,126	(39,556)	22,508	32,594
	1,070,528	1,047,402	1,086,958	1,064,450	1,031,856
\$	1,176,937	\$ 1,070,528	\$ 1,047,402	\$ 1,086,958	\$ 1,064,450

\$	31,437	\$ 35,806	\$ 31,888	\$ 33,655	\$ 28,427
	6,379	6,311	5,701	5,759	5,680
	54,792	58,148	87,265	12,634	32,466
	(62,683)	(58,197)	(57,814)	(53,515)	(53,338)
	(805)	(867)	(630)	(584)	(375)
	(488)	(509)	(926)	(590)	(471)
	(61)	(63)	(99)	(23)	(27)
	28,571	40,629	65,385	(2,664)	12,362
	836,702	796,073	730,688	733,352	720,990
	865,273	836,702	796,073	730,688	733,352
\$	311,664	\$ 233,826	\$ 251,329	\$ 356,270	\$ 331,098

73.5 % 78.2 % 76.0 % 67.2 % 68.9 %

\$	126,483	\$ 124,003	\$ 111,395	\$ 114,395	\$ 110,059
	246.4 %	188.6 %	225.6 %	311.4 %	300.8 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)

Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Change in the Net Pension Liability	VaLORS				
	2025	2024	2023	2022	2021
Total pension liability:					
Service cost	\$ 48,553	\$ 46,317	\$ 44,326	\$ 47,606	\$ 48,003
Interest	171,987	165,299	159,759	149,677	143,708
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	102,193	35,308	15,632	(25,405)	22,645
Assumption changes	—	—	—	66,216	—
Benefit payments	(152,250)	(138,022)	(129,974)	(124,045)	(117,137)
Refunds of contributions	(4,922)	(4,990)	(6,284)	(5,791)	(4,893)
Net change in total pension liability	165,561	103,912	83,459	108,258	92,326
Total pension liability - beginning	<u>2,577,980</u>	<u>2,474,068</u>	<u>2,390,609</u>	<u>2,282,351</u>	<u>2,190,025</u>
Total pension liability - ending (a)	<u>\$ 2,743,541</u>	<u>\$ 2,577,980</u>	<u>\$ 2,474,068</u>	<u>\$ 2,390,609</u>	<u>\$ 2,282,351</u>
Plan fiduciary net position:					
Contributions - employer	\$ 97,758	\$ 97,062	\$ 93,847	\$ 76,415	\$ 79,914
Contributions - member	20,044	18,769	17,276	17,602	18,712
Net investment income	185,066	118,276	(1,666)	405,217	28,579
Benefit payments	(152,250)	(138,022)	(129,974)	(124,045)	(117,137)
Refunds of contributions	(4,922)	(4,990)	(6,284)	(5,791)	(4,893)
Administrative expense	(1,143)	(1,063)	(1,074)	(943)	(623)
Other	1,118	(12)	(8)	—	(73)
Net change in plan fiduciary net position	145,671	90,020	(27,883)	368,455	4,479
Plan fiduciary net position - beginning	<u>1,931,061</u>	<u>1,841,041</u>	<u>1,868,924</u>	<u>1,500,469</u>	<u>1,495,990</u>
Plan fiduciary net position - ending (b)	<u>2,076,732</u>	<u>1,931,061</u>	<u>1,841,041</u>	<u>1,868,924</u>	<u>1,500,469</u>
Net pension liability - ending (a-b)	<u>\$ 666,809</u>	<u>\$ 646,919</u>	<u>\$ 633,027</u>	<u>\$ 521,685</u>	<u>\$ 781,882</u>
Plan fiduciary net position as a percentage of the total pension liability (b/a)	75.7 %	74.9 %	74.4 %	78.2 %	65.7 %
Covered payroll (c)	\$ 398,027	\$ 369,142	\$ 338,768	\$ 348,650	\$ 369,996
Net pension liability as a percentage of covered payroll ((a-b)/c)	167.5 %	175.2 %	186.9 %	149.6 %	211.3 %

See notes on page 224 in this section.

2020	2019	2018	2017	2016
\$ 44,526	\$ 45,179	\$ 47,189	\$ 45,608	\$ 47,531
139,307	136,289	135,453	129,756	124,579
—	—	—	—	—
11,067	(26,111)	(1,457)	4,997	(4,849)
62,090	—	(63,457)	—	—
(109,193)	(104,776)	(96,224)	(92,270)	(84,990)
(4,933)	(5,604)	(4,938)	(4,524)	(4,797)
142,864	44,977	16,566	83,567	77,474
2,047,161	2,002,184	1,985,618	1,902,051	1,824,577
<u>\$ 2,190,025</u>	<u>\$ 2,047,161</u>	<u>\$ 2,002,184</u>	<u>\$ 1,985,618</u>	<u>\$ 1,902,051</u>

\$ 75,327	\$ 73,793	\$ 73,816	\$ 79,392	\$ 62,084
17,871	17,496	17,598	17,574	17,081
93,872	98,292	146,039	20,899	52,312
(109,193)	(104,776)	(96,224)	(92,270)	(84,990)
(4,933)	(5,604)	(4,938)	(4,524)	(4,797)
(831)	(861)	(1,540)	(940)	(743)
(103)	(247)	(310)	(38)	(44)
72,010	78,093	134,441	20,093	40,903
1,423,980	1,345,887	1,211,446	1,191,353	1,150,450
1,495,990	1,423,980	1,345,887	1,211,446	1,191,353
<u>\$ 694,035</u>	<u>\$ 623,181</u>	<u>\$ 656,297</u>	<u>\$ 774,172</u>	<u>\$ 710,698</u>

68.3 %	69.6 %	67.2 %	61.0 %	62.6 %
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\$ 349,998	\$ 345,531	\$ 344,468	\$ 345,504	\$ 338,562
198.3 %	180.4 %	190.5 %	224.1 %	209.9 %

Continued on next page

Schedule of Changes in Employers' Net Pension Liability (1) (2) (Continued from previous page)

Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Change in the Net Pension Liability	JRS				
	2025	2024	2023	2022	2021
Total pension liability:					
Service cost	\$ 20,305	\$ 19,735	\$ 18,630	\$ 19,335	\$ 20,650
Interest	51,365	50,938	50,036	44,788	44,234
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	26,621	(12,421)	(7,256)	(10,245)	(9,446)
Assumption changes	—	—	—	53,040	—
Benefit payments	(54,211)	(50,572)	(47,679)	(47,750)	(46,546)
Refunds of contributions	(173)	(15)	(41)	(135)	(12)
Net change in total pension liability	43,907	7,665	13,690	59,033	8,880
Total pension liability - beginning	767,857	760,192	746,502	687,469	678,589
Total pension liability - ending (a)	\$ 811,764	\$ 767,857	\$ 760,192	\$ 746,502	\$ 687,469
Plan fiduciary net position:					
Contributions - employer	\$ 26,926	\$ 27,788	\$ 30,266	\$ 22,856	\$ 24,819
Contributions - member	2,590	2,320	2,033	1,868	3,436
Net investment income	64,466	41,850	(477)	147,200	10,491
Benefit payments	(54,211)	(50,572)	(47,678)	(47,750)	(46,546)
Refunds of contributions	(173)	(15)	(41)	(135)	(12)
Administrative expense	(383)	(378)	(386)	(343)	(232)
Other	(9)	—	97	—	(42)
Net change in plan fiduciary net position	39,206	20,993	(16,186)	123,696	(8,086)
Plan fiduciary net position - beginning	677,958	656,965	673,151	549,455	557,541
Plan fiduciary net position - ending (b)	717,164	677,958	656,965	673,151	549,455
Net pension liability - ending (a-b)	\$ 94,600	\$ 89,899	\$ 103,227	\$ 73,351	\$ 138,014
Plan fiduciary net position as a percentage of the total pension liability (b/a)	88.3 %	88.3 %	86.4 %	90.2 %	79.9 %
Covered payroll (c)	\$ 89,093	\$ 84,059	\$ 79,540	\$ 74,594	\$ 74,769
Net pension liability as a percentage of covered payroll ((a-b)/c)	106.2 %	106.9 %	129.8 %	98.3 %	184.6 %

See notes on page 224 in this section.

2020	2019	2018	2017	2016
\$ 18,767	\$ 19,228	\$ 22,144	\$ 21,978	\$ 23,254
44,139	43,799	42,081	42,820	41,759
—	—	—	(15,552)	—
(7,158)	(15,786)	(14,774)	(18,681)	(9,107)
14,077	—	16,114	—	—
(43,587)	(41,165)	(40,895)	(41,341)	(40,205)
—	—	—	—	—
26,238	6,076	24,670	(10,776)	15,701
652,351	646,275	621,605	632,381	616,680
<u>\$ 678,589</u>	<u>\$ 652,351</u>	<u>\$ 646,275</u>	<u>\$ 621,605</u>	<u>\$ 632,381</u>

\$ 22,893	\$ 28,096	\$ 27,612	\$ 41,502	\$ 31,503
3,208	3,231	3,272	3,236	3,015
35,372	37,466	56,029	8,112	20,051
(43,587)	(41,165)	(40,895)	(41,341)	(40,205)
—	—	—	—	—
(315)	(326)	(594)	(363)	(283)
(39)	(42)	(64)	(15)	(17)
17,532	27,260	45,360	11,131	14,064
540,009	512,749	467,389	456,258	442,194
557,541	540,009	512,749	467,389	456,258
<u>\$ 121,048</u>	<u>\$ 112,342</u>	<u>\$ 133,526</u>	<u>\$ 154,216</u>	<u>\$ 176,123</u>

82.2 %	82.8 %	79.3 %	75.2 %	72.1 %
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\$ 68,330	\$ 68,245	\$ 66,826	\$ 66,621	\$ 61,092
177.2 %	164.6 %	199.8 %	231.5 %	288.3 %

Schedule of Employer Contributions – Pension Plans

(Dollars in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
VIRGINIA RETIREMENT SYSTEM (VRS) - STATE					
2025	\$ 760,846	\$ 760,846	\$ —	\$ 6,077,046	12.52%
2024	794,427	812,980	(18,553)	5,622,270	14.46%
2023	716,311	733,040	(16,729)	5,069,435	14.46%
2022	674,124	674,124	—	4,661,991	14.46%
2021	636,236	636,236	—	4,399,969	14.46%
2020	600,306	600,306	—	4,440,135	13.52%
2019	567,450	567,450	—	4,197,484	13.52%
2018	560,154	560,154	—	4,152,368	13.49%
2017	542,418	542,418	—	4,020,893	13.49%
2016	628,486	557,160	71,326	3,977,759	14.01%
VIRGINIA RETIREMENT SYSTEM (VRS) - TEACHER					
2025	\$ 1,621,177	\$ 1,621,177	\$ —	\$ 11,408,706	14.21%
2024	1,579,433	1,778,468	(199,035)	10,700,769	16.62%
2023	1,471,664	1,657,118	(185,454)	9,970,623	16.62%
2022	1,548,861	1,548,861	—	9,319,260	16.62%
2021	1,469,854	1,469,854	—	8,843,887	16.62%
2020	1,374,613	1,374,613	—	8,766,667	15.68%
2019	1,315,160	1,315,160	—	8,387,503	15.68%
2018	1,319,796	1,319,796	—	8,086,986	16.32%
2017	1,287,939	1,156,935	131,004	7,891,783	14.66%
2016	1,344,981	1,072,020	272,961	7,624,612	14.06%
VIRGINIA RETIREMENT SYSTEM (VRS) - POLITICAL SUBDIVISIONS					
2025	\$ 943,917	\$ 943,917	\$ —	\$ 7,731,623	12.21%
2024	868,165	868,165	—	7,046,820	12.32%
2023	780,825	780,825	—	6,337,774	12.32%
2022	643,826	643,826	—	5,699,596	11.30%
2021	610,434	610,473	(39)	5,403,267	11.30%
2020	544,676	547,382	(2,706)	5,368,250	10.20%
2019	515,904	518,513	(2,609)	5,118,622	10.13%
2018	504,955	505,603	(648)	4,932,344	10.25%
2017	487,067	487,702	(635)	4,765,842	10.23%
2016	554,335	549,408	4,927	4,628,806	11.87%

See notes on page 224 in this section.

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
STATE POLICE OFFICERS' RETIREMENT SYSTEM (SPORS)					
2025	\$ 54,106	\$ 54,106	\$ —	\$ 172,751	31.32%
2024	50,817	50,817	—	169,503	29.98%
2023	46,981	46,981	—	156,707	29.98%
2022	36,505	36,505	—	138,644	26.33%
2021	33,769	33,769	—	128,252	26.33%
2020	32,533	32,533	—	130,759	24.88%
2019	31,469	31,469	—	126,483	24.88%
2018	35,391	35,391	—	124,003	28.54%
2017	31,792	31,792	—	111,395	28.54%
2016	35,211	31,561	3,650	114,395	27.59%
VIRGINIA LAW OFFICERS' RETIREMENT SYSTEM (VaLORS)					
2025	\$ 93,198	\$ 100,512	\$ (7,314)	\$ 408,584	24.60%
2024	97,915	97,915	—	398,027	24.60%
2023	90,809	90,809	—	369,142	24.60%
2022	74,190	74,190	—	338,768	21.90%
2021	76,354	76,354	—	348,650	21.90%
2020	79,956	79,956	—	369,996	21.61%
2019	75,635	75,635	—	349,998	21.61%
2018	72,734	72,734	—	345,531	21.05%
2017	72,511	72,511	—	344,468	21.05%
2016	72,763	65,101	7,662	345,504	18.84%
JUDICIAL RETIREMENT SYSTEM (JRS)					
2025	\$ 28,858	\$ 28,868	\$ (10)	\$ 94,123	30.67%
2024	27,325	27,325	—	89,093	30.67%
2023	25,781	25,781	—	84,059	30.67%
2022	23,735	23,735	—	79,540	29.84%
2021	22,259	22,259	—	74,594	29.84%
2020	25,713	25,713	—	74,769	34.39%
2019	23,498	23,498	—	68,330	34.39%
2018	28,642	28,642	—	68,245	41.97%
2017	28,047	28,047	—	66,826	41.97%
2016	37,008	33,291	3,717	66,621	49.97%

Notes for Pension Schedules

	VRS			SPORS	VaLORS	JRS
	State	Teacher	Political Subdivisions			
Valuation Date	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Actuarial Assumptions:						
Investment Rate of Return*	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%
Projected Salary Increases:*						
State Employees/Teachers	3.50% to 5.35%	3.50% to 5.95%	N/A	3.50% to 4.75%	3.50% to 4.75%	4.00%
Political Subdivision -						
Non-Hazardous Duty Employees	N/A	N/A	3.50% to 5.35%	N/A	N/A	N/A
Political Subdivision -						
Hazardous Duty Employees	N/A	N/A	3.50% to 4.75%	N/A	N/A	N/A
Post-Retirement Benefits Increases**						
Plan 1	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Plan 2	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Hybrid	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%

* Includes inflation at 2.50%.

** Compounded annually.

Actuarial assumptions and methods were based on an analysis of plan experience for the four-year period July 1, 2016, through June 30, 2020, and were used for the June 30, 2023, valuation. The mortality rates used are based on the PUB2010 table projected with a modified mortality improvement scale MP-2020.

As discussed in Note 17, visit the Virginia Retirement System's website at www.varetire.org to obtain a copy of the separately issued financial statements.



Schedule of Changes in Employers' Net Other Postemployment Benefit Liability (Asset) (1) (2)

Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Change in the Net OPEB Liability	RHIC				
	2025	2024	2023	2022	2021
Total OPEB liability:					
Service cost	\$ 20,233	\$ 17,076	\$ 18,311	\$ 20,432	\$ 20,143
Interest	73,134	68,998	69,707	68,014	67,289
Benefit changes	—	68,280	—	—	—
Difference between actual and expected experience	(23,546)	(18,609)	(34,169)	(20,219)	(5,703)
Assumption changes	—	—	13,522	12,326	—
Benefit payments	(77,968)	(77,273)	(76,023)	(71,536)	(70,440)
Refunds of contributions	—	—	—	—	—
Net change in total OPEB liability	(8,147)	58,472	(8,652)	9,017	11,289
Total OPEB liability - beginning	1,102,220	1,043,748	1,052,400	1,043,383	1,032,094
Total OPEB liability - ending (a)	\$ 1,094,073	\$ 1,102,220	\$ 1,043,748	\$ 1,052,400	\$ 1,043,383
Plan fiduciary net position:					
Contributions - employer	\$ 155,036	\$ 119,535	\$ 93,847	\$ 119,847	\$ 84,849
Contributions - member	—	—	—	—	—
Net investment income	27,632	14,169	(358)	34,790	2,185
Benefit payments	(77,968)	(77,273)	(76,023)	(71,536)	(70,440)
Third-party administrator charges	—	—	—	—	—
Administrative expense	(444)	(374)	(357)	(589)	(230)
Other	(35)	(33)	(394)	(30)	(9)
Net change in plan fiduciary net position	104,221	56,024	16,715	82,482	16,355
Plan fiduciary net position - beginning	280,599	224,575	207,860	125,378	109,023
Plan fiduciary net position - ending (b)	384,820	280,599	224,575	207,860	125,378
Net OPEB liability (asset) - ending (a-b)	\$ 709,253	\$ 821,621	\$ 819,173	\$ 844,540	\$ 918,005
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	35.2 %	25.5 %	21.5 %	19.8 %	12.0 %
Covered payroll (c)	\$ 9,115,841	\$ 8,241,227	\$ 7,612,495	\$ 7,239,781	\$ 7,237,090
Net OPEB liability (asset) as a percentage of covered payroll ((a-b)/c)	7.8 %	10.0 %	10.8 %	11.7 %	12.7 %

(1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, as amended by GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.

(2) The Commonwealth's fiscal year 2025 net OPEB liability measurement date is June 30, 2024, as reported in Note 19.

See notes on page 238 in this section.

2020	2019	2018
\$ 19,446	\$ 19,645	\$ 19,231
68,023	66,883	66,641
—	—	—
(13,402)	745	—
22,700	—	(12,229)
(72,857)	(69,117)	(71,256)
—	—	—
23,910	18,156	2,387
1,008,184	990,028	987,641
<u>\$ 1,032,094</u>	<u>\$ 1,008,184</u>	<u>\$ 990,028</u>

\$ 79,926	\$ 79,416	\$ 75,058
—	—	—
6,189	5,706	7,706
(72,857)	(69,117)	(71,256)
—	—	—
(135)	(149)	(131)
(8)	536	(546)
13,115	16,392	10,831
95,908	79,516	68,685
109,023	95,908	79,516
<u>\$ 923,071</u>	<u>\$ 912,276</u>	<u>\$ 910,512</u>

10.6 %	9.5 %	8.0 %
\$ 6,844,807	\$ 6,762,917	\$ 6,489,069
13.5 %	13.5 %	14.0 %

Continued on next page

Schedule of Changes in Employers' Net Other Postemployment Benefit Liability (Asset) (1) (2)

(continued from previous page)

Change in the Net OPEB Liability	VSDP				
	2025	2024	2023	2022	2021
Total OPEB liability:					
Service cost	\$ 37,701	\$ 33,331	\$ 30,802	\$ 32,679	\$ 32,988
Interest	23,034	21,978	19,115	17,222	18,774
Benefit changes	—	—	—	—	—
Difference between actual and expected experience	(9,933)	(13,168)	20,274	(22,057)	(46,473)
Assumption changes	—	—	—	(1,387)	—
Benefit payments	(30,696)	(31,004)	(29,625)	(28,790)	(27,804)
Refunds of contributions	—	—	—	—	—
Net change in total OPEB liability	20,106	11,137	40,566	(2,333)	(22,515)
Total OPEB liability - beginning	318,901	307,764	267,198	269,531	292,046
Total OPEB liability - ending (a)	\$ 339,007	\$ 318,901	\$ 307,764	\$ 267,198	\$ 269,531
Plan fiduciary net position:					
Contributions - employer	\$ 34,657	\$ 31,138	\$ 28,249	\$ 26,542	\$ 26,994
Contributions - member	—	—	—	—	—
Net investment income	61,089	38,938	(507)	131,373	9,445
Benefit payments	(30,696)	(31,004)	(29,625)	(28,790)	(27,804)
Third-party administrator charges	(7,708)	(7,350)	(7,247)	(7,137)	(6,611)
Administrative expense	(470)	(797)	(483)	(600)	(631)
Other	1,219	938	610	311	586
Net change in plan fiduciary net position	58,091	31,863	(9,003)	121,699	1,979
Plan fiduciary net position - beginning	634,779	602,916	611,919	490,220	488,241
Plan fiduciary net position - ending (b)	692,870	634,779	602,916	611,919	490,220
Net OPEB liability (asset) - ending (a-b)	\$ (353,863)	\$ (315,878)	\$ (295,152)	\$ (344,721)	\$ (220,689)
Plan fiduciary net position as a percentage of the total OPEB liability (b/a)	204.4 %	199.1 %	195.9 %	229.0 %	181.9 %
Covered payroll (c)	\$ 5,693,402	\$ 5,103,828	\$ 4,637,755	\$ 4,355,154	\$ 4,365,296
Net OPEB liability (asset) as a percentage of covered payroll ((a-b)/c)	(6.2%)	(6.2%)	(6.4%)	(7.9%)	(5.1%)

See notes on page 238 in this section.

	2020	2019	2018
\$	29,232	\$ 27,527	\$ 27,884
	15,788	15,503	15,810
	—	—	—
	29,489	(11,237)	—
	4,180	—	(17,511)
	(24,376)	(31,073)	(30,056)
	—	—	—
	54,313	720	(3,873)
	237,733	237,013	240,886
\$	292,046	\$ 237,733	\$ 237,013

\$	25,263	\$ 27,260	\$ 24,130
	—	—	—
	30,494	32,073	48,206
	(24,376)	(31,073)	(30,056)
	(6,431)	(6,637)	(7,001)
	(787)	(961)	(717)
	1,117	(35)	(54)
	25,280	20,627	34,508
	462,961	442,334	407,826
	488,241	462,961	442,334
\$	(196,195)	\$ (225,228)	\$ (205,321)

	167.2 %	194.7 %	186.6 %
\$	4,077,627	\$ 3,972,637	\$ 3,799,590
	(4.8%)	(5.7%)	(5.4%)

Schedule of the Commonwealth's Proportionate Share of the Net Other Postemployment Benefit Liability (1) (2)

Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	GLI				
	2025	2024	2023	2022	2021
Commonwealth's proportion of the net OPEB liability	30.4 %	30.1 %	30.1 %	30.0 %	30.4 %
Commonwealth's proportionate share of the net OPEB liability	\$338,875	\$360,915	\$362,146	\$349,518	\$507,458
Commonwealth's covered payroll	\$7,839,929	\$7,126,166	\$6,577,667	\$6,231,703	\$6,290,591
Commonwealth's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's proportionate share of the net OPEB liability as a percentage of its covered payroll / covered employee payroll	4.3 %	5.1 %	5.5 %	5.6 %	8.1 %
Plan fiduciary net position as a percentage of the total OPEB liability	73.4 %	69.3 %	67.2 %	67.5 %	52.6 %

- (1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, and GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.
- (2) The Commonwealth's fiscal year 2025 net OPEB liability measurement date is June 30, 2024 as reported in Note 19.
- (3) Since the Commonwealth is considered the governmental nonemployer contributing entity for the state-funded Retiree Health Insurance Credit for constitutional officers, social services employees and registrars (RHIC: Non-State), the covered payroll information is not applicable.

See notes on page 238 in this section.

2020	2019	2018
30.1 %	30.5 %	30.3 %
\$490,250	\$463,787	\$456,387
\$5,936,396	\$5,836,331	\$5,621,670
N/A	N/A	N/A
8.3 %	7.9 %	8.1 %
52.0 %	51.2 %	48.9 %

Continued on next page

Schedule of the Commonwealth's Proportionate Share of the Net Other Postemployment Benefit Liability (1) (2)*(continued from previous page)*

	LODA				
	2025	2024	2023	2022	2021
Commonwealth's proportion of the net OPEB liability	58.7 %	61.4 %	59.5 %	59.4 %	60.1 %
Commonwealth's proportionate share of the net OPEB liability	\$230,905	\$246,027	\$225,245	\$262,156	\$251,588
Commonwealth's covered payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's covered employee payroll	\$599,566	\$561,883	\$501,458	\$468,772	\$484,167
Commonwealth's proportionate share of the net OPEB liability as a percentage of its covered payroll / covered employee payroll	38.5 %	43.8 %	44.9 %	55.9 %	52.0 %
Plan fiduciary net position as a percentage of the total OPEB liability	1.2 %	1.3 %	1.9 %	1.7 %	1.0 %

See notes on page 238 in this section.

2020	2019	2018
59.9 %	59.9 %	60.9 %
\$214,981	\$187,869	\$160,064
N/A	N/A	N/A
\$460,426	\$440,535	\$431,978
46.7 %	42.6 %	37.1 %
0.8 %	0.6 %	1.3 %

Continued on next page

Schedule of the Commonwealth's Proportionate Share of the Net Other Postemployment Benefit Liability (1) (2)

(continued from previous page)

	RHIC: Non-State (3)				
	Constitutional Officers				
	2025	2024	2023	2022	2021
Commonwealth's proportion of the net OPEB liability	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Commonwealth's proportionate share of the net OPEB liability	\$26,849	\$30,234	\$26,285	\$26,910	\$27,293
Commonwealth's covered payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's proportionate share of the net OPEB liability as a percentage of its covered payroll / covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	34.5 %	24.4 %	22.4 %	19.9 %	15.8 %
	Social Service Employees				
	2025	2024	2023	2022	2021
Commonwealth's proportion of the net OPEB liability	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Commonwealth's proportionate share of the net OPEB liability	\$8,746	\$9,827	\$12,341	\$12,631	\$12,880
Commonwealth's covered payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's proportionate share of the net OPEB liability as a percentage of its covered payroll / covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	42.7 %	34.4 %	17.2 %	15.7 %	13.1 %
	Registrars				
	2025	2024	2023	2022	2021
Commonwealth's proportion of the net OPEB liability	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Commonwealth's proportionate share of the net OPEB liability	\$249	\$302	\$353	\$435	\$469
Commonwealth's covered payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's covered employee payroll	N/A	N/A	N/A	N/A	N/A
Commonwealth's proportionate share of the net OPEB liability as a percentage of its covered payroll / covered employee payroll	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	56.8 %	45.9 %	36.5 %	27.9 %	21.2 %

See notes on page 238 in this section.

RHIC: Non-State (3)

Constitutional Officers

2020	2019	2018
100.0 %	100.0 %	100.0 %
\$26,877	\$26,351	\$25,766
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
14.3 %	11.1 %	8.6 %

Social Service Employees

2020	2019	2018
100.0 %	100.0 %	100.0 %
\$12,457	\$12,903	\$12,725
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
15.4 %	9.3 %	7.9 %

Registrars

2020	2019	2018
100.0 %	100.0 %	100.0 %
\$503	\$499	\$486
N/A	N/A	N/A
N/A	N/A	N/A
N/A	N/A	N/A
14.8 %	10.4 %	6.5 %

Schedule of Employer Contributions – Other Postemployment Benefit Plans

(Dollars in Thousands)

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll / Covered Employee Payroll
RETIREE HEALTH INSURANCE CREDIT						
2025	\$ 88,978	\$ 110,728	\$ (21,750)	\$ 9,886,404	N/A	1.1 %
2024	94,805	102,097	(7,292)	9,115,841	N/A	1.1 %
2023	85,709	92,302	(6,593)	8,241,227	N/A	1.1 %
2022	85,260	85,260	—	7,612,495	N/A	1.1 %
2021	81,086	81,086	—	7,239,781	N/A	1.1 %
2020	84,674	84,674	—	7,237,090	N/A	1.2 %
2019	80,084	80,084	—	6,844,807	N/A	1.2 %
2018	79,802	79,802	—	6,762,917	N/A	1.2 %
2017	76,571	76,571	—	6,489,069	N/A	1.2 %
2016	73,961	66,375	7,586	6,321,454	N/A	1.1 %
VIRGINIA SICKNESS AND DISABILITY PROGRAM (Also referred to Disability Insurance Trust Fund)						
2025	\$ 30,871	\$ 30,871	\$ —	\$ 6,174,180	N/A	0.5 %
2024	31,883	34,730	(2,847)	5,693,402	N/A	0.6 %
2023	28,581	31,133	(2,552)	5,103,828	N/A	0.6 %
2022	28,290	28,290	—	4,637,755	N/A	0.6 %
2021	26,566	26,566	—	4,355,154	N/A	0.6 %
2020	27,065	27,065	—	4,365,296	N/A	0.6 %
2019	25,281	25,281	—	4,077,627	N/A	0.6 %
2018	26,219	26,219	—	3,972,637	N/A	0.7 %
2017	25,077	25,077	—	3,799,590	N/A	0.7 %
2016	27,187	24,580	2,607	3,724,248	N/A	0.7 %
GROUP LIFE INSURANCE (1)						
2025	\$ 39,695	\$ 39,695	\$ —	\$ 8,445,788	N/A	0.5 %
2024	37,632	42,336	(4,704)	7,839,929	N/A	0.5 %
2023	34,206	38,481	(4,275)	7,126,166	N/A	0.5 %
2022	35,519	35,519	—	6,577,667	N/A	0.5 %
2021	33,651	33,651	—	6,231,703	N/A	0.5 %
2020	32,711	32,711	—	6,290,591	N/A	0.5 %
2019	30,869	30,869	—	5,936,396	N/A	0.5 %
2018	30,349	30,349	—	5,836,331	N/A	0.5 %
2017	29,089	29,089	—	5,621,670	N/A	0.5 %
2016	29,358	26,588	2,770	5,539,210	N/A	0.5 %

- (1) The Group Life Insurance and the Line of Duty Trust Fund (Line of Duty Act) are cost-sharing plans and amounts in this schedule are only for the Commonwealth and does not include other employers.
- (2) Covered employee payroll is provided since the contributions are not based on a measure of pay. Ten years of data is not available for this plan.
- (3) Although the Retiree Health Insurance Credit program for constitutional officers, social services employees, and registrars existed prior to fiscal year 2016, the program was funded in a different manner and the results do not provide comparability with the current presentations. Since the Commonwealth is considered the governmental nonemployer contributing entity, the column regarding covered payroll is not applicable.

See notes on page 238 in this section.

Year Ended June 30	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contributions Deficiency (Excess)	Covered Payroll	Covered Employee Payroll	Contributions as a Percentage of Covered Payroll / Covered Employee Payroll
LINE OF DUTY TRUST FUND (1) (2)						
2025	\$ 20,986	\$ 10,159	\$ 10,827	N/A	\$ 623,163	1.6 %
2024	20,428	8,844	11,584	N/A	599,566	1.5 %
2023	20,374	8,144	12,230	N/A	561,883	1.4 %
2022	14,734	8,197	6,537	N/A	501,458	1.6 %
2021	14,820	8,184	6,636	N/A	468,772	1.7 %
2020	14,706	8,164	6,542	N/A	484,167	1.7 %
2019	14,486	8,042	6,444	N/A	460,426	1.7 %
2018	13,870	6,364	7,506	N/A	440,535	1.4 %
2017	14,275	6,550	7,725	N/A	431,978	1.5 %
RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3)						
For Constitutional Officers						
2025	\$ 3,249	\$ 3,655	\$ (406)	N/A	N/A	N/A
2024	3,347	3,347	—	N/A	N/A	N/A
2023	3,052	3,052	—	N/A	N/A	N/A
2022	2,786	2,786	—	N/A	N/A	N/A
2021	2,642	2,642	—	N/A	N/A	N/A
2020	2,734	2,734	—	N/A	N/A	N/A
2019	2,593	2,593	—	N/A	N/A	N/A
2018	2,362	2,362	—	N/A	N/A	N/A
2017	2,280	2,280	—	N/A	N/A	N/A
2016	1,950	1,830	120	N/A	N/A	N/A
RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3)						
(For Social Services Employees)						
2025	\$ 1,031	\$ 1,468	\$ (437)	N/A	N/A	N/A
2024	1,384	1,384	—	N/A	N/A	N/A
2023	1,268	1,268	—	N/A	N/A	N/A
2022	1,196	1,196	—	N/A	N/A	N/A
2021	1,143	1,143	—	N/A	N/A	N/A
2020	1,283	1,283	—	N/A	N/A	N/A
2019	1,202	1,202	—	N/A	N/A	N/A
2018	1,106	1,106	—	N/A	N/A	N/A
2017	1,055	1,055	—	N/A	N/A	N/A
2016	961	824	137	N/A	N/A	N/A
RETIREE HEALTH INSURANCE CREDIT: NON-STATE (3)						
(For Registrars)						
2025	\$ 40	\$ 76	\$ (36)	N/A	N/A	N/A
2024	70	70	—	N/A	N/A	N/A
2023	61	61	—	N/A	N/A	N/A
2022	66	66	—	N/A	N/A	N/A
2021	52	52	—	N/A	N/A	N/A
2020	50	50	—	N/A	N/A	N/A
2019	46	46	—	N/A	N/A	N/A
2018	47	47	—	N/A	N/A	N/A
2017	45	45	—	N/A	N/A	N/A
2016	36	30	6	N/A	N/A	N/A

Notes for Other Postemployment Benefit Schedules

	Group Life Insurance Fund	Retiree Health Insurance Credit Fund	Disability Insurance Trust Fund	Line of Duty Act Trust Fund
Valuation Date	June 30, 2023	June 30, 2023	June 30, 2023	June 30, 2023
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Closed	Level Percent of Pay, Open
Payroll Growth Rate:				
State Employees	3.0%	3.0%	3.0%	3.0%
Teachers	3.0%	3.0%	N/A	N/A
Political Subdivision Employees	3.0%	3.0%	N/A	3.0%
State Police / Virginia Law Officers	3.0%	3.0%	3.0%	3.0%
Judges	3.0%	3.0%	N/A	N/A
Asset Valuation Method				
State Employees and Teachers	5-Year, Moving Average	5-Year, Moving Average	5-Year, Moving Average	Market Value
Political Subdivision Employees and State-Funded Local Employees	5-Year, Moving Average	Market Value	N/A	Market Value
Actuarial Assumptions:				
Investment Rate of Return (1)	6.8%	6.8%	6.8%	6.8%
Projected Salary Increases (2)				
State Employees	3.5% to 5.4%	3.5% to 5.4%	3.5% to 5.4%	N/A
Teachers	3.5% to 6.0%	3.5% to 6.0%	N/A	N/A
Political Subdivision Employees (Non-Hazardous Duty Employees)	3.5% to 5.4%	3.5% to 5.4%	N/A	N/A
Political Subdivision Employees (Hazardous Duty Employees)	3.5% to 4.8%	3.5% to 4.8%	N/A	N/A
State Police / Virginia Law Officers	3.5% to 4.8%	3.5% to 4.8%	3.5% to 4.8%	N/A
Judges	4.0%	4.0%	N/A	N/A
Medical Trend Assumptions (Under Age 65)	N/A	N/A	N/A	7.3% to 4.3%
Medical Trend Assumptions (Ages 65 and Older)	N/A	N/A	N/A	6.5% to 4.3%
Year of Ultimate Trend Rate (Under Age 65)	N/A	N/A	N/A	2034
Year of Ultimate Trend Rate (Ages 65 and Older)	N/A	N/A	N/A	2034

(1) Includes inflation rate of 2.5 percent.

(2) Projected salary increases for the Retiree Health Insurance Credit Fund are used in the application of the actuarial cost method. Projected salary increase factors are not applicable to the Line of Duty Act Program since neither the benefit nor the cost is salary-based.

Actuarial assumptions and methods were based on an analysis of plan experience for the four-year period July 1, 2016, through June 30, 2020, and were used for the June 30, 2023, valuation. The mortality rates used are based on the PUB2010 table projected with a modified mortality improvement scale MP-2020.

As discussed in Note 19, visit the Virginia Retirement System's website at www.varetire.org to obtain a copy of the separately issued financial statements.



Schedule of Changes in Employers' Total Other Postemployment Benefit Liability (1) (2)

Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Change in the Total OPEB Liability	PMRH				
	2025	2024	2023	2022	2021
Total OPEB liability:					
Service cost	\$ 22,483	\$ 22,963	\$ 31,325	\$ 44,141	\$ 47,963
Interest cost	13,161	12,981	10,020	13,139	25,009
Changes of benefit terms	—	—	—	—	—
Difference between expected and actual experience	(11,611)	10,908	(24,105)	(20,887)	(24,121)
Changes of assumptions	8,447	(18,611)	(69,896)	(119,285)	(130,004)
Benefit payments	(27,900)	(39,737)	(32,820)	(37,040)	(28,903)
Net change in total OPEB liability	4,580	(11,496)	(85,476)	(119,932)	(110,056)
Total OPEB liability - beginning	351,920	363,416	448,892	568,824	678,880
Total OPEB liability - ending (a)	\$ 356,500	\$ 351,920	\$ 363,416	\$ 448,892	\$ 568,824
Covered employee payroll (b)	\$ 7,466,477	\$ 6,981,590	\$ 6,429,512	\$ 5,904,674	\$ 5,842,440
Total OPEB liability as a percentage of covered employee payroll (a/b)	4.8 %	5.0 %	5.7 %	7.6 %	9.7 %

- (1) The Commonwealth implemented GASB Statement No. 75, *Accounting and Financial Reporting for Other Postemployment Benefits*, as amended by GASB Statement No. 85, *Omnibus 2017*, effective for fiscal year 2018, therefore, ten years of data is unavailable.
- (2) The Commonwealth's fiscal year 2025 total OPEB liability measurement date is June 30, 2024, as reported in Note 19. There are no assets accumulated in a trust to pay related benefits.

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

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

- Spousal Coverage - rate remained at 20.0 percent
- Retiree Participation - rate remained at 35.0 percent

Retiree participation was based on a blend of recent experience and the prior year assumptions. The trend rates were updated based on economic conditions as of June 30, 2024. Additionally, the discount rate was increased from 3.7 percent to 3.9 percent based on the Bond Buyers GO 20 Municipal Bond Index as of the measurement date of June 30, 2024.

2020	2019	2018
\$ 72,737	\$ 94,665	\$ 116,627
40,941	49,279	47,346
—	—	—
(216,886)	(191,000)	(61,865)
(182,206)	(211,762)	(326,082)
(41,346)	(34,446)	(43,244)
(326,760)	(293,264)	(267,218)
1,005,640	1,298,904	1,566,122
<u>\$ 678,880</u>	<u>\$ 1,005,640</u>	<u>\$ 1,298,904</u>
\$ 5,616,229	\$ 5,485,993	\$ 5,229,024
12.1 %	18.3 %	24.8 %

Claims Development Information – Risk Management

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2016	2017	2018	2019
1. Required contribution and investment revenue:				
Earned	\$ 8,733	\$ 13,213	\$ 13,232	\$ 13,236
Ceded (a)	—	—	—	—
Net earned	8,733	13,213	13,232	13,236
2. Unallocated expenses	1,357	1,460	1,603	1,530
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	6,893	4,235	10,155	9,160
Ceded (a)	—	—	—	—
Net incurred	6,893	4,235	10,155	9,160
4. Net paid (cumulative) as of:				
End of policy year	1,206	836	1,979	1,075
One year later	4,680	3,195	5,573	4,180
Two years later	6,557	4,203	8,027	6,140
Three years later	8,841	4,434	8,854	10,019
Four years later	9,230	4,590	9,488	10,680
Five years later	9,274	4,734	9,736	10,836
Six years later	9,937	4,800	9,874	11,157
Seven years later	9,991	4,819	9,995	
Eight years later	9,962	4,819		
Nine years later	9,962			
5. Reestimated ceded claims and expenses (a)	—	—	—	—
6. Reestimated incurred claims and expenses:				
End of policy year	6,893	4,235	10,155	9,160
One year later	10,307	4,820	11,598	10,725
Two years later	9,908	5,031	12,880	10,684
Three years later	9,764	5,100	13,220	12,377
Four years later	9,979	4,963	11,118	12,123
Five years later	9,976	5,098	10,459	11,770
Six years later	10,280	5,018	10,540	11,595
Seven years later	10,123	4,952	10,238	
Eight years later	9,962	4,875		
Nine years later	9,962			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	3,069	640	83	2,435

The Commonwealth, through the Department of the Treasury, Division of Risk Management, provides errors and omissions liability insurance and law enforcement professional liability insurance for local governmental units, which went into effect in fiscal year 1987. Some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.

See Notes on page 248 in this section.

2020	2021	2022	2023	2024	2025
\$ 14,327	\$ 14,968	\$ 14,747	\$ 15,559	\$ 15,017	\$ 16,943
—	—	—	—	—	—
14,327	14,968	14,747	15,559	15,017	16,943
1,670	1,627	1,601	1,654	1,560	1,874
7,462	7,608	11,111	7,792	10,541	12,108
—	—	—	—	—	—
7,462	7,608	11,111	7,792	10,541	12,108
1,267	1,251	1,949	1,628	1,090	1,211
5,255	4,158	6,374	6,227	4,723	
6,703	5,479	8,089	7,798		
7,307	5,972	8,752			
8,377	6,692				
8,594					
—	—	—	—	—	—
7,462	7,608	11,111	7,792	10,541	12,108
9,348	8,687	12,658	10,434	11,205	
10,721	7,445	10,486	11,583		
10,488	7,303	9,174			
11,268	7,537				
10,224					
2,762	(71)	(1,937)	3,791	664	—

Claims Development Information – Health Care

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2016	2017	2018	2019
1. Required contribution and investment revenue:				
Earned	\$ 392,778	\$ 430,247	\$ 464,631	\$ 481,856
Ceded (a)	—	—	—	—
Net earned	392,778	430,247	464,631	481,856
2. Unallocated expenses	25,422	26,650	27,590	26,334
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	386,227	419,841	433,437	446,606
Ceded (a)	—	—	—	—
Net incurred	386,227	419,841	433,437	446,606
4. Net paid (cumulative) as of:				
End of policy year	379,376	417,869	421,802	443,931
One year later	N/A	N/A	N/A	N/A
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	
Seven years later	N/A	N/A		
Eight years later	N/A			
Nine years later				
5. Reestimated ceded claims and expenses (a)				
6. Reestimated incurred claims and expenses:				
End of policy year	386,227	419,841	433,437	446,606
One year later	386,227	419,841	433,437	446,606
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	—	—	—	—

The Commonwealth, through its Department of Human Resource Management, provides health care insurance for local governmental units, which went into effect in fiscal year 1987. Some prior year numbers have been revised to reflect the incorporation of newly available and revised source data.

See Notes on page 248 in this section.

	2020	2021	2022	2023	2024	2025
\$	494,233	\$ 484,726	\$ 464,496	\$ 523,929	\$ 564,894	\$ 592,954
	—	—	—	—	—	—
	494,233	484,726	464,496	523,929	564,894	592,954
	27,540	27,096	24,833	27,922	28,633	29,399
	395,950	445,600	457,136	496,694	521,769	605,393
	—	—	—	—	—	—
	395,950	445,600	457,136	496,694	521,769	605,393
	398,497	451,451	447,914	493,877	575,889	583,044
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	395,950	445,600	457,136	496,694	521,769	605,393
	395,950	445,600	457,136	496,694	N/A	
	N/A	N/A	N/A	N/A		
	N/A	N/A	N/A			
	N/A	N/A				
	N/A					
	—	—	—	—	—	—

Claims Development Information – Line of Duty

(Dollars in Thousands)

Comparison of Earned Revenues and Investment Income to Related Costs of Loss and Other Expenses

Fiscal and Policy Year Ended	2016	2017	2018	2019
1. Required contribution and investment revenue:				
Earned	N/A	N/A	\$ 19,910	\$ 17,790
Ceded (a)	N/A	N/A	—	—
Net earned	N/A	N/A	19,910	17,790
2. Unallocated expenses	N/A	N/A	832	594
3. Estimated incurred claims and expenses, end of policy year:				
Incurred	N/A	N/A	17,210	16,786
Ceded (a)	N/A	N/A	—	—
Net incurred	N/A	N/A	17,210	16,786
4. Net paid (cumulative) as of:				
End of policy year	N/A	N/A	\$ 14,779	17,302
One year later	N/A	N/A	N/A	N/A
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
5. Reestimated ceded claims and expenses (a)	—	—	—	—
6. Reestimated incurred claims and expenses:				
End of policy year	N/A	N/A	17,210	16,786
One year later	N/A	N/A	17,210	16,786
Two years later	N/A	N/A	N/A	N/A
Three years later	N/A	N/A	N/A	N/A
Four years later	N/A	N/A	N/A	N/A
Five years later	N/A	N/A	N/A	N/A
Six years later	N/A	N/A	N/A	N/A
Seven years later	N/A	N/A	N/A	
Eight years later	N/A	N/A		
Nine years later	N/A			
7. Increase (decrease) in estimated net incurred claims and expense from end of policy year	—	—	—	—

The Commonwealth, through its Department of Human Resource Management, provides disability, death, and health benefits to eligible employees and their eligible family members. The Commonwealth began administering the insurance program for localities that do not participate in the State plan effective with fiscal year 2018.

See Notes on page 248 in this section.

2020	2021	2022	2023	2024	2025
\$ 17,245	\$ 18,941	\$ 18,830	\$ 21,683	\$ 22,424	\$ 24,792
—	—	—	—	—	—
17,245	18,941	18,830	21,683	22,424	24,792
679	718	759	912	623	1,593
15,715	18,699	16,496	22,249	21,591	22,362
—	—	—	—	—	—
15,715	18,699	16,496	22,249	21,591	22,362
15,737	18,376	16,672	22,467	21,728	22,575
N/A	N/A	N/A	N/A	N/A	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
—	—	—	—	—	—
15,715	18,699	16,496	22,249	21,591	22,362
15,715	18,699	16,496	22,249	21,591	
N/A	N/A	N/A	N/A		
N/A	N/A	N/A			
N/A	N/A				
N/A					
—	—	—	—	—	—

Notes for Claims Development Information Tables

The tables on the previous pages illustrate how the Risk Management, Health Care, and Line of Duty Claims Funds earned revenues (net of reinsurance) and investment income compare to related costs of loss (net of loss assumed by reinsurers) and other expenses assumed by the funds as of the end of each of the past several years. The rows of the tables are defined as follows:

1. This line shows the total of each fiscal year's gross earned contribution revenue and investment revenue, contribution revenue ceded to reinsurers, and net earned contribution revenue and reported investment revenue.
2. This line shows each fiscal year's other operating costs of the funds, including overhead and claims expense not allocable to individual claims.
3. This line shows the funds' gross incurred claims and allocated claim adjustment expenses, claims assumed by reinsurers, and net incurred claims and adjustment expenses (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year).
4. This section of rows shows the cumulative net amounts paid as of the end of successive years for each policy year.
5. This line shows the latest reestimated amount of claims assumed by reinsurers as of the end of the current year for each accident year.
6. This section of rows shows how each policy year's net incurred claims increased or decreased as of the end of successive years. (This annual reestimation results from new information received on known claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known.)
7. This line compares the latest reestimated net incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of net claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and reestimated amounts is commonly used to evaluate the accuracy of net incurred claims currently recognized in less mature policy years.

The columns of the tables show data for successive policy years.

Notes:

- (a) During fiscal year 1997, the Commonwealth implemented GASB Statement No. 30, *Risk Financing Omnibus*. The Commonwealth has no reinsurers; therefore, the ceded amounts on lines 1, 3, and 5 are zero.

Combining and Individual Fund Statements and Schedules



Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds account for specific revenue sources that are restricted or committed to finance particular functions and activities of the Commonwealth.

The Health and Social Services Special Revenue Fund accounts for revenues and expenditures related to local health care assistance.

The accompanying financial statements reflect an estimate of the amount that will be paid to claimants as required by governmental accounting standards.

The Unclaimed Property Fund accounts for unclaimed and escheat property that the Commonwealth holds for its rightful owner. Due to the nature of these transactions, the Commonwealth incurs a liability upon receipt of the assets.

The Other Special Revenue Fund accounts for revenues and expenditures related to business and agricultural activities, and miscellaneous activities throughout the Commonwealth.

Debt Service Funds

The Debt Service Funds account for transactions related to resources retained and used for the payment of interest and principal on long-term obligations recorded in the Governmental Activities column on the Government-wide Statement of Net Position. Resources include transfers in from other governmental funds and Federal revenue solely to be used for debt service payments.

Primary Government accounts for the payment of principal and interest on bonds used to acquire, construct, or improve parks, highways, and correctional, behavioral health, and parking facilities owned by the Commonwealth.

The Hampton Roads Transportation Accountability Commission accounts for the payment of principal and interest on bonds used for construction projects related to new or existing highways, bridges or tunnels in the localities comprising Planning District 23.

The Virginia Public Building Authority accounts for the payment of principal and interest on bonds used to acquire, construct, and operate public buildings used by the Commonwealth and its political subdivisions.

Capital Project Funds

The Capital Project Funds are maintained to account for resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental or proprietary funds, with the exception of certain Virginia Public Building Authority disbursements.

Primary Government accounts for the financial resources acquired through the issuance of General Obligation Bonds and Energy Performance Contracts. The resources are used to acquire, construct, or improve land, public buildings, and parking facilities owned by the Commonwealth.

Resources are also used to finance or refinance reimbursements to localities or governmental entities for the Commonwealth's share of the capital costs for certain authorized projects.

The Virginia Public Building Authority accounts for financial resources acquired through the issuance of section 9(d) bonds. These resources are used to acquire, construct, finance, refinance and operate public buildings used by the Commonwealth and any of its political subdivisions.

Hampton Roads Transportation Accountability Commission accounts for financial resources acquired through the sales and use and motor fuels taxes designated for Planning District 23. These resources will be used for construction projects related to new or existing highways, bridges or tunnels in the localities comprising Planning District 23.

Permanent Funds

Permanent Funds are funds whose principal must remain intact.

Commonwealth Health Research Fund provides financial grants for human health research benefiting the Commonwealth's citizens. The entire fund balance is restricted for use as such as a condition of a legal settlement.

Behavioral Health Endowment Funds provide funds for the welfare of patients in behavioral health facilities. The entire fund balance is restricted for use as such.

Combining Balance Sheet – Nonmajor Governmental Funds

June 30, 2025

(Dollars in Thousands)

	Special Revenue Funds			
	Health and Social Services	Unclaimed Property	Other	Total
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 886,772	\$ 213,717	\$ 1,320,936	\$ 2,421,425
Investments	7,399	269,054	19,092	295,545
Assets Held Pending Distribution	—	—	4,863	4,863
Receivables, Net	806,074	—	79,311	885,385
Due from Other Funds	50	—	16,510	16,560
Due from External Parties (Fiduciary Funds)	—	—	196	196
Interfund Receivable	—	—	307,757	307,757
Inventory	3,740	—	2,176	5,916
Prepaid Items	199	—	1,453	1,652
Other Assets	5	—	669	674
Total Assets	1,704,239	482,771	1,752,963	3,939,973
Deferred Outflows of Resources				
	—	—	—	—
Total Assets and Deferred Outflows of Resources	\$ 1,704,239	\$ 482,771	\$ 1,752,963	\$ 3,939,973
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable	\$ 18,791	\$ 547	\$ 48,714	\$ 68,052
Amounts Due to Other Governments	3,009	—	18,312	21,321
Due to Other Funds	1,841	93	10,960	12,894
Due to Component Units	—	—	—	—
Due to External Parties (Fiduciary Funds)	789	28	2,249	3,066
Interfund Payable	15,000	—	—	15,000
Unearned Revenue	185,944	—	59,089	245,033
Obligations Under Securities Lending Program	84,303	—	129,078	213,381
Due to Claimants, Participants, Escrows and Providers	—	369,419	—	369,419
Other Liabilities	339,862	—	53,930	393,792
Long-term Liabilities Due Within One Year	37	—	111	148
Total Liabilities	649,576	370,087	322,443	1,342,106
Deferred Inflows of Resources				
	451,925	—	28,748	480,673
Total Liabilities and Deferred Inflows of Resources	1,101,501	370,087	351,191	1,822,779
Fund Balances:				
Nonspendable	3,939	—	3,629	7,568
Restricted	102,927	112,684	74,633	290,244
Committed	486,599	—	1,274,690	1,761,289
Assigned	9,273	—	48,820	58,093
Total Fund Balances	602,738	112,684	1,401,772	2,117,194
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,704,239	\$ 482,771	\$ 1,752,963	\$ 3,939,973

Debt Service Funds

Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
\$ 47,051	\$ 12	\$ 76,280	\$ 123,343
—	—	—	—
—	—	—	—
8,245	769	—	9,014
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
55,296	781	76,280	132,357
—	—	—	—
\$ 55,296	\$ 781	\$ 76,280	\$ 132,357
—	—	—	—
\$ —	\$ —	\$ —	\$ —
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	38,271	38,271
—	—	—	—
—	—	38,271	38,271
7,429	—	—	7,429
7,429	—	38,271	45,700
—	—	—	—
—	—	—	—
47,867	781	38,009	86,657
—	—	—	—
—	—	—	—
47,867	781	38,009	86,657
\$ 55,296	\$ 781	\$ 76,280	\$ 132,357

Continued on next page

Combining Balance Sheet – Nonmajor Governmental Funds *(Continued from previous page)*

June 30, 2025

(Dollars in Thousands)

	Capital Project Funds			
	Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 291	\$ 244,918	\$ 1,234,045	\$ 1,479,254
Investments	—	—	309,593	309,593
Assets Held Pending Distribution	—	—	—	—
Receivables, Net	—	1,285	7,266	8,551
Due from Other Funds	—	—	57,733	57,733
Due from External Parties (Fiduciary Funds)	—	—	—	—
Interfund Receivable	—	—	—	—
Inventory	—	—	—	—
Prepaid Items	—	—	121,232	121,232
Other Assets	—	—	—	—
Total Assets	291	246,203	1,729,869	1,976,363
Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	\$ 291	\$ 246,203	\$ 1,729,869	\$ 1,976,363
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Accounts Payable	\$ —	\$ 36,589	\$ 407	\$ 36,996
Amounts Due to Other Governments	—	—	—	—
Due to Other Funds	—	—	52,114	52,114
Due to Component Units	—	33,839	—	33,839
Due to External Parties (Fiduciary Funds)	—	—	—	—
Interfund Payable	—	—	—	—
Unearned Revenue	—	—	—	—
Obligations Under Securities Lending Program	—	—	—	—
Due to Claimants, Participants, Escrows and Providers	—	—	—	—
Other Liabilities	—	—	—	—
Long-term Liabilities Due Within One Year	—	—	—	—
Total Liabilities	—	70,428	52,521	122,949
Deferred Inflows of Resources				
Total Liabilities and Deferred Inflows of Resources	—	70,428	52,521	122,949
Fund Balances:				
Nonspendable	—	—	121,232	121,232
Restricted	291	175,775	1,556,116	1,732,182
Committed	—	—	—	—
Assigned	—	—	—	—
Total Fund Balances	291	175,775	1,677,348	1,853,414
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 291	\$ 246,203	\$ 1,729,869	\$ 1,976,363

Permanent Funds			
Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	Total Nonmajor Governmental Funds
\$ 256	\$ 149	\$ 405	\$ 4,024,427
53,926	—	53,926	659,064
—	—	—	4,863
—	—	—	902,950
—	—	—	74,293
—	—	—	196
—	—	—	307,757
—	—	—	5,916
—	—	—	122,884
—	—	—	674
54,182	149	54,331	6,103,024
—	—	—	—
\$ 54,182	\$ 149	\$ 54,331	\$ 6,103,024
\$ 34	\$ —	\$ 34	\$ 105,082
—	—	—	21,321
2	—	2	65,010
—	—	—	33,839
2	—	2	3,068
—	—	—	15,000
—	—	—	245,033
31	—	31	213,412
—	—	—	369,419
—	—	—	432,063
—	—	—	148
69	—	69	1,503,395
—	—	—	488,102
69	—	69	1,991,497
51,869	48	51,917	180,717
2,244	101	2,345	2,111,428
—	—	—	1,761,289
—	—	—	58,093
54,113	149	54,262	4,111,527
\$ 54,182	\$ 149	\$ 54,331	\$ 6,103,024

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
Nonmajor Governmental Funds**

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Special Revenue Funds			
	Health and Social Services	Unclaimed Property	Other	Total
Revenues				
Taxes	\$ 1,606,780	\$ —	\$ 220,144	\$ 1,826,924
Rights and Privileges	152,007	—	241,083	393,090
Institutional Revenue	104,600	—	38,265	142,865
Interest, Dividends, Rents, and Other Investment Income (Loss)	23,897	21,101	66,603	111,601
Federal Grants and Contracts	—	—	—	—
Other	338,676	269,747	430,296	1,038,719
Total Revenues	2,225,960	290,848	996,391	3,513,199
Expenditures				
Current:				
General Government	2,884	10,765	280,940	294,589
Education	18	—	42,565	42,583
Transportation	—	—	8,900	8,900
Resources and Economic Development	58,107	—	550,911	609,018
Individual and Family Services	2,049,157	—	141,028	2,190,185
Administration of Justice	2,874	—	129,037	131,911
Capital Outlay	13	—	10,481	10,494
Debt Service:				
Principal Retirement	4,734	529	9,365	14,628
Interest and Charges	2,914	36	2,106	5,056
Total Expenditures	2,120,701	11,330	1,175,333	3,307,364
Revenues Over (Under) Expenditures	105,259	279,518	(178,942)	205,835
Other Financing Sources (Uses)				
Transfers In	4,391	—	192,755	197,146
Transfers Out	(5,604)	(265,000)	(157,364)	(427,968)
Insurance Recoveries	20	—	756	776
Long term Leases Issued	—	—	66	66
Long term SBITAs Issued	—	—	11,440	11,440
Bonds Issued	—	—	—	—
Premium on Debt Issuance	—	—	—	—
Refunding Bonds Issued	—	—	—	—
Sale of Capital Assets	—	—	10	10
Payment to Refunded Bond Escrow Agents	—	—	—	—
Total Other Financing Sources (Uses)	(1,193)	(265,000)	47,663	(218,530)
Net Change in Fund Balances	104,066	14,518	(131,279)	(12,695)
Fund Balance, July 1, as previously reported	498,672	98,166	1,533,051	2,129,889
Restatements to Fund Balance	—	—	—	—
Fund Balance, July 1, as restated	498,672	98,166	1,533,051	2,129,889
Fund Balance, June 30	<u>\$ 602,738</u>	<u>\$ 112,684</u>	<u>\$ 1,401,772</u>	<u>\$ 2,117,194</u>

Debt Service Funds

Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
\$ —	\$ —	\$ —	\$ —
—	—	—	—
—	—	—	—
1,932	1	2,284	4,217
131,889	1,939	—	133,828
8,921	—	—	8,921
142,742	1,940	2,284	146,966
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
256,504	234,485	—	490,989
151,564	128,142	74,232	353,938
408,068	362,627	74,232	844,927
(265,326)	(360,687)	(71,948)	(697,961)
268,751	360,496	109,269	738,516
—	—	—	—
—	—	—	—
—	—	—	—
—	—	—	—
1,383	—	—	1,383
34,220	—	—	34,220
—	—	—	—
(35,535)	—	—	(35,535)
268,819	360,496	109,269	738,584
3,493	(191)	37,321	40,623
44,374	972	688	46,034
—	—	—	—
44,374	972	688	46,034
\$ 47,867	\$ 781	\$ 38,009	\$ 86,657

Continued on next page

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance -
Nonmajor Governmental Funds** *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Capital Project Funds			
	Primary Government	Virginia Public Building Authority	Hampton Roads Transportation Accountability Commission	Total
Revenues				
Taxes	\$ —	\$ —	\$ —	\$ —
Rights and Privileges	—	—	—	—
Institutional Revenue	—	—	—	—
Interest, Dividends, Rents, and Other Investment Income (Loss)	17	9,165	78,544	87,726
Federal Grants and Contracts	—	—	—	—
Other	—	—	—	—
Total Revenues	17	9,165	78,544	87,726
Expenditures				
Current:				
General Government	—	—	—	—
Education	—	—	—	—
Transportation	—	—	—	—
Resources and Economic Development	—	—	—	—
Individual and Family Services	—	—	—	—
Administration of Justice	—	—	—	—
Capital Outlay	12	340,412	531,398	871,822
Debt Service:				
Principal Retirement	—	—	—	—
Interest and Charges	—	—	—	—
Total Expenditures	12	340,412	531,398	871,822
Revenues Over (Under) Expenditures	5	(331,247)	(452,854)	(784,096)
Other Financing Sources (Uses)				
Transfers In	—	—	303,443	303,443
Transfers Out	—	—	(109,270)	(109,270)
Insurance Recoveries	—	—	—	—
Long term Leases Issued	—	—	—	—
Long term SBITAs Issued	—	—	—	—
Bonds Issued	—	348,540	151,385	499,925
Premium on Debt Issuance	—	42,544	16,658	59,202
Refunding Bonds Issued	—	—	—	—
Sale of Capital Assets	—	—	—	—
Payment to Refunded Bond Escrow Agents	—	—	—	—
Total Other Financing Sources (Uses)	—	391,084	362,216	753,300
Net Change in Fund Balances	5	59,837	(90,638)	(30,796)
Fund Balance, July 1, as previously reported	286	115,938	1,766,252	1,882,476
Restatements to Fund Balance	—	—	1,734	1,734
Fund Balance, July 1, as restated	286	115,938	1,767,986	1,884,210
Fund Balance, June 30	\$ 291	\$ 175,775	\$ 1,677,348	\$ 1,853,414

Permanent Funds			
Commonwealth Health Research Board	Behavioral Health Endowment Funds	Total	Total Nonmajor Governmental Funds
\$ —	\$ —	\$ —	\$ 1,826,924
—	—	—	393,090
—	—	—	142,865
5,242	6	5,248	208,792
—	—	—	133,828
3	—	3	1,047,643
5,245	6	5,251	3,753,142
—	—	—	—
—	—	—	294,589
—	—	—	42,583
—	—	—	8,900
—	—	—	609,018
2,066	—	2,066	2,192,251
—	—	—	131,911
—	—	—	882,316
—	—	—	505,617
—	—	—	358,994
2,066	—	2,066	5,026,179
3,179	6	3,185	(1,273,037)
—	—	—	—
—	—	—	1,239,105
—	—	—	(537,238)
—	—	—	776
—	—	—	66
—	—	—	11,440
—	—	—	499,925
—	—	—	60,585
—	—	—	34,220
—	—	—	10
—	—	—	(35,535)
—	—	—	1,273,354
3,179	6	3,185	317
50,934	143	51,077	4,109,476
—	—	—	1,734
50,934	143	51,077	4,111,210
\$ 54,113	\$ 149	\$ 54,262	\$ 4,111,527

**Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Nonmajor Special Revenue Funds**

For the Fiscal Year Ended June 30, 2025
(Dollars in Thousands)

	Health and Social Services			
	Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
Revenues:				
Taxes:				
Sales and Use	\$ —	\$ —	\$ —	\$ —
Motor Fuel	—	—	—	—
Deeds, Contracts, Suits	—	—	—	—
Alcoholic Beverage Sales	—	—	—	—
Tobacco Products	—	—	—	—
Public Service Corporations	2,072	1,550	1,166	(384)
Other Taxes	1,599,417	1,767,233	1,651,726	(115,507)
Rights and Privileges	154,541	158,502	158,275	(227)
Sales of Property and Commodities	1,081	2,438	1,624	(814)
Assessments and Receipts for Support of Special Services	80,005	71,339	71,915	576
Institutional Revenue	96,551	100,321	101,834	1,513
Interest, Dividends, and Rents	2,993	6,285	21,012	14,727
Fines, Forfeitures, Court Fees, Penalties, and Escheats	6,374	6,429	2,272	(4,157)
Receipts from Cities, Counties, and Towns	68,237	67,539	68,378	839
Private Donations, Gifts and Contracts	2,501	2,503	2,662	159
Other	266,406	274,894	230,741	(44,153)
Total Revenues	2,280,178	2,459,033	2,311,605	(147,428)
Expenditures:				
Current:				
General Government	658	658	—	658
Education	317	312	49	263
Transportation	—	—	—	—
Resources and Economic Development	62,742	65,168	57,594	7,574
Individual and Family Services	2,269,165	2,457,643	2,096,060	361,583
Administration of Justice	3,945	1,939	2,917	(978)
Capital Outlay	1,306	1,330	11	1,319
Debt Service:				
Principal Retirement	4,734	4,734	4,734	—
Interest and Charges	2,914	2,914	2,914	—
Total Expenditures	2,345,781	2,534,698	2,164,279	370,419
Revenues Over (Under) Expenditures	(65,603)	(75,665)	147,326	222,991
Other Financing Sources (Uses):				
Transfers:				
Transfers In	—	—	4,391	4,391
Transfers Out	(286)	(286)	(5,604)	(5,318)
Total Other Financing Sources (Uses)	(286)	(286)	(1,213)	(927)
Revenues and Other Sources Over (Under)				
Expenditures and Other Uses	(65,889)	(75,951)	146,113	222,064
Fund Balance, July 1, as previously reported	643,236	643,236	643,236	—
Restatements to Fund Balance	—	—	—	—
Fund Balance, July 1, as restated	643,236	643,236	643,236	—
Fund Balance, June 30	\$ 577,347	\$ 567,285	\$ 789,349	\$ 222,064

See Notes on page 262 in this section.

Other

Original Budget	Final Budget	Actual	Final/Actual Variance Positive (Negative)
\$ 38,000	\$ 30,000	\$ 30,247	\$ 247
29,300	31,227	32,023	796
4,547	4,547	2,660	(1,887)
789	818	737	(81)
113	113	98	(15)
16,065	15,837	16,650	813
121,532	121,144	134,744	13,600
275,095	286,027	232,752	(53,275)
5,844	5,794	7,145	1,351
167,968	165,819	165,903	84
29,420	34,557	38,255	3,698
17,780	30,704	61,097	30,393
54,385	52,562	50,329	(2,233)
1,288	1,288	1,194	(94)
2,655	2,881	3,558	677
155,744	197,690	198,110	420
920,525	981,008	975,502	(5,506)
243,113	294,540	273,180	21,360
49,445	50,917	38,483	12,434
9,651	9,679	8,785	894
652,753	687,102	550,954	136,148
196,606	215,793	136,451	79,342
137,504	142,335	118,097	24,238
26,309	27,295	10,916	16,379
9,365	9,365	9,365	—
2,106	2,106	2,106	—
1,326,852	1,439,132	1,148,337	290,795
(406,327)	(458,124)	(172,835)	285,289
134,940	135,879	192,384	56,505
(107,847)	(148,021)	(156,910)	(8,889)
27,093	(12,142)	35,474	47,616
(379,234)	(470,266)	(137,361)	332,905
1,593,790	1,593,790	1,593,790	—
—	—	—	—
1,593,790	1,593,790	1,593,790	—
\$ 1,214,556	\$ 1,123,524	\$ 1,456,429	\$ 332,905

**Notes for Schedule of Revenues, Expenditures, and Changes in Fund Balance –
Budget and Actual – Nonmajor Special Revenue Funds**

1. Basis of Budgeting vs. Modified Accrual Basis Fund Balance (1)

Since the presentation of financial data on the basis of budgeting differs from that presented under accounting principles generally accepted in the United States of America, a schedule reconciling the fund balance on a budgetary basis at June 30, 2025, to the fund balance on a modified accrual basis follows.

<i>(Dollars in Thousands)</i>	Health and Social Services	Other
Fund Balance, Basis of Budgeting	\$ 789,349	\$ 1,456,429
Adjustments from Budget to Modified Accrual:		
Net Accrued Revenues:		
Taxes	90,857	22,649
Other Revenue/Other Sources	35,634	(11,563)
Medicaid Payable	(339,883)	—
Net Accrued Expenditures/Other Uses	29,451	(63,098)
Fund Reclassification - Budget to Modified Accrual	(2,670)	(2,645)
Fund Balance, Modified Accrual Basis	<u>\$ 602,738</u>	<u>\$ 1,401,772</u>

1. As discussed in Note 1.E., the Unclaimed Property Fund has no approved budget.

2. Appropriations

The amounts presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds are principally on a cash basis and represent the original budget adopted by the General Assembly and all supplemental appropriations and transfers. The following schedule reconciles original appropriations to the final adjusted expenditure appropriations for the Nonmajor Special Revenue Funds, at June 30, 2025, except for the Unclaimed Property Fund, which has no approved budget.

<i>(Dollars in Thousands)</i>	Health and Social Services	Other
Appropriations (1)	\$ 2,345,781	\$ 1,326,852
Supplemental Appropriations:		
Reappropriations (2)	1,306	107,313
Subsequent Executive (3)	43,566	100,625
Subsequent Legislative (4)	155,847	2,117
Capital Outlay Reversions (5)	—	(475)
Transfers (6)	(10,496)	11,836
Capital Outlay Adjustment (7)	(1,306)	(109,136)
Appropriations, as adjusted	<u>\$ 2,534,698</u>	<u>\$ 1,439,132</u>

- Represents the budget appropriated through Chapter 2, 2024 Special Session I Virginia Acts of Assembly as amended by Chapter 725, 2025 Virginia Acts of Assembly Reconvened Session.
- Actions taken to reappropriate any prior year unexpended balances per authority of the language in the Appropriation Act.
- Actions taken by the Governor to appropriate any additional revenues collected so that they can be legally spent.
- Actions taken by the Governor and the General Assembly to adjust the budget.
- Represents reversions of unexpended capital outlay balances.
- Represents transfers required by the Appropriation Act.
- Capital outlay appropriations cover the projects' lives and usually extend beyond the current fiscal year. These amounts have been adjusted to report the amount authorized for expenditure during the current fiscal year.

Nonmajor Enterprise Funds

The Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises. It is the intent that the cost of providing such goods or services will be recovered through user charges.

Alcoholic Beverage Control operates facilities for the distribution and sale of distilled spirits and wine, as well as enforcement and management of liquor licenses.

Risk Management accounts for pooled resources received and used by the Department of the Treasury for financing local government insurance programs. This includes Local Entities Bond Insurance, Public Officials Insurance and Law Enforcement Insurance.

Local Choice Health Care administers a health care plan for the employees of participating local governments.

Line of Duty accounts for the disability, death, and health benefits provided to eligible local government employees and their family members.

Advantage Vanpool Self Insurance accounts for pooled resources to provide liability, uninsured motorist, and physical damage protection for commuter vanpools. The basis for estimating the liabilities for unpaid claims and claim adjustment expenses is the actuarial analysis performed by the Commonwealth's actuary for Risk Management.

Virginia Industries for the Blind manufactures products for sale to governments, certain private organizations, and the general public.

Consolidated Laboratory provides water testing services and a newborn screening program.

eVA Procurement System accounts for the statewide electronic procurement system.

Department of Environmental Quality accounts for the Title V program that offers services to the general public.

Wireless E-911 Service Board assists in the establishment of wireless E-911 service in Virginia localities.

Virginia Museum of Fine Arts accounts for gift shop and food service activities.

Science Museum of Virginia accounts for gift shop activities.

Behavioral Health Local Funds account for the canteen store and work activity programs.

Combining Statement of Fund Net Position – Nonmajor Enterprise Funds

June 30, 2025

(Dollars in Thousands)

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents	\$ 31,539	\$ 60,057	\$ 144,273	\$ 4,007
Receivables, Net	8,553	108	48,057	569
Due From Other Funds	326	—	—	—
Inventory	122,176	—	—	—
Prepaid Items	1,885	—	—	—
Other Assets	423	—	—	—
Total Current Assets	164,902	60,165	192,330	4,576
Noncurrent Assets:				
Other Assets	5,947	49	66	—
Nondepreciable Capital Assets	12,394	—	—	—
Other Capital Assets, Net	264,760	470	—	—
Total Noncurrent Assets	283,101	519	66	—
Total Assets	448,003	60,684	192,396	4,576
Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	484,518	60,986	192,602	4,576
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable	72,728	729	19,842	1,789
Amounts Due to Other Governments	—	—	—	—
Due to Other Funds	13,386	21	8	—
Due to External Parties (Fiduciary Funds)	837	9	10	—
Interfund Payable	47,096	—	—	710
Unearned Revenue	1,529	1	—	—
Obligations Under Securities Lending Program	3,933	7,205	13,429	481
Other Liabilities	—	—	—	—
Insurance Claims Payable Due Within One Year	—	13,247	56,116	1,458
Long-term Liabilities Due Within One Year	32,219	149	193	—
Total Current Liabilities	171,728	21,361	89,598	4,438
Noncurrent Liabilities:				
Insurance Claims Payable Due in More Than One Year	—	31,772	—	—
Long-term Liabilities Due in More Than One Year	286,791	1,109	1,228	—
Total Noncurrent Liabilities	286,791	32,881	1,228	—
Total Liabilities	458,519	54,242	90,826	4,438
Deferred Inflows of Resources				
Total Liabilities and Deferred Inflows of Resources	478,851	54,434	90,959	4,438
Net Position				
Net Investment in Capital Assets	76,158	57	—	—
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	5,245	51	66	—
Unrestricted	(75,736)	6,444	101,577	138
Total Net Position (Deficit)	\$ 5,667	\$ 6,552	\$ 101,643	\$ 138

Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ 6,017	\$ 11,475	\$ 4,598	\$ 25,880	\$ 3,545	\$ 86,027	\$ 444
87	2,807	573	4,288	18	6,773	157
—	—	252	5,309	—	—	—
—	6,359	51	—	—	—	568
—	—	—	—	—	—	—
48	—	—	—	—	—	6
6,152	20,641	5,474	35,477	3,563	92,800	1,175
—	197	218	194	414	94	110
—	279	—	—	—	—	—
5	7,749	1,536	172,725	—	112	—
5	8,225	1,754	172,919	414	206	110
6,157	28,866	7,228	208,396	3,977	93,006	1,285
—	1,465	1,216	1,344	2,059	392	608
6,157	30,331	8,444	209,740	6,036	93,398	1,893
5	3,380	942	1,758	416	1,597	637
—	—	—	—	—	10,258	—
—	94	55	52	1,046	10	18
—	12	32	40	57	13	17
—	—	—	—	—	—	—
—	1,106	3,013	—	68	—	150
722	—	—	—	425	10,321	—
—	—	—	—	7	—	—
—	—	—	—	—	—	—
1	156	351	7,634	720	85	51
728	4,748	4,393	9,484	2,739	22,284	873
—	—	—	—	—	—	—
5	4,680	3,621	173,161	8,425	1,988	2,029
5	4,680	3,621	173,161	8,425	1,988	2,029
733	9,428	8,014	182,645	11,164	24,272	2,902
—	814	697	764	1,102	176	322
733	10,242	8,711	183,409	12,266	24,448	3,224
1	8,028	1,536	(2,746)	—	112	—
—	182	216	192	400	86	104
5,423	11,879	(2,019)	28,885	(6,630)	68,752	(1,435)
\$ 5,424	\$ 20,089	\$ (267)	\$ 26,331	\$ (6,230)	\$ 68,950	\$ (1,331)

Continued on next page

Combining Statement of Fund Net Position – Nonmajor Enterprise Funds (Continued from previous page)

June 30, 2025

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Assets and Deferred Outflows of Resources			
Current Assets:			
Cash and Cash Equivalents	\$ 1,571	\$ 380	\$ 379,813
Receivables, Net	—	—	71,990
Due From Other Funds	—	—	5,887
Inventory	78	—	129,232
Prepaid Items	—	—	1,885
Other Assets	—	—	477
Total Current Assets	1,649	380	589,284
Noncurrent Assets:			
Other Assets	—	—	7,289
Nondepreciable Capital Assets	—	—	12,673
Other Capital Assets, Net	4	—	447,361
Total Noncurrent Assets	4	—	467,323
Total Assets	1,653	380	1,056,607
Deferred Outflows of Resources			
	—	—	44,107
Total Assets and Deferred Outflows of Resources	1,653	380	1,100,714
Liabilities and Deferred Inflows of Resources			
Current Liabilities:			
Accounts Payable	1	—	103,824
Amounts Due to Other Governments	—	—	10,258
Due to Other Funds	12	—	14,702
Due to External Parties (Fiduciary Funds)	—	—	1,027
Interfund Payable	—	—	47,806
Unearned Revenue	1	—	5,868
Obligations Under Securities Lending Program	—	—	36,516
Other Liabilities	—	130	137
Insurance Claims Payable Due Within One Year	—	—	70,821
Long-term Liabilities Due Within One Year	—	—	41,559
Total Current Liabilities	14	130	332,518
Noncurrent Liabilities:			
Insurance Claims Payable Due in More Than One Year	—	—	31,772
Long-term Liabilities Due in More Than One Year	—	—	483,037
Total Noncurrent Liabilities	—	—	514,809
Total Liabilities	14	130	847,327
Deferred Inflows of Resources			
	—	—	24,532
Total Liabilities and Deferred Inflows of Resources	14	130	871,859
Net Position			
Net Investment in Capital Assets	4	—	83,150
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	—	—	6,542
Unrestricted	1,635	250	139,163
Total Net Position (Deficit)	\$ 1,639	\$ 250	\$ 228,855



**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –
Nonmajor Enterprise Funds**

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
Operating Revenues				
Charges for Sales and Services	\$ 1,203,951	\$ 14,735	\$ 588,640	\$ 24,842
Other	35,234	—	—	—
Total Operating Revenues	1,239,185	14,735	588,640	24,842
Operating Expenses				
Cost of Sales and Services	697,848	—	—	—
Prizes and Claims	—	9,843	605,393	23,821
Personal Services	184,107	1,312	1,274	—
Contractual Services	46,442	267	26,719	1,977
Supplies and Materials	3,922	1	1,396	—
Depreciation and Amortization	42,515	97	—	—
Rent, Insurance, and Other Related Charges	16,613	99	—	—
Non-recurring Cost Estimate Payments to Providers	—	—	—	—
Other	725	3	—	—
Total Operating Expenses	992,172	11,622	634,782	25,798
Operating Income (Loss)	247,013	3,113	(46,142)	(956)
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	2,723	2,515	4,917	78
Other	(1,226)	(313)	(600)	(12)
Total Nonoperating Revenues (Expenses)	1,497	2,202	4,317	66
Income (Loss) Before Transfers	248,510	5,315	(41,825)	(890)
Transfers In	211	—	—	—
Transfers Out	(251,228)	—	(523)	—
Change in Net Position	(2,507)	5,315	(42,348)	(890)
Total Net Position (Deficit), July 1, as previously reported	10,666	1,268	144,029	1,028
Restatements to Beginning Net Position	(2,492)	(31)	(38)	—
Total Net Position, July 1, as restated	8,174	1,237	143,991	1,028
Total Net Position (Deficit), June 30	\$ 5,667	\$ 6,552	\$ 101,643	\$ 138

Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ 549	\$ 49,585	\$ 18,292	\$ 32,749	\$ 12,070	\$ 78,632	\$ 9,713
—	—	—	—	—	—	2
549	49,585	18,292	32,749	12,070	78,632	9,715
—	33,726	—	—	—	—	3,169
112	—	—	—	—	—	—
16	12,154	5,317	5,133	9,472	1,695	4,970
21	2,308	2,322	—	541	9,085	1,176
—	195	6,033	3	48	1	249
1	396	539	9,965	—	21	—
1	1,644	413	1,051	492	47	24
—	—	—	—	—	49,925	—
—	238	876	418	5	—	—
151	50,661	15,500	16,570	10,558	60,774	9,588
398	(1,076)	2,792	16,179	1,512	17,858	127
229	—	—	—	27	3,254	—
(28)	(78)	20	(5,632)	10	(393)	11
201	(78)	20	(5,632)	37	2,861	11
599	(1,154)	2,812	10,547	1,549	20,719	138
—	—	—	—	—	—	—
—	—	(1,703)	—	—	(13,491)	(19)
599	(1,154)	1,109	10,547	1,549	7,228	119
4,825	21,273	(1,269)	15,903	(7,651)	61,769	(1,384)
—	(30)	(107)	(119)	(128)	(47)	(66)
4,825	21,243	(1,376)	15,784	(7,779)	61,722	(1,450)
\$ 5,424	\$ 20,089	\$ (267)	\$ 26,331	\$ (6,230)	\$ 68,950	\$ (1,331)

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**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –
Nonmajor Enterprise Funds** *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Operating Revenues			
Charges for Sales and Services	\$ 859	\$ 263	\$ 2,034,880
Other	—	—	35,236
Total Operating Revenues	859	263	2,070,116
Operating Expenses			
Cost of Sales and Services	255	254	735,252
Prizes and Claims	—	—	639,169
Personal Services	145	—	225,595
Contractual Services	42	—	90,900
Supplies and Materials	5	—	11,853
Depreciation and Amortization	2	—	53,536
Rent, Insurance, and Other Related Charges	—	—	20,384
Non-recurring Cost Estimate Payments to Providers	—	—	49,925
Other	3	—	2,268
Total Operating Expenses	452	254	1,828,882
Operating Income (Loss)	407	9	241,234
Nonoperating Revenues (Expenses)			
Interest, Dividends, Rents, and Other Investment Income	—	—	13,743
Other	659	—	(7,582)
Total Nonoperating Revenues (Expenses)	659	—	6,161
Income (Loss) Before Transfers	1,066	9	247,395
Transfers In	—	—	211
Transfers Out	—	(7)	(266,971)
Change in Net Position	1,066	2	(19,365)
Total Net Position (Deficit), July 1, as previously reported	573	248	251,278
Restatements to Beginning Net Position	—	—	(3,058)
Total Net Position, July 1, as restated	573	248	248,220
Total Net Position (Deficit), June 30	\$ 1,639	\$ 250	\$ 228,855



Combining Statement of Cash Flows – Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 1,222,270	\$ 14,526	\$ 587,866	\$ 24,599
Internal Activity-Receipts from Other Funds	—	—	—	—
Internal Activity-Payments to Other Funds	—	—	—	—
Payments to Suppliers for Goods and Services	(717,971)	—	(1,191)	—
Payments for Contractual Services	(46,442)	(15)	(26,719)	(1,391)
Payments for Prizes, Claims, and Loss Control	—	(8,616)	(583,045)	(22,526)
Payments to Employees	(188,747)	(1,630)	(1,347)	—
Payments to Providers for Non-recurring Cost Estimates	—	—	—	—
Other Operating Revenue	30,367	—	—	—
Other Operating Expense	(15,218)	—	—	—
Net Cash Provided by (Used for) Operating Activities	284,259	4,265	(24,436)	682
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	211	—	—	—
Transfers Out to Other Funds	(591,639)	—	(523)	—
Other Noncapital Financing Receipt Activities	396,539	—	—	710
Other Noncapital Financing Disbursement Activities	(54,755)	—	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	(249,644)	—	(523)	710
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(2,830)	—	—	—
Payment of Principal and Interest on Bonds and Notes	(35,137)	(63)	—	—
Proceeds from Sale of Capital Assets	57	—	—	—
Other Capital and Related Financing Receipt Activities	2,031	—	—	—
Other Capital and Related Financing Disbursement Activities	(408)	—	—	—
Net Cash Used for Capital and Related Financing Activities	(36,287)	(63)	—	—
Cash Flows from Investing Activities				
Investment Income on Cash, Cash Equivalents, and Investments	—	2,208	4,313	66
Net Cash Provided by Investing Activities	—	2,208	4,313	66
Net Increase (Decrease) in Cash and Cash Equivalents				
Cash Equivalents	(1,672)	6,410	(20,646)	1,458
Cash and Cash Equivalents, July 1	29,701	46,442	151,490	2,068
Cash and Cash Equivalents, June 30	<u>\$ 28,029</u>	<u>\$ 52,852</u>	<u>\$ 130,844</u>	<u>\$ 3,526</u>
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 31,539	\$ 60,057	\$ 144,273	\$ 4,007
Cash and Travel Advances	423	—	—	—
Less:				
Securities Lending Cash Equivalents	(3,933)	(7,205)	(13,429)	(481)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 28,029</u>	<u>\$ 52,852</u>	<u>\$ 130,844</u>	<u>\$ 3,526</u>

Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory	eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts
\$ 527	\$ 42,705	\$ 16,254	\$ 24,612	\$ 12,108	\$ 78,447	\$ 9,791
—	6,634	—	8,385	—	—	—
—	—	(688)	(5,601)	—	—	—
—	(32,020)	(6,632)	(26)	(55)	(1)	(3,601)
(24)	(2,211)	(1,813)	(1,859)	(510)	(7,510)	(1,200)
(122)	—	—	—	—	—	—
(18)	(12,588)	(5,763)	(5,632)	(10,325)	(1,588)	(5,031)
—	—	—	—	—	(52,158)	—
—	75	—	—	—	—	—
—	(1,830)	—	—	(455)	—	—
363	765	1,358	19,879	763	17,190	(41)
—	—	—	—	—	—	—
—	—	(1,703)	—	—	(13,491)	(19)
—	—	280	—	—	—	—
—	—	—	—	—	—	—
—	—	(1,423)	—	—	(13,491)	(19)
—	(142)	(417)	—	—	—	—
(1)	—	—	(12,620)	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
(1)	(142)	(417)	(12,620)	—	—	—
202	—	—	—	—	2,855	—
202	—	—	—	—	2,855	—
564	623	(482)	7,259	763	6,554	(60)
4,731	10,852	5,080	18,621	2,357	69,152	510
\$ 5,295	\$ 11,475	\$ 4,598	\$ 25,880	\$ 3,120	\$ 75,706	\$ 450
6,017	11,475	4,598	25,880	3,545	86,027	444
—	—	—	—	—	—	6
(722)	—	—	—	(425)	(10,321)	—
\$ 5,295	\$ 11,475	\$ 4,598	\$ 25,880	\$ 3,120	\$ 75,706	\$ 450

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Science Museum of Virginia	Behavioral Health Local Funds	Total
Cash Flows from Operating Activities			
Receipts for Sales and Services	\$ 858	\$ 283	\$ 2,034,846
Internal Activity-Receipts from Other Funds	—	—	15,019
Internal Activity-Payments to Other Funds	—	—	(6,289)
Payments to Suppliers for Goods and Services	(259)	(254)	(762,010)
Payments for Contractual Services	(42)	—	(89,736)
Payments for Prizes, Claims, and Loss Control	—	—	(614,309)
Payments to Employees	(145)	—	(232,814)
Payments to Providers for Non-recurring Cost Estimates	—	—	(52,158)
Other Operating Revenue	—	—	30,442
Other Operating Expense	(39)	—	(17,542)
Net Cash Provided by (Used for) Operating Activities	373	29	305,449
Cash Flows from Noncapital Financing Activities			
Transfers In from Other Funds	—	—	211
Transfers Out to Other Funds	—	(7)	(607,382)
Other Noncapital Financing Receipt Activities	—	—	397,529
Other Noncapital Financing Disbursement Activities	—	—	(54,755)
Net Cash Provided by (Used for) Noncapital Financing Activities	—	(7)	(264,397)
Cash Flows from Capital and Related Financing Activities			
Acquisition of Capital Assets	(3)	—	(3,392)
Payment of Principal and Interest on Bonds and Notes	—	—	(47,821)
Proceeds from Sale of Capital Assets	—	—	57
Other Capital and Related Financing Receipt Activities	—	—	2,031
Other Capital and Related Financing Disbursement Activities	—	—	(408)
Net Cash Used for Capital and Related Financing Activities	(3)	—	(49,533)
Cash Flows from Investing Activities			
Investment Income on Cash, Cash Equivalents, and Investments	—	—	9,644
Net Cash Provided by Investing Activities	—	—	9,644
Net Increase (Decrease) in Cash and Cash Equivalents			
Cash Equivalents	370	22	1,163
Cash and Cash Equivalents, July 1	1,201	358	342,563
Cash and Cash Equivalents, June 30	<u>\$ 1,571</u>	<u>\$ 380</u>	<u>\$ 343,726</u>
Reconciliation of Cash and Cash Equivalents			
Per the Statement of Net Position:			
Cash and Cash Equivalents	\$ 1,571	\$ 380	\$ 379,813
Cash and Travel Advances	—	—	429
Less:			
Securities Lending Cash Equivalents	—	—	(36,516)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 1,571</u>	<u>\$ 380</u>	<u>\$ 343,726</u>

	Alcoholic Beverage Control	Risk Management	Local Choice Health Care	Line of Duty
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 247,013	\$ 3,113	\$ (46,142)	\$ (956)
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization	42,515	97	—	—
Miscellaneous Nonoperating Income	—	6	4	—
Other	(19)	48	—	—
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	13,779	(103)	(775)	(243)
(Increase) Decrease in Due from Other Funds	—	—	—	—
(Increase) Decrease in Other Assets: Due Within One Year	—	—	—	—
(Increase) Decrease in Other Assets: Due in More Than One Year	(469)	(6)	(2)	—
(Increase) Decrease in Inventory	(14,295)	—	—	—
(Increase) Decrease in Prepaid Items	(396)	87	—	—
(Increase) Decrease in Deferred Outflows of Resources	3,642	(49)	122	—
Increase (Decrease) in Accounts Payable	(6,571)	(121)	16,754	1,610
Increase (Decrease) in Amounts Due to Other Governments	—	—	—	—
Increase (Decrease) in Due to Other Funds	496	15	(38)	—
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	(71)	1	—	—
Increase (Decrease) in Unearned Revenue	(279)	(66)	—	—
Increase (Decrease) in Other Liabilities	—	—	—	—
Increase (Decrease) in Insurance Claims Payable: Due Within One Year	—	745	5,723	271
Increase (Decrease) in Insurance Claims Payable: Due in More Than One Year	—	556	—	—
Increase (Decrease) in Long-term Liabilities: Due Within One Year	(2,954)	9	14	—
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(1,787)	(77)	21	—
Increase (Decrease) in Deferred Inflows of Resources	3,655	10	(117)	—
Net Cash Provided by (Used for) Operating Activities	<u>\$ 284,259</u>	<u>\$ 4,265</u>	<u>\$ (24,436)</u>	<u>\$ 682</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Subscription-based Information Technology Arrangements Used to Finance Capital Assets				
	\$ 577	\$ 10	\$ —	\$ —
Long-term Leases Used to Finance Capital Assets				
	9,811	—	—	—
Accounts Payable Increase (Decrease) related to Capital Assets				
	—	2	—	—
Other				
	553	—	—	—
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 10,941</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ —</u>

Continued on next page

Combining Statement of Cash Flows – Nonmajor Enterprise Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Advantage Vanpool Self Insurance	Virginia Industries for the Blind	Consolidated Laboratory
Reconciliation of Operating Income			
To Net Cash Provided by (Used for)			
Operating Activities:			
Operating Income (Loss)	\$ 398	\$ (1,076)	\$ 2,792
Adjustments to Reconcile Operating			
Income to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation and Amortization	1	396	539
Miscellaneous Nonoperating Income	—	21	21
Other	—	(99)	—
Change in Assets, Deferred Outflows of Resources, Liabilities, and			
Deferred Inflows of Resources			
(Increase) Decrease in Accounts Receivable	(21)	(1,277)	(282)
(Increase) Decrease in Due from Other Funds	—	—	(2)
(Increase) Decrease in Other Assets: Due Within One Year	(12)	—	—
(Increase) Decrease in Other Assets: Due in More Than One Year	—	(43)	(26)
(Increase) Decrease in Inventory	—	864	(12)
(Increase) Decrease in Prepaid Items	—	—	—
(Increase) Decrease in Deferred Outflows of Resources	—	(642)	(255)
Increase (Decrease) in Accounts Payable	(2)	1,249	(298)
Increase (Decrease) in Amounts Due to Other Governments	—	—	—
Increase (Decrease) in Due to Other Funds	—	26	(98)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	—	(35)	(1)
Increase (Decrease) in Unearned Revenue	—	1,106	(949)
Increase (Decrease) in Other Liabilities	—	—	—
Increase (Decrease) in Insurance Claims Payable: Due Within One Year	—	—	—
Increase (Decrease) in Insurance Claims Payable: Due in More Than One Year	—	—	—
Increase (Decrease) in Long-term Liabilities: Due Within One Year	—	124	(8)
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(1)	107	(92)
Increase (Decrease) in Deferred Inflows of Resources	—	44	29
Net Cash Provided by (Used for) Operating Activities	<u>\$ 363</u>	<u>\$ 765</u>	<u>\$ 1,358</u>
Noncash Investing, Capital, and Financing Activities:			
The following transactions occurred prior to the Statement of Net Position date:			
Long-term Subscription-based Information Technology Arrangements Used to Finance Capital Assets			
	\$ —	\$ —	\$ —
Long-term Leases Used to Finance Capital Assets			
	—	—	—
Accounts Payable Increase (Decrease) related to Capital Assets			
	—	—	—
Other			
	—	—	—
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

eVA Procurement System	Department of Environmental Quality	Wireless E-911 Service Board	Virginia Museum of Fine Arts	Science Museum of Virginia	Behavioral Health Local Funds	Total
\$ 16,179	\$ 1,512	\$ 17,858	\$ 127	\$ 407	\$ 9	\$ 241,234
9,965	—	21	—	2	—	53,536
22	37	6	11	—	—	128
—	—	—	—	—	—	(70)
721	(18)	(186)	147	—	—	11,742
(4,257)	—	—	—	—	—	(4,259)
—	—	—	—	—	—	(12)
(30)	(44)	(8)	(14)	—	—	(642)
—	—	—	(196)	4	—	(13,635)
—	—	—	—	—	—	(309)
(331)	(284)	—	(57)	—	—	2,146
(2,183)	(306)	112	23	(37)	—	10,230
—	—	(699)	—	—	—	(699)
(158)	(51)	4	2	(2)	—	196
1	(2)	2	1	—	—	(104)
—	35	—	(23)	(1)	—	(177)
—	7	—	—	—	20	27
—	—	—	—	—	—	6,739
—	—	—	—	—	—	556
12	38	(27)	(23)	—	—	(2,815)
(125)	(204)	83	(53)	—	—	(2,128)
63	43	24	14	—	—	3,765
<u>\$ 19,879</u>	<u>\$ 763</u>	<u>\$ 17,190</u>	<u>\$ (41)</u>	<u>\$ 373</u>	<u>\$ 29</u>	<u>\$ 305,449</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	587
—	—	—	—	—	—	9,811
—	—	—	—	—	—	2
—	—	—	—	—	—	553
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 10,953</u>



Internal Service Funds

Internal Service Funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units of the Commonwealth on a cost-reimbursement basis.

Technology and Data Services accounts for the installation and maintenance of the state government's telephone system; the development, use and maintenance of the Commonwealth's data processing systems; the development of automated systems, and the activities of the Chief Data Officer to create a Commonwealth data inventory, enterprise data dictionary, and catalog.

Enterprise Application accounts for the development and operation of the Commonwealth's Performance Budgeting System, Cardinal Financial System, and Human Capital Management System. Funding is derived from charges to agencies for the ongoing costs of the Commonwealth's enterprise applications, including recovery of the development and implementation costs initially funded through working capital advances.

Virginia Correctional Enterprises accounts for the manufacturing activities of the Commonwealth's correctional facilities.

Health Care accounts for the health insurance programs provided to state employees and for retirees who are not yet eligible to participate in Medicare.

Line of Duty accounts for the disability, death, and health benefits provided to eligible state employees and their family members.

Fleet Management accounts for the Commonwealth's motor vehicle pool.

Property Management accounts for real estate services, non-routine facility maintenance, and the disposal of state-owned property.

Risk Management accounts for the insurance programs provided to state agencies and institutions.

General Services accounts for a variety of services, including the purchase of supplies, the sale of surplus property, water testing, graphic design and engineering.

Payroll Service Bureau accounts for the payroll and leave accounting services provided to state agencies and institutions.

Combining Statement of Fund Net Position – Internal Service Funds

June 30, 2025

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
Assets and Deferred Outflows of Resources				
Current Assets:				
Cash and Cash Equivalents	\$ 61,612	\$ 20,955	\$ 6,577	\$ 290,076
Receivables, Net	875	123	1,060	16,927
Due From Other Funds	40,304	736	3,217	52,952
Due From External Parties (Fiduciary Funds)	—	—	—	412
Due From Component Units	—	—	—	42,062
Inventory	—	—	15,744	—
Prepaid Items	13,943	1,797	—	—
Other Assets	34,845	—	986	—
Total Current Assets	151,579	23,611	27,584	402,429
Noncurrent Assets:				
Other Assets	1,711	168	542	190
Nondepreciable Capital Assets	—	—	389	—
Other Capital Assets, Net	41,919	83,366	8,266	—
Total Noncurrent Assets	43,630	83,534	9,197	190
Total Assets	195,209	107,145	36,781	402,619
Deferred Outflows of Resources	13,550	902	2,989	1,164
Total Assets and Deferred Outflows of Resources	208,759	108,047	39,770	403,783
Liabilities and Deferred Inflows of Resources				
Current Liabilities:				
Accounts Payable	42,589	2,003	5,465	60,114
Amounts Due to Other Governments	—	—	—	—
Due to Other Funds	177	20	248	2
Due to External Parties (Fiduciary Funds)	291	20	83	35
Interfund Payable	27,000	21,835	—	—
Unearned Revenue	939	—	1,189	—
Obligations Under Securities Lending Program	—	—	—	38,682
Other Liabilities	61	—	—	—
Insurance Claims Payable Due Within One Year	—	—	—	143,411
Long-term Liabilities Due within One Year	25,704	315	1,362	566
Total Current Liabilities	96,761	24,193	8,347	242,810
Noncurrent Liabilities:				
Interfund Payable	—	94,949	—	—
Insurance Claims Payable Due In More Than One Year	—	—	—	—
Long-term Liabilities Due in More Than One Year	46,099	2,575	10,454	2,722
Total Noncurrent Liabilities	46,099	97,524	10,454	2,722
Total Liabilities	142,860	121,717	18,801	245,532
Deferred Inflows of Resources	5,034	742	2,505	712
Total Liabilities and Deferred Inflows of Resources	147,894	122,459	21,306	246,244
Net Position				
Net Investment in Capital Assets	(742)	83,366	7,896	—
Restricted for Net Other Postemployment Benefit - Virginia Sickness and Disability Program	1,420	180	594	191
Unrestricted	60,187	(97,958)	9,974	157,348
Total Net Position (Deficit)	\$ 60,865	\$ (14,412)	\$ 18,464	\$ 157,539

Line of Duty	Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
\$ 1,636	\$ 8,226	\$ 21,338	\$ 219,052	\$ 7,928	\$ 1,206	\$ 638,606
182	4,535	664	469	1,440	—	26,275
51	1,674	3,581	—	1,635	—	104,150
—	—	—	—	—	—	412
—	—	—	—	—	—	42,062
—	35	141	—	6,613	—	22,533
—	—	—	116	—	—	15,856
—	—	—	—	—	—	35,831
1,869	14,470	25,724	219,637	17,616	1,206	885,725
—	57	612	120	371	106	3,877
—	—	—	—	1,373	—	1,762
—	37,846	319,887	727	938	50	492,999
—	37,903	320,499	847	2,682	156	498,638
1,869	52,373	346,223	220,484	20,298	1,362	1,384,363
—	278	2,664	653	1,885	704	24,789
1,869	52,651	348,887	221,137	22,183	2,066	1,409,152
731	2,794	10,986	1,728	3,226	148	129,784
—	—	—	—	—	1	1
—	16	7,664	19	3,366	16	11,528
—	8	88	19	55	20	619
290	—	—	1,530	—	—	50,655
—	—	5,956	—	—	—	8,084
196	—	—	26,041	—	—	64,919
—	—	399	—	61	—	521
596	—	—	77,802	—	—	221,809
—	7,126	21,858	431	723	255	58,340
1,813	9,944	46,951	107,570	7,431	440	546,260
—	—	—	9,651	—	—	104,600
—	—	—	330,808	—	—	330,808
—	22,041	359,922	2,492	8,509	2,105	456,919
—	22,041	359,922	342,951	8,509	2,105	892,327
1,813	31,985	406,873	450,521	15,940	2,545	1,438,587
—	159	1,568	413	1,080	582	12,795
1,813	32,144	408,441	450,934	17,020	3,127	1,451,382
—	10,012	(47,650)	84	1,278	50	54,294
—	57	609	122	369	116	3,658
56	10,438	(12,513)	(230,003)	3,516	(1,227)	(100,182)
\$ 56	\$ 20,507	\$ (59,554)	\$ (229,797)	\$ 5,163	\$ (1,061)	\$ (42,230)

**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position –
Internal Service Funds**

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
Operating Revenues				
Charges for Sales and Services	\$ 427,139	\$ 55,249	\$ 50,610	\$ 1,834,664
Other	—	—	—	—
Total Operating Revenues	427,139	55,249	50,610	1,834,664
Operating Expenses				
Cost of Sales and Services	—	—	38,109	—
Prizes and Claims	—	—	—	1,956,592
Personal Services	45,552	3,790	7,060	5,963
Contractual Services	302,407	37,256	1,469	82,953
Supplies and Materials	30	6	765	1,681
Depreciation and Amortization	39,962	17,999	1,042	—
Rent, Insurance, and Other Related Charges	22,931	704	421	—
Other	1,585	1	108	—
Total Operating Expenses	412,467	59,756	48,974	2,047,189
Operating Income (Loss)	14,672	(4,507)	1,636	(212,525)
Nonoperating Revenues (Expenses)				
Interest, Dividends, Rents, and Other Investment Income	—	—	—	20,255
Other	(2,539)	8	(29)	(2,462)
Total Nonoperating Revenues (Expenses)	(2,539)	8	(29)	17,793
Income (Loss) Before Transfers	12,133	(4,499)	1,607	(194,732)
Transfers In	95	—	1,000	—
Transfers Out	—	(2,176)	(1,000)	—
Change in Net Position	12,228	(6,675)	1,607	(194,732)
Total Net Position (Deficit), July 1, as previously reported	49,092	(7,669)	17,088	352,389
Restatements to Beginning Net Position	(455)	(68)	(231)	(118)
Total Net Position, July 1, as restated	48,637	(7,737)	16,857	352,271
Total Net Position (Deficit), June 30	\$ 60,865	\$ (14,412)	\$ 18,464	\$ 157,539

Line of Duty	Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
\$ 10,147	\$ 13,533	\$ 132,354	\$ 93,969	\$ 47,940	\$ 3,816	\$ 2,669,421
—	—	—	6,888	—	—	6,888
10,147	13,533	132,354	100,857	47,940	3,816	2,676,309
—	—	—	—	30,849	—	68,958
9,730	—	—	89,222	—	—	2,055,544
—	1,213	12,404	2,916	8,276	3,059	90,233
808	8,260	19,651	14,855	4,781	193	472,633
—	3,245	3,002	1	2,236	2	10,968
—	9,602	27,651	150	299	4	96,709
—	—	37,976	1,871	1,772	175	65,850
—	908	3,053	27,086	30	4	32,775
10,538	23,228	103,737	136,101	48,243	3,437	2,893,670
(391)	(9,695)	28,617	(35,244)	(303)	379	(217,361)
32	—	—	11,407	113	—	31,807
(5)	788	(30,630)	(1,364)	(5)	12	(36,226)
27	788	(30,630)	10,043	108	12	(4,419)
(364)	(8,907)	(2,013)	(25,201)	(195)	391	(221,780)
—	—	—	—	388	—	1,483
—	(703)	—	(14,425)	—	—	(18,304)
(364)	(9,610)	(2,013)	(39,626)	193	391	(238,601)
420	30,142	(57,245)	(190,043)	5,156	(1,395)	197,935
—	(25)	(296)	(128)	(186)	(57)	(1,564)
420	30,117	(57,541)	(190,171)	4,970	(1,452)	196,371
\$ 56	\$ 20,507	\$ (59,554)	\$ (229,797)	\$ 5,163	\$ (1,061)	\$ (42,230)

Combining Statement of Cash Flows – Internal Service Funds

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
Cash Flows from Operating Activities				
Receipts for Sales and Services	\$ 2,841	\$ 9,507	\$ 14,480	\$ 940,862
Internal Activity-Receipts from Other Funds	373,484	44,885	34,101	905,567
Internal Activity-Payments to Other Funds	—	—	(739)	—
Payments to Suppliers for Goods and Services	(42,514)	(7)	(38,675)	—
Payments for Contractual Services	(307,244)	(36,673)	(1,480)	(84,683)
Payments for Prizes, Claims, and Loss Control	—	—	—	(1,977,132)
Payments to Employees	(44,880)	(4,111)	(8,359)	(6,207)
Other Operating Revenue	—	—	—	—
Other Operating Expense	—	(632)	—	—
Net Cash Provided by (Used for) Operating Activities	(18,313)	12,969	(672)	(221,593)
Cash Flows from Noncapital Financing Activities				
Transfers In from Other Funds	95	—	1,000	—
Transfers Out to Other Funds	—	(2,176)	(1,000)	—
Other Noncapital Financing Receipt Activities	37,000	2,906	17	—
Other Noncapital Financing Disbursement Activities	(50,000)	(21,836)	—	—
Net Cash Provided by (Used for) Noncapital Financing Activities	(12,905)	(21,106)	17	—
Cash Flows from Capital and Related Financing Activities				
Acquisition of Capital Assets	(58)	—	(1,485)	—
Payment of Principal and Interest on Bonds and Notes	(26,728)	(199)	(382)	—
Proceeds from Sale of Capital Assets	—	—	14	—
Net Cash Used for Capital and Related Financing Activities	(26,786)	(199)	(1,853)	—
Cash Flows from Investing Activities				
Investment Income on Cash, Cash Equivalents, and Investments	—	—	—	17,773
Net Cash Provided by Investing Activities	—	—	—	17,773
Net Increase (Decrease) in Cash and Cash Equivalents	(58,004)	(8,336)	(2,508)	(203,820)
Cash and Cash Equivalents, July 1	119,616	29,291	9,085	455,214
Cash and Cash Equivalents, June 30	\$ 61,612	\$ 20,955	\$ 6,577	\$ 251,394
Reconciliation of Cash and Cash Equivalents				
Per the Statement of Net Position:				
Cash and Cash Equivalents	\$ 61,612	\$ 20,955	\$ 6,577	\$ 290,076
Less:				
Securities Lending Cash Equivalents	—	—	—	(38,682)
Cash and Cash Equivalents per the Statement of Cash Flows	<u>\$ 61,612</u>	<u>\$ 20,955</u>	<u>\$ 6,577</u>	<u>\$ 251,394</u>

Line of Duty	Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
\$ 8,418	\$ —	\$ 6,545	\$ 18,979	\$ 9,520	\$ 75	\$ 1,011,227
1,629	19,083	110,617	44,344	38,440	3,742	1,575,892
—	(551)	(8,461)	—	(3,572)	—	(13,323)
—	(3,233)	(33,853)	(1)	(33,043)	(2)	(151,328)
(568)	(6,468)	(17,809)	(14,831)	(3,942)	(192)	(473,890)
(9,201)	—	—	(67,164)	—	—	(2,053,497)
—	(1,303)	(13,104)	(2,975)	(8,871)	(3,268)	(93,078)
—	—	—	6,888	—	—	6,888
—	(39)	(2,453)	(29,099)	—	(15)	(32,238)
278	7,489	41,482	(43,859)	(1,468)	340	(223,347)
—	—	—	—	—	—	—
—	—	—	—	388	—	1,483
—	(703)	—	(14,425)	—	—	(18,304)
290	—	—	1,778	—	—	41,991
—	—	—	(3,557)	—	—	(75,393)
290	(703)	—	(16,204)	388	—	(50,223)
—	—	—	—	—	—	—
—	(1,845)	—	—	(474)	—	(3,862)
—	(7,716)	(49,362)	(99)	(99)	—	(84,585)
—	1,963	—	—	—	—	1,977
—	(7,598)	(49,362)	(99)	(573)	—	(86,470)
—	—	—	—	—	—	—
27	—	—	10,050	—	—	27,850
27	—	—	10,050	—	—	27,850
—	—	—	—	—	—	—
595	(812)	(7,880)	(50,112)	(1,653)	340	(332,190)
845	9,038	29,218	243,123	9,581	866	905,877
\$ 1,440	\$ 8,226	\$ 21,338	\$ 193,011	\$ 7,928	\$ 1,206	\$ 573,687
—	—	—	—	—	—	—
—	—	—	—	—	—	—
\$ 1,636	\$ 8,226	\$ 21,338	\$ 219,052	\$ 7,928	\$ 1,206	\$ 638,606
—	—	—	—	—	—	—
(196)	—	—	(26,041)	—	—	(64,919)
\$ 1,440	\$ 8,226	\$ 21,338	\$ 193,011	\$ 7,928	\$ 1,206	\$ 573,687

Continued on next page

Combining Statement of Cash Flows – Internal Service Funds (Continued from previous page)

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Technology and Data Services	Enterprise Application	Virginia Correctional Enterprises	Health Care
Reconciliation of Operating Income				
To Net Cash Provided by (Used for)				
Operating Activities:				
Operating Income (Loss)	\$ 14,672	\$ (4,507)	\$ 1,636	\$ (212,525)
Adjustments to Reconcile Operating				
Income to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization	39,962	17,999	1,042	—
Interest, Dividends, Rents, and Other Investment Income	—	—	—	—
Miscellaneous Nonoperating Income	177	16	65	20
Other	(1,493)	—	—	—
Change in Assets, Deferred Outflows of Resources, Liabilities, and				
Deferred Inflows of Resources				
(Increase) Decrease in Accounts Receivable	276	(123)	1,007	34,440
(Increase) Decrease in Due from Other Funds	(7,865)	(736)	(1,272)	(17,266)
(Increase) Decrease in Due from External Parties (Fiduciary Funds)	—	—	—	(137)
(Increase) Decrease in Due from Component Units	—	—	—	(5,273)
(Increase) Decrease in Other Assets: Due Within One Year	(7,874)	—	139	—
(Increase) Decrease in Other Assets: Due in More Than One Year	(428)	(10)	(52)	(24)
(Increase) Decrease in Inventory	—	—	(2,842)	—
(Increase) Decrease in Prepaid Items	(1,293)	277	—	—
(Increase) Decrease in Deferred Outflows of Resources	(4,419)	43	(268)	(230)
Increase (Decrease) in Accounts Payable	(11,168)	362	3,019	(37,808)
Increase (Decrease) in Amounts Due to Other Governments	—	—	—	—
Increase (Decrease) in Due to Other Funds	19	2	(137)	(82)
Increase (Decrease) in Due to External Parties (Fiduciary Funds)	6	(3)	(3)	4
Increase (Decrease) in Unearned Revenue	(35,211)	—	(1,897)	—
Increase (Decrease) in Other Liabilities	—	—	—	—
Increase (Decrease) in Insurance Claims Payable: Due Within One Year	—	—	—	17,356
Increase (Decrease) in Insurance Claims Payable: Due in More Than One Year	—	—	—	—
Increase (Decrease) in Long-term Liabilities: Due Within One Year	769	29	728	37
Increase (Decrease) in Long-term Liabilities: Due in More Than One Year	(5,762)	(339)	(1,378)	(105)
Increase (Decrease) in Deferred Inflows of Resources	1,319	(41)	(459)	—
Net Cash Provided by (Used for) Operating Activities	<u>\$ (18,313)</u>	<u>\$ 12,969</u>	<u>\$ (672)</u>	<u>\$ (221,593)</u>
Noncash Investing, Capital, and Financing Activities:				
The following transactions occurred prior to the Statement of Net Position date:				
Long-term Subscription-based Information Technology Arrangements Used to Finance Capital Assets	\$ 4,251	\$ —	\$ —	\$ —
Long-term Leases Used to Finance Capital Assets	13,751	—	—	—
Trade-Ins of Used Equipment on New Equipment	—	—	10	—
Installment Purchases Used to Finance Capital Assets	—	—	—	—
Other	7,564	—	—	—
Total Noncash, Investing, Capital, and Financing Activities	<u>\$ 25,566</u>	<u>\$ —</u>	<u>\$ 10</u>	<u>\$ —</u>

Line of Duty	Fleet Management	Property Management	Risk Management	General Services	Payroll Service Bureau	Total
\$ (391)	\$ (9,695)	\$ 28,617	\$ (35,244)	\$ (303)	\$ 379	\$ (217,361)
—	9,602	27,651	150	299	4	96,709
—	—	—	(19)	113	—	94
—	5	46	12	33	12	386
—	(26)	(284)	99	—	—	(1,704)
(86)	1,612	(303)	(458)	(56)	—	36,309
(14)	5,146	(1,713)	—	393	—	(23,327)
—	—	—	—	—	—	(137)
—	—	—	—	—	—	(5,273)
—	—	—	—	—	—	(7,735)
—	(6)	(50)	(12)	(39)	(8)	(629)
—	—	38	—	(452)	—	(3,256)
—	—	—	(101)	—	167	(950)
—	(52)	12	(10)	(290)	(91)	(5,305)
658	1,114	(220)	181	(467)	17	(44,312)
—	—	—	—	—	(3)	(3)
—	(97)	7,473	(19)	(367)	3	6,795
—	—	1	2	(2)	2	7
—	(90)	(19,168)	(30,189)	—	—	(86,555)
—	—	(171)	—	(204)	—	(375)
111	—	—	7,294	—	—	24,761
—	—	—	14,644	—	—	14,644
—	(2)	(9)	—	30	61	1,643
—	(21)	(83)	(123)	(128)	(260)	(8,199)
—	(1)	(355)	(66)	(28)	57	426
<u>\$ 278</u>	<u>\$ 7,489</u>	<u>\$ 41,482</u>	<u>\$ (43,859)</u>	<u>\$ (1,468)</u>	<u>\$ 340</u>	<u>\$ (223,347)</u>
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,251
—	—	32,881	—	—	—	46,632
—	—	—	—	—	—	10
—	8,006	—	—	—	—	8,006
—	—	—	—	—	—	7,564
<u>\$ —</u>	<u>\$ 8,006</u>	<u>\$ 32,881</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 66,463</u>

Fiduciary Funds

Private Purpose Trust Funds

Private Purpose Trust Funds reflect funds that benefit individuals, organizations, and other governments; have a trust that meets GASB Statement No. 84, Fiduciary Activities, criteria; and are not required to be reported in another fiduciary fund type.

Defined Contribution 529 Program accounts for program activities offered by the Commonwealth Savers Plan (Commonwealth Savers). The program is a defined contribution college savings program in which participants can save for qualified higher education expenses by making contributions and investments into portfolios of their choice.

Legal Settlement accounts for receipts from court judgments that are deposited and subsequently distributed to the appropriate injured parties.

Gas and Oil Board Escrow Account accounts for the funds held in escrow awaiting disbursement to the validated owner of property containing gas and oil interest.

Miscellaneous Trust accounts for perpetual trusts created through donations to the state. Earnings are used for the benefit of donor-specified local entities.

Pension and Other Employee Benefit Trust Funds

Pension and Other Employee Benefit Trust Funds reflect activities of the pension, other postemployment, and employee benefit plans with trusts that meet GASB Statement No. 84 criteria. All plans are administered by the Virginia Retirement System.

The Virginia Retirement System provides retirement benefits to Commonwealth employees, teachers, political subdivision employees, and other qualifying employees.

The State Police Officers' Retirement System provides retirement benefits to Virginia state police officers.

The Judicial Retirement System provides retirement benefits to the Commonwealth's judiciary.

The Virginia Law Officers' Retirement System provides retirement benefits to correctional officers, capital police officers, university police officers, and game wardens.

Other Postemployment Retiree Health Insurance Credit accounts for the health insurance credits provided by the Commonwealth which offset a portion of the retirees' monthly insurance premiums.

Other Employment Group Life provides life insurance coverage to members of the retirement systems.

Other Postemployment Disability Insurance Trust provides income protection to Commonwealth employees for absences caused by sickness or disability.

Other Postemployment Line of Duty Death and Disability provides death and health benefits to beneficiaries of certain law enforcement and rescue personnel disabled or killed in the line of duty.

Virginia Local Disability Program provides long-term disability benefits to local government employees of participating localities.

Custodial Funds - External Investment Pool

Custodial Funds - External Investment Pool reflects the external portion of the Local Government Investment Pool sponsored by the Commonwealth. This fund does not have a trust that meets GASB Statement No. 84 criteria.

Local Government Investment Pool (LGIP) helps local governmental entities maximize their rate of return by commingling their resources for investment purposes.

Custodial Funds - Other

Custodial Funds - Other reflect funds that are similar to Private Purpose Trust Funds, except they do not have a trust that meets GASB Statement No. 84 criteria.

Collection of Taxes and Fees account for taxes and fees imposed by localities and collected by the Commonwealth on behalf of the localities to be distributed to localities.

Deposits of Insurance Carriers accounts for security deposits of insurance carriers as protection to the policyholders of the Commonwealth.

Inmate and Ward accounts for the savings of inmates and wards of the Departments of Corrections and Juvenile Justice.

Child Support Collection accounts for court-ordered child support payments that flow through the Department of Social Services.

Behavioral Health Patient accounts for the savings of patients in the Commonwealth's behavioral health facilities including amounts for patient burial.

Wilson Workforce and Rehabilitation Center accounts for student funds held by the center.

Third Party Administrator accounts for funds held in custody for assets of the Virginia Railway Express commuter rail liability insurance plan.

Virginia Veterans' Care Center Resident accounts for the savings of residents of the Virginia Veterans Care Centers.

Volunteer Firefighters and Rescue Squad Workers accounts for the Volunteer Firefighters' and Rescue Squad Workers' Service Award Program.

VRS Investment Portfolio accounts for the investment option for the VRS administered Defined Contribution Plans that is the VRS Investment Portfolio (VRSIP).

Combining Statement of Fiduciary Net Position – Private Purpose Trust Funds

June 30, 2025

(Dollars in Thousands)

	Defined Contribution 529 Program	Legal Settlement	Gas and Oil Board Escrow Account
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	\$ 612,845	\$ 5,819	\$ —
Investments:			
Bonds and Mortgage Securities	1,077,966	—	—
Stocks	1,718	—	—
Fixed Income Commingled Funds	682,165	—	—
Index and Pooled Funds	5,463,241	—	—
Real Estate	140,652	—	—
Mutual and Money Market Funds	784,714	—	—
Other	2,056,916	—	—
Total Investments	10,207,372	—	—
Assets Held Pending Distribution	—	—	4,472
Receivables, Net:			
Interest and Dividends	27,914	—	—
Other Receivables	9,047	—	—
Total Receivables	36,961	—	—
Total Assets	10,857,178	5,819	4,472
Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	10,857,178	5,819	4,472
Liabilities and Deferred Inflows of Resources			
Accounts Payable	11,401	—	—
Obligations Under Securities Lending	—	304	—
Due to Claimants, Participants, Escrows and Providers	1,950	—	—
Other Liabilities	—	17	—
Payable for Security Transactions	32,906	—	—
Total Liabilities	46,257	321	—
Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	46,257	321	—
Net Position Restricted for Individuals, Organizations, and Other Governments	<u>\$ 10,810,921</u>	<u>\$ 5,498</u>	<u>\$ 4,472</u>

Miscellaneous Trust	Total
\$ 66	\$ 618,730
—	1,077,966
—	1,718
—	682,165
—	5,463,241
—	140,652
—	784,714
—	2,056,916
—	10,207,372
—	4,472
—	27,914
—	9,047
—	36,961
66	10,867,535
—	—
66	10,867,535
—	—
—	11,401
—	304
—	1,950
—	17
—	32,906
—	46,578
—	—
—	—
—	46,578
\$ 66	\$ 10,820,957

Combining Statement of Changes in Fiduciary Net Position – Private Purpose Trust Funds

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Defined Contribution 529 Program	Legal Settlement	Gas and Oil Board Escrow Account
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income (Loss)	\$ 1,074,006	\$ 101	\$ —
Total Investment Income	1,074,006	101	—
Less Investment Expenses	5,448	12	—
Net Investment Income	1,068,558	89	—
Contributions:			
Participants	1,167,621	—	116
Total Contributions	1,167,621	—	116
Other Revenue	—	—	96
Legal Settlement Collections	—	131	—
Other Additions	25,000	—	—
Total Additions	2,261,179	220	212
Deductions:			
Educational Expense Benefits	741,365	—	—
Beneficiary Payments	—	—	651
Administrative Expenses	4,297	—	—
Shares Redeemed	56,435	—	—
Legal Settlement Payments to Injured Parties	—	127	—
Other Deductions	4,216	3,181	—
Total Deductions	806,313	3,308	651
Net Increase (Decrease) in Fiduciary Net Position	1,454,866	(3,088)	(439)
Net Position, July 1, as previously reported	9,356,055	8,586	4,911
Net Position, June 30	\$ 10,810,921	\$ 5,498	\$ 4,472

Miscellaneous Trust	Total
\$ 3	\$ 1,074,110
3	1,074,110
—	5,460
3	1,068,650
—	1,167,737
—	1,167,737
—	96
—	131
—	25,000
3	2,261,614
—	741,365
—	651
—	4,297
—	56,435
—	127
3	7,400
3	810,275
—	1,451,339
66	9,369,618
\$ 66	\$ 10,820,957

Combining Statement of Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

June 30, 2025

(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Assets and Deferred Outflows of Resources			
Cash and Cash Equivalents	\$ 551,376	\$ 5,882	\$ 3,595
Investments:			
Bonds and Mortgage Securities	22,130,768	243,070	148,562
Stocks	29,083,362	319,433	195,234
Fixed Income Commingled Funds	2,614	29	18
Index and Pooled Funds	14,191,538	155,871	95,266
Real Estate	14,502,582	159,287	97,354
Private Equity	38,106,976	418,543	255,808
Short-term Investments	4,017,731	44,129	26,971
Total Investments	122,035,571	1,340,362	819,213
Receivables, Net:			
Contributions	284,579	2,325	1,164
Interest and Dividends	350,264	3,847	2,351
Security Transactions	6,523,999	71,655	43,795
Other Receivables	103,959	899	550
Total Receivables	7,262,801	78,726	47,860
Due from Internal Parties (Governmental Funds and Business-type Activities)	35,612	291	147
Due from Component Units	27,871	—	—
Property, Plant, Furniture, Equipment, and Intangibles	17,043	—	—
Total Assets	129,930,274	1,425,261	870,815
Deferred Outflows of Resources			
Total Assets and Deferred Outflows of Resources	129,930,274	1,425,261	870,815
Liabilities and Deferred Inflows of Resources			
Accounts Payable	32,693	232	142
Due to Internal Parties (Governmental Funds and Business-type Activities)	412	—	—
Obligations Under Securities Lending	5,319,081	58,421	35,706
Other Liabilities	43,155	417	255
Retirement Benefits Payable	550,655	6,915	4,563
Refunds Payable	5,809	—	—
Compensated Absences Payable	4,766	—	—
Insurance Premiums and Claims Payable	—	—	—
Payable for Security Transactions	9,567,819	105,087	64,228
Lease Liabilities	3,088	—	—
Subscription-based Information Technology Arrangement Liabilities	1,578	—	—
Total Liabilities	15,529,056	171,072	104,894
Deferred Inflows of Resources			
Total Liabilities and Deferred Inflows of Resources	15,529,056	171,072	104,894
Net Position Restricted for			
Pensions	114,401,218	1,254,189	765,921
Other Employment Benefits	—	—	—
Total Net Position Restricted for Pensions and Other Employment Benefits	\$ 114,401,218	\$ 1,254,189	\$ 765,921

Virginia Law Officers' Retirement System	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust	Other Postemployment Line of Duty Death and Disability	Virginia Local Disability Program	Total
\$ 10,530	\$ 4,325	\$ 16,685	\$ 3,500	\$ 24	\$ 178	\$ 596,095
435,127	178,696	689,470	144,635	959	7,340	23,978,627
571,826	234,835	906,074	190,074	1,260	9,646	31,511,744
51	21	81	17	—	1	2,832
279,029	114,591	442,129	92,749	615	4,707	15,376,495
285,144	117,102	451,819	94,782	628	4,810	15,713,508
749,246	307,697	1,187,200	249,048	1,651	12,638	41,288,807
78,995	32,441	125,171	26,259	174	1,333	4,353,204
2,399,418	985,383	3,801,944	797,564	5,287	40,475	132,225,217
3,977	14,243	19,658	735	—	1,203	327,884
6,887	2,828	10,912	2,289	15	116	379,509
128,272	52,679	203,251	42,639	283	2,164	7,068,737
1,610	752	2,551	12,148	12	87	122,568
140,746	70,502	236,372	57,811	310	3,570	7,898,698
495	1,776	2,451	94	—	151	41,017
894	3,796	3,942	690	—	—	37,193
—	—	—	—	—	—	17,043
2,552,083	1,065,782	4,061,394	859,659	5,621	44,374	140,815,263
—	—	—	—	—	—	—
2,552,083	1,065,782	4,061,394	859,659	5,621	44,374	140,815,263
415	15,910	852	3,407	78	554	54,283
—	—	—	—	—	—	412
104,582	42,949	165,713	34,763	231	1,765	5,763,211
776	306	1,182	248	2	13	46,354
13,363	—	—	—	—	—	575,496
—	353	—	—	—	—	6,162
—	—	—	—	—	—	4,766
—	—	124,474	—	—	—	124,474
188,119	77,256	298,079	62,530	415	3,173	10,366,706
—	—	—	—	—	—	3,088
—	—	—	—	—	—	1,578
307,255	136,774	590,300	100,948	726	5,505	16,946,530
—	—	—	—	—	—	—
307,255	136,774	590,300	100,948	726	5,505	16,946,530
2,244,828	—	—	—	—	—	118,666,156
—	929,008	3,471,094	758,711	4,895	38,869	5,202,577
\$ 2,244,828	\$ 929,008	\$ 3,471,094	\$ 758,711	\$ 4,895	\$ 38,869	\$ 123,868,733

Combining Statement of Changes in Fiduciary Net Position – Pension and Other Employee Benefit Trust Funds

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Virginia Retirement System	State Police Officers' Retirement System	Judicial Retirement System
Additions:			
Investment Income:			
Interest, Dividends, and Other Investment Income (Loss)	\$ 12,019,737	\$ 131,278	\$ 80,697
Total Investment Income	12,019,737	131,278	80,697
Less Investment Expenses	958,535	10,478	6,443
Net Investment Income	11,061,202	120,800	74,254
Contributions:			
Member	1,155,109	8,633	2,874
Employer	3,318,242	54,161	30,054
Total Contributions	4,473,351	62,794	32,928
Other Revenue	2,892	—	—
Transfers In	—	19	—
Total Additions	15,537,445	183,613	107,182
Deductions:			
Retirement Benefits	6,527,842	88,715	58,036
Refunds to Former Members	122,051	613	—
Retiree Health Insurance Credits	—	—	—
Insurance Premiums and Claims	—	—	—
Administrative Expenses	62,988	629	387
Other Expenses	2,580	4	2
Long-term Disability Benefits	—	—	—
Transfers Out	167	—	—
Total Deductions	6,715,628	89,961	58,425
Net Increase in Fiduciary Net Position	8,821,817	93,652	48,757
Net Position, July 1, as previously reported	105,579,401	1,160,537	717,164
Net Position, June 30	\$ 114,401,218	\$ 1,254,189	\$ 765,921

Virginia Law Officers' Retirement System	Other Postemployment Retiree Health Insurance Credit	Other Employment Group Life	Other Postemployment Disability Insurance Trust	Other Postemployment Line of Duty Death and Disability	Virginia Local Disability Program	Total
\$ 234,906	\$ 91,053	\$ 375,033	\$ 78,628	\$ 1,244	\$ 3,720	\$ 13,016,296
234,906	91,053	375,033	78,628	1,244	3,720	13,016,296
18,742	7,145	29,800	6,247	125	291	1,037,806
216,164	83,908	345,233	72,381	1,119	3,429	11,978,490
20,712	—	195,539	—	—	—	1,382,867
100,211	261,047	129,433	30,833	18,276	12,571	3,954,828
120,923	261,047	324,972	30,833	18,276	12,571	5,337,695
—	—	—	1,235	725	—	4,852
148	—	—	—	—	—	167
337,235	344,955	670,205	104,449	20,120	16,000	17,321,204
162,703	—	—	—	—	—	6,837,296
5,308	—	—	—	—	—	127,972
—	190,071	—	—	—	—	190,071
—	—	275,366	—	18,857	—	294,223
1,124	1,235	1,447	806	1,100	237	69,953
4	34	2,431	319	—	—	5,374
—	—	—	37,483	—	6,368	43,851
—	—	—	—	—	—	167
169,139	191,340	279,244	38,608	19,957	6,605	7,568,907
168,096	153,615	390,961	65,841	163	9,395	9,752,297
2,076,732	775,393	3,080,133	692,870	4,732	29,474	114,116,436
\$ 2,244,828	\$ 929,008	\$ 3,471,094	\$ 758,711	\$ 4,895	\$ 38,869	\$ 123,868,733

Combining Statement of Fiduciary Net Position – Custodial Funds - External Investment Pool

June 30, 2025

(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Assets and Deferred Outflows of Resources		
Cash and Cash Equivalents	\$ 3,951,795	\$ 3,951,795
Investments:		
Bonds and Mortgage Securities	430,699	430,699
Short-term Investments	6,714,602	6,714,602
Total Investments	7,145,301	7,145,301
Receivables, Net:		
Interest and Dividends	34,422	34,422
Total Receivables	34,422	34,422
Total Assets	11,131,518	11,131,518
Deferred Outflows of Resources	—	—
Total Assets and Deferred Outflows of Resources	11,131,518	11,131,518
Liabilities and Deferred Inflows of Resources		
Due to Internal Parties (Governmental Funds and Business-type Activities)	29	29
Total Liabilities	29	29
Deferred Inflows of Resources	—	—
Total Liabilities and Deferred Inflows of Resources	29	29
Net Position Restricted for Pool Participants	\$ 11,131,489	\$ 11,131,489

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds - External Investment Pool

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Local Government Investment Pool (LGIP)	Total
Additions:		
Investment Income:		
Interest, Dividends, and Other Investment Income	\$ 476,181	\$ 476,181
Total Investment Income	476,181	476,181
Less Investment Expenses	1,162	1,162
Net Investment Income	475,019	475,019
Shares Sold	13,111,058	13,111,058
Reinvested Distributions	475,033	475,033
Total Additions	14,061,110	14,061,110
Deductions:		
Shares Redeemed	13,976,808	13,976,808
Distributions to Shareholders from Net Investment Income	475,019	475,019
Total Deductions	14,451,827	14,451,827
Net Increase in Fiduciary Net Position	(390,717)	(390,717)
Net Position, July 1, as previously reported	11,522,206	11,522,206
Net Position, June 30	<u>\$ 11,131,489</u>	<u>\$ 11,131,489</u>

Combining Statement of Fiduciary Net Position – Custodial Funds - Other

June 30, 2025

(Dollars in Thousands)

	Collection of Taxes and Fees	Deposits of Insurance Carriers	Inmate and Ward	Child Support Collection
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 166,675	\$ —	\$ 26,729	\$ 12,258
Investments:				
Bonds and Mortgage Securities	—	—	—	—
Stocks	—	—	—	—
Fixed Income Commingled Funds	—	—	—	—
Index and Pooled Funds	—	—	—	—
Real Estate	—	—	—	—
Private Equity	—	—	—	—
Short-term Investments	—	—	—	—
Total Investments	—	—	—	—
Assets Held Pending Distribution	—	512,104	—	—
Receivables, Net:				
Accounts	2	—	147	—
Interest and Dividends	—	—	—	—
Security Transactions	—	—	—	—
Taxes	204,719	—	—	—
Other Receivables	—	—	—	—
Total Receivables	204,721	—	147	—
Due from Internal Parties (Governmental and Business-type Activities)	23	—	359	—
Total Assets	371,419	512,104	27,235	12,258
Deferred Outflows of Resources				
Total Assets and Deferred Outflows of Resources	371,419	512,104	27,235	12,258
Liabilities and Deferred Inflows of Resources				
Accounts Payable	—	—	3,144	—
Amounts Due to Other Governments	367,870	—	—	—
Due to Internal Parties (Governmental Funds and Business-type Activities)	28	—	306	—
Obligations Under Securities Lending Program	271	—	—	—
Due to Claimants, Participants, Escrows and Providers	—	—	148	—
Other Liabilities	1,014	—	1,935	—
Insurance Premiums and Claims Payable	—	—	—	—
Payable for Security Transactions	—	—	—	—
Total Liabilities	369,183	—	5,533	—
Deferred Inflows of Resources				
Total Liabilities and Deferred Inflows of Resources	369,183	—	5,533	—
Net Position Restricted for Individuals, Organizations, and Other Governments	\$ 2,236	\$ 512,104	\$ 21,702	\$ 12,258

Behavioral Health Patient	Wilson Workforce Rehabilitation Center	Third Party Administrator	Virginia Veterans' Care Center Resident	Volunteer Firefighters and Rescue Squad Workers	VRS Investment Portfolio	Total
\$ 955	\$ 2	\$ 12,386	\$ 225	\$ 72	\$ 60	\$ 219,362
—	—	—	—	1,341	16,060	17,401
—	—	—	—	1,763	21,105	22,868
—	—	—	—	—	2	2
—	—	—	—	859	10,298	11,157
—	—	—	—	879	10,525	11,404
—	—	—	—	2,309	27,653	29,962
—	—	—	—	271	3,244	3,515
—	—	—	—	7,422	88,887	96,309
—	—	—	—	—	—	512,104
—	—	—	—	—	—	149
—	—	—	—	21	255	276
—	—	—	—	395	4,734	5,129
—	—	—	—	—	—	204,719
—	—	—	—	5	59	64
—	—	—	—	421	5,048	210,337
—	—	—	—	—	—	382
955	2	12,386	225	7,915	93,995	1,038,494
—	—	—	—	—	—	—
955	2	12,386	225	7,915	93,995	1,038,494
—	—	1	—	1	15	3,161
—	—	—	—	—	—	367,870
—	—	—	—	—	—	334
—	—	1,486	—	322	3,860	5,939
—	—	—	—	—	—	148
—	—	—	—	2	28	2,979
—	—	81	—	—	—	81
—	—	—	—	580	6,943	7,523
—	—	1,568	—	905	10,846	388,035
—	—	—	—	—	—	—
—	—	1,568	—	905	10,846	388,035
\$ 955	\$ 2	\$ 10,818	\$ 225	\$ 7,010	\$ 83,149	\$ 650,459

Combining Statement of Changes in Fiduciary Net Position – Custodial Funds - Other

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Collection of Taxes and Fees	Deposits of Insurance Carriers	Inmate and Ward	Child Support Collection
Additions:				
Investment Income:				
Interest, Dividends, and Other Investment Income	\$ 86	\$ —	\$ —	\$ —
Total Investment Income	86	—	—	—
Less Investment Expenses	11	—	—	—
Net Investment Income	75	—	—	—
Contributions:				
Member	—	—	—	—
Employer	—	—	—	—
Total Contributions	—	—	—	—
Other Revenue	—	16,121	6	—
Sales Tax Collections for Other Governments	1,918,943	—	—	—
Child Support Collections	—	—	—	593,055
Collections for Inmates and Wards	—	—	6,735	—
Collections for Behavioral Health Patients	—	—	—	—
Collateral Received and Related Additions	—	290,922	—	—
Fee Collections for Other Governments	10,892	—	—	—
Collections for Veterans' Care Center Residents	—	—	—	—
Other Additions	6,135	—	—	—
Total Additions	1,936,045	307,043	6,741	593,055
Deductions:				
Refunds to Former Members	—	—	—	—
Insurance Premiums and Claims	—	—	—	—
Administrative Expenses	605	—	—	—
Other Expenses	—	—	—	—
Sales Tax Payments to Other Governments	1,918,915	—	—	—
Child Support Payments to Individuals	—	—	—	593,296
Payments for Inmates and Wards	—	—	4,848	—
Payments for Behavioral Health Patients	—	—	—	—
Collateral Disbursed and Related Deductions	—	293,190	—	—
Fee Payments to Other Governments	10,280	—	—	—
Payments for Veterans' Care Center Residents	—	—	—	—
Other Deductions	6,162	—	—	—
Total Deductions	1,935,962	293,190	4,848	593,296
Net Increase (Decrease) in Fiduciary Net Position	83	13,853	1,893	(241)
Net Position, July 1, as previously reported	2,153	498,251	19,809	12,499
Net Position, June 30	\$ 2,236	\$ 512,104	\$ 21,702	\$ 12,258

Behavioral Health Patient	Wilson Workforce Rehabilitation Center	Third Party Administrator	Virginia Veterans' Care Center Resident	Volunteer Firefighters and Rescue Squad Workers	VRS Investment Portfolio	Total
\$ —	\$ —	\$ 494	\$ —	\$ 729	\$ 6,870	\$ 8,179
—	—	494	—	729	6,870	8,179
—	—	61	—	58	485	615
—	—	433	—	671	6,385	7,564
—	—	—	—	51	—	51
—	—	—	—	73	1,149	1,222
—	—	—	—	124	1,149	1,273
—	—	—	—	2	—	16,129
—	—	—	—	—	—	1,918,943
—	—	—	—	—	—	593,055
—	—	—	—	—	—	6,735
2,798	—	—	—	—	—	2,798
—	—	—	—	—	—	290,922
—	—	—	—	—	—	10,892
—	—	—	1,287	—	—	1,287
—	3	—	1	—	—	6,139
2,798	3	433	1,288	797	7,534	2,855,737
—	—	—	—	218	—	218
—	—	25	—	—	—	25
—	—	14	—	—	—	619
—	—	—	—	—	1,741	1,741
—	—	—	—	—	—	1,918,915
—	—	—	—	—	—	593,296
—	—	—	—	—	—	4,848
3,035	—	—	—	—	—	3,035
—	—	—	—	—	—	293,190
—	—	—	—	—	—	10,280
—	—	—	1,382	—	—	1,382
—	4	11	—	—	—	6,177
3,035	4	50	1,382	218	1,741	2,833,726
(237)	(1)	383	(94)	579	5,793	22,011
1,192	3	10,435	319	6,431	77,356	628,448
\$ 955	\$ 2	\$ 10,818	\$ 225	\$ 7,010	\$ 83,149	\$ 650,459

Nonmajor Component Units

Component Units are organizations that are legally separate from the Commonwealth of Virginia. Each discrete component unit serves or benefits those outside of the primary government.

The Higher Education Institutions account for the resources received and used in the operation of the Commonwealth's institutions of higher education and medical teaching hospitals.

Higher Education Institutions included in this section are:

- University of Virginia, including the University of Virginia Medical Center and the University of Virginia's College at Wise
- Virginia Polytechnic Institute and State University
- Virginia Commonwealth University, including the Virginia Commonwealth University Health System Authority
- The College of William & Mary, including Richard Bland College and the Virginia Institute of Marine Science
- Virginia Military Institute
- Virginia State University
- Norfolk State University
- University of Mary Washington
- James Madison University
- Radford University
- Old Dominion University
- George Mason University
- Virginia Community College System
- Christopher Newport University
- Longwood University
- Southwest Virginia Higher Education Center
- Roanoke Higher Education Authority
- Institute for Advanced Learning and Research
- Southern Virginia Higher Education Center
- New College Institute

The Virginia Innovation Partnership Authority supports the life cycle of innovation, including research, development, and commercialization, as well as related investment and seed-stage funding, in the Commonwealth.

The Virginia Economic Development Partnership works to enhance and increase the Commonwealth's commerce and trade, both domestically and internationally.

The Virginia Outdoors Foundation promotes preservation and fundraising for the purchase of preservation land.

The Virginia Port Authority is empowered to maintain and operate Virginia's ports.

The Virginia Passenger Rail Authority promotes, sustains, and expands the availability of passenger and commuter rail service in the Commonwealth.

The Virginia Tourism Authority promotes tourism and film production industries of the Commonwealth.

The Virginia Foundation for Healthy Youth determines the appropriate recipients of monies in the Virginia Tobacco Settlement Fund.

The Tobacco Region Revitalization Commission determines the appropriate recipients of monies in the Tobacco Indemnification and Community Revitalization Fund.

The Hampton Roads Sanitation District Commission operates a wastewater treatment system for 20 localities in the Chesapeake Bay Area.

The Virginia Biotechnology Research Partnership Authority assists in the development of a biotechnology research park.

The Virginia Small Business Financing Authority assists small businesses in the Commonwealth in obtaining financing for new businesses or the expansion of existing businesses.

The Virginia School for the Deaf and Blind Foundation operates exclusively for the benefit of the Virginia School for the Deaf and Blind.

The Science Museum of Virginia Foundation operates to implement and fund projects and operations of the Science Museum of Virginia.

The Virginia Commercial Space Flight Authority disseminates knowledge pertaining to scientific and technological research and development among public and private entities including, but not limited to, knowledge in the area of commercial space flight, and to promote industrial and economic development.

The Danville Science Center, Inc. promotes programs, projects, and operations to inspire visitors to enrich their lives through science.

The Virginia Museum of Fine Arts Foundation implements and funds programs, projects, and operations of the Virginia Museum of Fine Arts.

The A. L. Philpott Manufacturing Extension Partnership promotes industrial expansion by providing consulting services to manufacturers.

The Fort Monroe Authority assists in implementing a reuse plan for Commonwealth-owned property at the former army installation at Fort Monroe. The Authority works to preserve and protect the historic resources, provide public access to and stewardship of the natural resources at Fort Monroe.

The Assistive Technology Loan Fund Authority provides assistance with loans for the purchase of assistive technology or other equipment to enable Virginians with disabilities to become more independent.

The Virginia Land Conservation Foundation acquires interests in preservation land and provides grants to other entities to acquire interests in preservation land.

The Library of Virginia Foundation promotes and supports the Library of Virginia.

The Virginia Health Workforce Development Authority leads statewide policy and programmatic efforts that recruit, train, and retain Virginia's health care workforce.

Combining Statement of Net Position – Nonmajor Component Units

June 30, 2025

(Dollars in Thousands)

	University of Virginia	Virginia Polytechnic Institute and State University	Virginia Commonwealth University	The College of William and Mary
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 603,672	\$ 330,499	\$ 570,380	\$ 193,641
Investments	13,880,028	1,122,823	2,726,457	821,634
Receivables, Net	1,074,981	168,257	861,459	31,986
Contributions Receivable, Net	204,544	147,625	16,187	116,008
Due from Primary Government	83,988	324,646	182,588	32,926
Due from Component Units	—	16,082	10,339	3,447
Inventory	100,240	19,969	76,133	543
Prepaid Items	35,582	21,112	40,909	4,598
Other Assets	156,609	42,854	43,082	1,913
Restricted Cash and Cash Equivalents	37,579	213,697	91,800	31,698
Restricted Investments	2,574,170	1,538,398	1,191,300	782,768
Restricted Receivables, Net	94,725	356	42,235	1,877
Other Restricted Assets	168,680	26,102	49,002	241,604
Nondepreciable Capital Assets	900,148	405,397	262,907	291,816
Other Capital Assets, Net	5,571,740	2,899,240	3,050,993	1,061,161
Total Assets	25,486,686	7,277,057	9,215,771	3,617,620
Deferred Outflows of Resources	185,205	132,721	155,309	45,312
Total Assets and Deferred Outflows of Resources	25,671,891	7,409,778	9,371,080	3,662,932
Liabilities and Deferred Inflows of Resources				
Accounts Payable	545,846	178,956	315,375	62,594
Amounts Due to Other Governments	—	—	—	—
Due to Primary Government	—	9,095	7,277	2,494
Due to External Parties (Fiduciary Funds)	88	8,834	7,555	1,850
Unearned Revenue	103,646	81,890	91,734	23,350
Obligations Under Securities Lending Program	—	—	—	13
Other Liabilities	1,426,200	105,592	109,328	6,076
Insurance Claims Payable:				
Due Within One Year	15,729	—	8,100	—
Due in More Than One Year	—	—	38,322	—
Long-term Liabilities:				
Due Within One Year	273,263	126,538	232,293	47,894
Due in More Than One Year	4,849,700	1,266,157	1,544,922	533,862
Total Liabilities	7,214,472	1,777,062	2,354,906	678,133
Deferred Inflows of Resources	293,834	78,882	113,054	45,989
Total Liabilities and Deferred Inflows of Resources	7,508,306	1,855,944	2,467,960	724,122
Net Position				
Net Investment in Capital Assets	2,885,216	2,498,845	2,257,935	1,042,729
Restricted For:				
Nonexpendable:				
Higher Education	2,916,044	949,506	551,546	952,628
Other	—	—	—	—
Expendable:				
Capital Projects/Construction/Capital Acquisition	—	—	—	—
Debt Service	—	—	—	—
Gifts and Grants	—	—	—	—
Higher Education	6,415,287	1,248,467	1,017,332	754,422
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	25,655	12,359	18,820	4,648
Other	—	—	—	—
Unrestricted	5,921,383	844,657	3,057,487	184,383
Total Net Position (Deficit)	\$ 18,163,585	\$ 5,553,834	\$ 6,903,120	\$ 2,938,810

Virginia Military Institute	Virginia State University	Norfolk State University	University of Mary Washington	James Madison University	Radford University	Old Dominion University	George Mason University
\$ 43,145	\$ 39,582	\$ 52,743	\$ 31,488	\$ 358,408	\$ 167,296	\$ 270,605	\$ 642,570
207,897	20,313	79,684	3,034	42,133	10,571	267,249	95,059
622	13,974	7,923	5,741	22,034	6,615	127,091	91,296
11,613	—	7,451	1,779	9,302	2,424	37,470	46,015
15,543	100,663	72,940	26,869	75,590	39,884	178,374	23,692
2,683	4,293	4,181	1,522	2,310	1,610	5,242	4,858
9,038	—	—	152	1,310	674	297	1,709
423	2,427	5,292	653	7,403	9,831	14,548	7,742
233	13,927	385	60	78	—	23,156	1,151
—	107,255	4,214	5,708	43	1,115	206,147	22,459
637,630	89,046	23,676	128,783	187,544	88,431	360,402	428,789
1,068	—	—	—	—	—	—	—
6,447	3,396	2,988	1,304	15,062	5,221	6,665	56,144
31,932	162,022	32,968	38,221	280,080	48,416	96,235	116,553
408,107	267,345	284,437	440,645	1,251,865	449,648	1,054,295	1,431,158
1,376,381	824,243	578,882	685,959	2,253,162	831,736	2,647,776	2,969,195
9,036	25,322	19,578	10,704	56,899	21,879	53,583	89,252
1,385,417	849,565	598,460	696,663	2,310,061	853,615	2,701,359	3,058,447
10,491	36,960	20,917	13,245	65,836	25,747	56,964	82,251
—	—	—	—	—	—	4,673	—
619	769	804	619	3,366	636	3,662	4,383
352	495	463	205	4,675	861	3,035	4,390
937	5,068	6,246	1,538	19,728	4,704	71,614	70,306
2,475	2,961	2,206	2,181	26,011	16,150	16,243	51,463
452	9,890	3,727	4,572	4,709	736	29,611	7,499
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
4,003	16,384	11,147	13,947	54,966	18,645	52,855	69,999
87,420	208,124	154,831	262,231	598,493	142,298	505,610	729,067
106,749	280,651	200,341	298,538	777,784	209,777	744,267	1,019,358
5,505	12,920	11,103	12,571	36,545	19,112	25,540	69,079
112,254	293,571	211,444	311,109	814,329	228,889	769,807	1,088,437
421,051	355,825	214,952	238,142	1,109,463	418,444	802,237	1,141,385
372,368	34,360	23,726	97,954	122,396	47,588	306,789	242,074
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
296,652	148,496	121,642	69,264	158,126	90,458	586,165	226,503
1,242	3,007	2,876	1,327	8,377	3,745	6,521	11,754
—	—	—	—	—	—	—	—
181,850	14,306	23,820	(21,133)	97,370	64,491	229,840	348,294
\$ 1,273,163	\$ 555,994	\$ 387,016	\$ 385,554	\$ 1,495,732	\$ 624,726	\$ 1,931,552	\$ 1,970,010

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units (Continued from previous page)

June 30, 2025

(Dollars in Thousands)

	Virginia Community College System	Christopher Newport University	Longwood University	Southwest Virginia Higher Education Center
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 524,500	\$ 65,235	\$ 13,935	\$ 1,779
Investments	118,084	3,061	—	—
Receivables, Net	31,495	2,044	13,588	5,392
Contributions Receivable, Net	9,095	12,769	1,067	—
Due from Primary Government	93,543	40,423	13,579	1,125
Due from Component Units	13,099	268	90	—
Inventory	1,475	181	677	—
Prepaid Items	30,998	1,618	1,863	—
Other Assets	—	533	20,551	—
Restricted Cash and Cash Equivalents	16,646	3,371	8,846	—
Restricted Investments	406,059	69,966	148,751	—
Restricted Receivables, Net	38	127	—	—
Other Restricted Assets	23,802	5,051	1,313	83
Nondepreciable Capital Assets	221,794	112,364	42,128	285
Other Capital Assets, Net	1,397,425	647,201	520,051	14,408
Total Assets	2,888,053	964,212	786,439	23,072
Deferred Outflows of Resources	137,458	16,131	11,179	491
Total Assets and Deferred Outflows of Resources	3,025,511	980,343	797,618	23,563
Liabilities and Deferred Inflows of Resources				
Accounts Payable	115,215	30,585	10,905	134
Amounts Due to Other Governments	855	—	—	—
Due to Primary Government	6,109	902	744	18
Due to External Parties (Fiduciary Funds)	3,090	289	210	12
Unearned Revenue	56,174	3,215	11,906	—
Obligations Under Securities Lending Program	178	5,126	92	213
Other Liabilities	12,113	5,583	12,463	—
Insurance Claims Payable:				
Due Within One Year	—	—	—	—
Due in More Than One Year	—	—	—	—
Long-term Liabilities:				
Due Within One Year	47,174	30,718	14,440	173
Due in More Than One Year	602,071	287,828	464,497	1,462
Total Liabilities	842,979	364,246	515,257	2,012
Deferred Inflows of Resources	94,138	11,024	8,574	338
Total Liabilities and Deferred Inflows of Resources	937,117	375,270	523,831	2,350
Net Position				
Net Investment in Capital Assets	1,441,548	483,384	218,379	14,693
Restricted For:				
Nonexpendable:				
Higher Education	179,775	41,125	65,515	—
Other	—	—	—	—
Expendable:				
Capital Projects/Construction/Capital Acquisition	—	—	—	—
Debt Service	—	—	—	—
Gifts and Grants	—	—	—	—
Higher Education	389,901	73,026	40,787	2,962
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	24,246	2,466	1,308	83
Other	—	—	—	—
Unrestricted	52,924	5,072	(52,202)	3,475
Total Net Position (Deficit)	\$ 2,088,394	\$ 605,073	\$ 273,787	\$ 21,213

Roanoke Higher Education Authority	Institute for Advanced Learning and Research	Southern Virginia Higher Education Center	New College Institute	Virginia Innovation Partnership Authority	Virginia Economic Development Partnership	Virginia Outdoors Foundation
\$ 4,446	\$ 21,825	\$ 9	\$ 580	\$ 81,986	\$ 1,669	\$ 13,626
103	3,651	—	—	43	—	21
4,336	16,777	117	—	808	311	265
4	—	—	—	—	—	—
—	—	555	484	—	—	—
—	—	—	—	—	—	—
35	—	—	—	—	—	—
71	599	—	—	264	822	62
424	—	—	—	—	43	—
53	318	17	—	12,045	—	9,874
—	—	—	—	—	—	8,692
—	—	—	—	—	—	—
—	1,277	187	65	—	1,263	—
4,078	68,234	—	—	—	—	7,675
23,533	56,844	1,312	7,763	308	14,452	1,053
37,083	169,525	2,197	8,892	95,454	18,560	41,268
93	502	1,225	442	—	9,113	123
37,176	170,027	3,422	9,334	95,454	27,673	41,391
166	8,362	193	148	906	1,437	192
—	—	—	—	—	—	—
—	—	44	17	—	318	—
—	—	28	10	—	383	6
123	4,818	—	—	12,055	96	—
—	—	—	—	—	—	—
—	113	—	—	419	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
228	174	363	5	215	4,329	249
114	4,671	3,368	1,213	222	31,490	476
631	18,138	3,996	1,393	13,817	38,053	923
5,100	249	563	337	—	3,351	56
5,731	18,387	4,559	1,730	13,817	41,404	979
27,601	114,227	1,312	7,763	183	1,488	8,729
—	—	—	—	—	—	—
—	—	—	—	—	—	62
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
600	1,515	17	—	—	—	—
—	—	181	68	—	1,040	—
—	—	—	—	12,044	—	—
3,244	35,898	(2,647)	(227)	69,410	(16,259)	31,621
\$ 31,445	\$ 151,640	\$ (1,137)	\$ 7,604	\$ 81,637	\$ (13,731)	\$ 40,412

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units (Continued from previous page)

June 30, 2025

(Dollars in Thousands)

	Virginia Port Authority	Virginia Passenger Rail Authority	Virginia Tourism Authority	Virginia Foundation for Healthy Youth
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 602,078	\$ 202,819	\$ 24,456	\$ 28,238
Investments	383,562	272,935	—	—
Receivables, Net	147,978	33,703	195	—
Contributions Receivable, Net	—	—	—	—
Due from Primary Government	33,839	47,756	—	—
Due from Component Units	—	—	—	—
Inventory	26,370	—	—	—
Prepaid Items	4,783	59,226	340	—
Other Assets	4,825	60,917	5	6
Restricted Cash and Cash Equivalents	320,383	—	—	—
Restricted Investments	13,627	—	—	—
Restricted Receivables, Net	—	—	—	—
Other Restricted Assets	—	491	402	84
Nondepreciable Capital Assets	781,169	1,219,304	811	—
Other Capital Assets, Net	5,043,963	106,563	488	—
Total Assets	7,362,577	2,003,714	26,697	28,328
Deferred Outflows of Resources	24,473	5,615	2,187	447
Total Assets and Deferred Outflows of Resources	7,387,050	2,009,329	28,884	28,775
Liabilities and Deferred Inflows of Resources				
Accounts Payable	77,586	65,356	2,030	1,730
Amounts Due to Other Governments	—	—	—	—
Due to Primary Government	—	59	118	18
Due to External Parties (Fiduciary Funds)	3	170	117	12
Unearned Revenue	182,227	37,884	—	—
Obligations Under Securities Lending Program	11,381	—	—	2,611
Other Liabilities	12,456	31,987	—	2,514
Insurance Claims Payable:				
Due Within One Year	—	—	—	—
Due in More Than One Year	—	—	—	—
Long-term Liabilities:				
Due Within One Year	55,820	1,577	677	158
Due in More Than One Year	5,168,979	57,251	7,266	1,528
Total Liabilities	5,508,452	194,284	10,208	8,571
Deferred Inflows of Resources	39,823	1,353	1,347	331
Total Liabilities and Deferred Inflows of Resources	5,548,275	195,637	11,555	8,902
Net Position				
Net Investment in Capital Assets	595,270	1,193,236	1,300	—
Restricted For:				
Nonexpendable:				
Higher Education	—	—	—	—
Other	—	—	—	—
Expendable:				
Capital Projects/Construction/Capital Acquisition	3,698	49,835	—	—
Debt Service	145,170	—	—	—
Gifts and Grants	—	—	—	—
Higher Education	—	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	—	233	406	89
Other	—	—	2,526	—
Unrestricted	1,094,637	570,388	13,097	19,784
Total Net Position (Deficit)	\$ 1,838,775	\$ 1,813,692	\$ 17,329	\$ 19,873

Tobacco Region Revitalization Commission	Hampton Roads Sanitation District Commission	Virginia Biotechnology Research Partnership Authority	Virginia Small Business Financing Authority	Virginia School for the Deaf and Blind Foundation	Science Museum of Virginia Foundation	Virginia Commercial Space Flight Authority	Danville Science Center, Inc.
\$ 5,162	\$ 352,371	\$ 5,314	\$ 7,272	\$ 2,958	\$ 4,348	\$ 44,703	\$ 226
161,264	69,597	1,126	—	4,220	1,880	—	1,154
12,858	83,480	1,253	36,463	—	9	6,765	—
—	—	—	—	—	894	—	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
—	25,425	—	—	—	—	—	7
6	—	1	—	—	19	51	17
—	30,726	—	—	—	—	—	—
3,403	181,639	10,519	57,521	—	3,727	—	51
155,706	—	8,489	—	—	24,689	—	709
—	—	—	—	—	—	—	—
625	—	74	4,760	—	—	—	—
—	1,656,416	4,052	—	—	—	84,341	—
212	1,466,476	194	—	—	6	137,922	—
339,236	3,866,130	31,022	106,016	7,178	35,572	273,782	2,164
383	42,892	34	458	—	—	—	—
339,619	3,909,022	31,056	106,474	7,178	35,572	273,782	2,164
97	188,281	5,564	283	—	38	3,932	—
—	—	—	—	—	—	—	—
13	—	—	—	—	1,738	—	—
9	—	—	13	—	—	—	—
—	—	28	—	—	409	3,690	—
486	—	—	375	—	—	—	—
2,178	17,060	7,396	56	—	—	9	—
—	—	—	—	—	—	—	—
—	—	—	—	—	—	—	—
187	205,076	17	5	—	—	1,962	—
1,242	1,799,961	38	1,216	—	—	2,709	—
4,212	2,210,378	13,043	1,948	—	2,185	12,302	—
240	28,458	89	285	—	—	4,074	—
4,452	2,238,836	13,132	2,233	—	2,185	16,376	—
—	1,156,903	4,246	—	—	6	217,441	—
—	—	—	—	—	—	—	—
—	—	—	—	—	8,202	—	254
158,178	9,215	—	—	—	197	20,431	—
—	37,709	—	—	—	—	—	—
—	—	7,341	86,016	—	20,912	—	505
—	—	—	—	—	—	—	—
59	—	—	53	—	—	—	—
—	30,404	—	2,325	—	—	—	—
176,930	435,955	6,337	15,847	7,178	4,070	19,534	1,405
\$ 335,167	\$ 1,670,186	\$ 17,924	\$ 104,241	\$ 7,178	\$ 33,387	\$ 257,406	\$ 2,164

Continued on next page

Combining Statement of Net Position – Nonmajor Component Units (Continued from previous page)

June 30, 2025

(Dollars in Thousands)

	Virginia Museum of Fine Arts Foundation	A. L. Philpott Manufacturing Extension Partnership	Fort Monroe Authority	Assistive Technology Loan Fund Authority
Assets and Deferred Outflows of Resources				
Cash and Cash Equivalents	\$ 6,827	\$ 436	\$ 7,461	\$ 4,003
Investments	21,882	—	—	—
Receivables, Net	1,844	738	15,310	2,925
Contributions Receivable, Net	6,522	—	—	—
Due from Primary Government	—	—	—	—
Due from Component Units	—	—	—	—
Inventory	—	—	—	—
Prepaid Items	158	—	161	—
Other Assets	4,090	—	—	—
Restricted Cash and Cash Equivalents	27,175	—	4,570	—
Restricted Investments	269,881	—	—	—
Restricted Receivables, Net	—	—	—	—
Other Restricted Assets	—	—	118	—
Nondepreciable Capital Assets	4,310	—	3,720	—
Other Capital Assets, Net	4,259	330	693	59
Total Assets	346,948	1,504	32,033	6,987
Deferred Outflows of Resources	—	—	640	—
Total Assets and Deferred Outflows of Resources	346,948	1,504	32,673	6,987
Liabilities and Deferred Inflows of Resources				
Accounts Payable	200	807	1,877	—
Amounts Due to Other Governments	—	—	—	—
Due to Primary Government	—	—	37	—
Due to External Parties (Fiduciary Funds)	—	—	37	—
Unearned Revenue	—	—	3,422	—
Obligations Under Securities Lending Program	—	—	—	—
Other Liabilities	6,682	—	366	—
Insurance Claims Payable:				
Due Within One Year	—	—	—	—
Due in More Than One Year	—	—	—	—
Long-term Liabilities:				
Due Within One Year	791	287	214	62
Due in More Than One Year	46,362	401	1,941	—
Total Liabilities	54,035	1,495	7,894	62
Deferred Inflows of Resources	—	—	13,543	—
Total Liabilities and Deferred Inflows of Resources	54,035	1,495	21,437	62
Net Position				
Net Investment in Capital Assets	(229)	12	4,097	—
Restricted For:				
Nonexpendable:				
Higher Education	—	—	—	—
Other	182,683	—	981	—
Expendable:				
Capital Projects/Construction/Capital Acquisition	8,505	—	—	—
Debt Service	—	—	—	—
Gifts and Grants	122,434	—	—	64
Higher Education	—	—	—	—
Net Other Postemployment Benefit - Virginia Sickness and Disability Program	—	—	122	—
Other	—	—	—	—
Unrestricted	(20,480)	(3)	6,036	6,861
Total Net Position (Deficit)	\$ 292,913	\$ 9	\$ 11,236	\$ 6,925

Virginia Land Conservation Foundation	Library of Virginia Foundation	Virginia Health Workforce Development Authority	Total Nonmajor Component Units
\$ 42,057	\$ 98	\$ 1,195	\$ 5,375,641
—	1,706	—	20,321,171
—	—	—	2,830,633
—	5,936	—	636,705
—	—	—	1,389,007
—	—	—	70,024
—	74	—	264,309
—	20	210	251,809
—	—	—	405,568
—	—	—	1,381,873
—	6,241	—	9,143,747
—	—	—	140,426
—	—	—	622,210
—	—	—	6,877,376
—	29	—	27,616,178
42,057	14,104	1,405	77,326,677
—	—	—	1,058,686
42,057	14,104	1,405	78,385,363
6	88	518	1,931,818
—	—	—	5,528
1	—	—	43,860
1	—	—	37,193
—	555	—	797,363
5,046	—	—	145,211
—	—	—	1,819,787
—	—	—	23,829
—	—	—	38,322
—	—	—	1,286,835
—	—	—	19,369,021
5,054	643	518	25,498,767
—	—	—	937,407
5,054	643	518	26,436,174
—	—	—	18,877,813
—	—	—	6,903,394
—	2,672	—	194,854
—	—	—	250,059
—	—	—	182,879
—	9,388	—	246,660
—	—	—	11,641,622
—	—	—	130,685
—	—	—	47,299
37,003	1,401	887	13,473,924
\$ 37,003	\$ 13,461	\$ 887	\$ 51,949,189

Combining Statement of Activities – Nonmajor Component Units

For the Fiscal Year Ended June 30, 2025
(Dollars in Thousands)

	Program Revenues				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expenses) Revenue
Higher Education					
University of Virginia	\$ 7,209,632	\$ 5,248,275	\$ 1,707,175	\$ 83,445	\$ (170,737)
Virginia Polytechnic Institute and State University	2,294,721	1,175,788	758,468	300,476	(59,989)
Virginia Commonwealth University	5,108,912	4,273,410	667,107	35,800	(132,595)
The College of William and Mary	682,483	352,796	220,970	77,898	(30,819)
Virginia Military Institute	142,242	47,184	73,020	15,475	(6,563)
Virginia State University	266,669	59,009	58,906	59,941	(88,813)
Norfolk State University	297,370	63,643	59,428	23,896	(150,403)
University of Mary Washington	148,241	66,500	15,973	28,660	(37,108)
James Madison University	755,054	486,458	94,838	12,256	(161,502)
Radford University	247,829	85,457	34,877	6,988	(120,507)
Old Dominion University	1,037,437	319,601	316,792	177,327	(223,717)
George Mason University	1,375,595	615,551	398,236	59,744	(302,064)
Virginia Community College System	1,461,868	296,837	436,632	77,002	(651,397)
Christopher Newport University	204,502	110,326	18,761	10,186	(65,229)
Longwood University	195,925	79,045	16,615	8,802	(91,463)
Southwest Virginia Higher Education Center	5,542	1,073	88	386	(3,995)
Roanoke Higher Education Authority	6,557	1,856	239	2,982	(1,480)
Institute for Advanced Learning and Research	43,182	30,484	254	42,942	30,498
Southern Virginia Higher Education Center	7,768	638	554	283	(6,293)
New College Institute	4,245	220	44	—	(3,981)
Total Higher Education	21,495,774	13,314,151	4,878,977	1,024,489	(2,278,157)
Other Nonmajor Component Units					
Virginia Innovation Partnership Authority	55,981	2,040	9,525	—	(44,416)
Virginia Economic Development Partnership	67,188	481	1,213	—	(65,494)
Virginia Outdoors Foundation	9,720	1,939	1,491	—	(6,290)
Virginia Port Authority	1,008,942	853,403	42,486	194,184	81,131
Virginia Passenger Rail Authority	198,280	91,722	22,857	253,271	169,570
Virginia Tourism Authority	45,354	1,733	4,718	—	(38,903)
Virginia Foundation for Healthy Youth	16,181	—	2,998	—	(13,183)
Tobacco Region Revitalization Commission	16,337	—	6	—	(16,331)
Hampton Roads Sanitation District Commission	315,749	471,964	—	143,841	300,056
Virginia Biotechnology Research Partnership Authority	9,751	702	7,147	—	(1,902)
Virginia Small Business Financing Authority	22,091	2,710	746	—	(18,635)
Virginia School for the Deaf and Blind Foundation	1,492	—	—	—	(1,492)
Science Museum of Virginia Foundation	3,948	—	3,032	—	(916)
Virginia Commercial Space Flight Authority	38,371	1,329	4,757	10,380	(21,905)
Danville Science Center, Inc.	430	31	55	—	(344)
Virginia Museum of Fine Arts Foundation	46,266	134	24,770	—	(21,362)
A. L. Philpott Manufacturing Extension Partnership	9,482	3,574	3,801	—	(2,107)
Fort Monroe Authority	14,743	7,208	—	3,573	(3,962)
Assistive Technology Loan Fund Authority	488	—	3	—	(485)
Virginia Land Conservation Foundation	14,593	—	3,471	—	(11,122)
Library of Virginia Foundation	1,819	143	—	—	(1,676)
Virginia Health Workforce Development Authority	2,217	68	2,641	—	492
Total Other Nonmajor	1,899,423	1,439,181	135,717	605,249	280,724
Total Nonmajor Component Units	\$ 23,395,197	\$ 14,753,332	\$ 5,014,694	\$ 1,629,738	\$ (1,997,433)

General Revenues

Operating Appropriations from Primary Government	Unrestricted Grants and Contributions	Investment Earnings	Change in Fair Value of Other Derivative Instruments	Miscellaneous
\$ 333,234	\$ 36,401	\$ 861,860	\$ 1,220	\$ 110,208
463,608	3,145	104,570	—	33,341
432,196	50,775	305,384	—	46,236
151,844	18,144	29,721	—	26,677
40,194	—	17,667	—	549
120,277	6,794	12,472	—	6,635
169,694	8,652	10,663	—	2,960
60,094	—	14,397	—	1,072
206,256	1,896	19,882	—	3,975
121,781	1,828	8,012	—	3,649
377,019	576	51,742	—	40,774
366,104	3,875	45,461	—	6,546
787,569	20,654	18,176	—	20,914
72,064	1,043	9,081	—	1,253
64,074	—	13,956	—	10,495
4,461	—	727	—	—
3,448	64	138	—	—
8,041	—	482	—	—
5,920	353	—	—	—
3,148	—	—	—	—
3,791,026	154,200	1,524,391	1,220	315,284
42,486	—	5,224	—	19
54,130	—	444	—	177
6,093	274	1,322	—	9
59,298	—	57,249	—	—
—	165,440	26,722	—	—
36,411	—	1,034	—	—
1,515	9,874	927	—	3
—	—	13,829	—	1,100
—	—	26,121	—	—
—	291	1,625	—	—
—	—	3,568	—	7
—	121	1,669	—	120
—	1,805	557	—	—
24,581	14,272	—	—	2,156
—	152	133	—	—
—	13,416	3,466	—	3,784
1,753	—	—	—	—
7,903	—	—	—	742
—	—	350	—	—
16,000	—	—	—	—
—	469	589	—	8
—	—	—	—	—
250,170	206,114	144,829	—	8,125
\$ 4,041,196	\$ 360,314	\$ 1,669,220	\$ 1,220	\$ 323,409

Continued on next page

Combining Statement of Activities – Nonmajor Component Units *(Continued from previous page)*

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	Contributions to Permanent and Term Endowments	Change in Net Position	Net Position (Deficit) July 1, as previously reported	Restatements to Net Position (Deficit) July 1	Net Position (Deficit) July 1, as restated	Net Position (Deficit) June 30
Higher Education						
University of Virginia	\$ 142,497	\$ 1,314,683	\$ 16,880,520	\$ (31,618)	\$ 16,848,902	\$ 18,163,585
Virginia Polytechnic Institute and State University	45,143	589,818	4,968,215	(4,199)	4,964,016	5,553,834
Virginia Commonwealth University	18,328	720,324	6,216,229	(33,433)	6,182,796	6,903,120
The College of William and Mary	82,895	278,462	2,666,890	(6,542)	2,660,348	2,938,810
Virginia Military Institute	12,216	64,063	1,209,181	(81)	1,209,100	1,273,163
Virginia State University	313	57,678	499,239	(923)	498,316	555,994
Norfolk State University	8,634	50,200	325,778	11,038	336,816	387,016
University of Mary Washington	8,941	47,396	338,629	(471)	338,158	385,554
James Madison University	8,492	78,999	1,421,844	(5,111)	1,416,733	1,495,732
Radford University	1,166	15,929	613,572	(4,775)	608,797	624,726
Old Dominion University	15,235	261,629	1,099,108	570,815	1,669,923	1,931,552
George Mason University	24,927	144,849	1,836,038	(10,877)	1,825,161	1,970,010
Virginia Community College System	13,112	209,028	1,891,465	(12,099)	1,879,366	2,088,394
Christopher Newport University	1,620	19,832	585,955	(714)	585,241	605,073
Longwood University	5,704	2,766	291,451	(20,430)	271,021	273,787
Southwest Virginia Higher Education Center	—	1,193	20,052	(32)	20,020	21,213
Roanoke Higher Education Authority	1	2,171	29,274	—	29,274	31,445
Institute for Advanced Learning and Research	—	39,021	112,619	—	112,619	151,640
Southern Virginia Higher Education Center	—	(20)	(1,117)	—	(1,117)	(1,137)
New College Institute	—	(833)	8,479	(42)	8,437	7,604
Total Higher Education	389,224	3,897,188	41,013,421	450,506	41,463,927	45,361,115
Other Nonmajor Component Units						
Virginia Innovation Partnership Authority	—	3,313	78,324	—	78,324	81,637
Virginia Economic Development Partnership	—	(10,743)	(2,368)	(620)	(2,988)	(13,731)
Virginia Outdoors Foundation	—	1,408	39,004	—	39,004	40,412
Virginia Port Authority	—	197,678	1,644,006	(2,909)	1,641,097	1,838,775
Virginia Passenger Rail Authority	—	361,732	1,451,960	—	1,451,960	1,813,692
Virginia Tourism Authority	—	(1,458)	18,966	(179)	18,787	17,329
Virginia Foundation for Healthy Youth	—	(864)	20,792	(55)	20,737	19,873
Tobacco Region Revitalization Commission	—	(1,402)	336,602	(33)	336,569	335,167
Hampton Roads Sanitation District Commission	—	326,177	1,351,657	(7,648)	1,344,009	1,670,186
Virginia Biotechnology Research Partnership Authority	—	14	34,898	(16,988)	17,910	17,924
Virginia Small Business Financing Authority	—	(15,060)	119,301	—	119,301	104,241
Virginia School for the Deaf and Blind Foundation	—	418	6,760	—	6,760	7,178
Science Museum of Virginia Foundation	1,313	2,759	30,628	—	30,628	33,387
Virginia Commercial Space Flight Authority	—	19,104	238,548	(246)	238,302	257,406
Danville Science Center, Inc.	147	88	2,076	—	2,076	2,164
Virginia Museum of Fine Arts Foundation	6,345	5,649	287,264	—	287,264	292,913
A. L. Philpott Manufacturing Extension Partnership	—	(354)	493	(130)	363	9
Fort Monroe Authority	—	4,683	6,553	—	6,553	11,236
Assistive Technology Loan Fund Authority	—	(135)	7,060	—	7,060	6,925
Virginia Land Conservation Foundation	—	4,878	32,125	—	32,125	37,003
Library of Virginia Foundation	8,166	7,556	5,905	—	5,905	13,461
Virginia Health Workforce Development Authority	—	492	395	—	395	887
Total Other Nonmajor	15,971	905,933	5,710,949	(28,808)	5,682,141	6,588,074
Total Nonmajor Component Units	\$ 405,195	\$ 4,803,121	\$ 46,724,370	\$ 421,698	\$ 47,146,068	\$ 51,949,189

Debt Schedules

Summary Schedule – Total Debt and Other Long-term Obligations of the Commonwealth

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2025	2024	2023	2022	2021
Tax-Supported Debt:					
Primary Government:					
General Obligation Bonds (1):					
Section 9(b) Bonds (2)	\$ 76,525	\$ 120,065	\$ 173,122	\$ 225,600	\$ 278,221
Section 9(c) Bonds (2)	2,918	3,582	4,646	5,664	6,640
Subtotal - General Obligation Bonds	79,443	123,647	177,768	231,264	284,861
Nongeneral Obligation Debt:					
Section 9(d) Bonds (2)	6,133,112	6,156,745	6,322,042	6,518,374	6,133,638
Other Long-term Debt and Obligations (3)	5,829,274	5,771,365	5,332,634	4,604,382	6,803,664
Total Primary Government	12,041,829	12,051,757	11,832,444	11,354,020	13,222,163
Component Units:					
General Obligation Bonds (1):					
Section 9(c) Bonds (2)	921,820	929,445	940,849	912,817	955,729
Subtotal - General Obligation Bonds	921,820	929,445	940,849	912,817	955,729
Nongeneral Obligation Bonds:					
Section 9(d) Bonds (2)	5,737,895	6,226,218	6,005,675	5,600,244	5,329,127
Other Long-term Debt (3)	4,146,658	4,045,960	3,833,712	3,323,306	4,847,537
Total Component Units	10,806,373	11,201,623	10,780,236	9,836,367	11,132,393
Total Tax-Supported Debt	22,848,202	23,253,380	22,612,680	21,190,387	24,354,556
Debt Not Supported by Taxes:					
Primary Government:					
Total Primary Government (2)	5,937,850	5,886,142	5,809,575	6,046,949	4,914,220
Component Units:					
Section 9(d) Moral Obligation Bonds (2)	919,227	917,954	906,848	929,911	914,377
Section 9(d) Other Debt (2)	18,767,970	17,333,513	15,882,401	15,834,374	14,824,823
Other Long-term Debt (4)	9,079,330	8,480,240	8,163,830	7,904,490	5,856,213
Foundations (5)	1,825,291	1,643,054	2,056,375	1,814,098	1,760,809
Total Component Units	30,591,818	28,374,761	27,009,454	26,482,873	23,356,222
Total Debt Not Supported by Taxes	36,529,668	34,260,903	32,819,029	32,529,822	28,270,442
Total Debt of the Commonwealth	\$ 59,377,870	\$ 57,514,283	\$ 55,431,709	\$ 53,720,209	\$ 52,624,998
	2025	2024	2023	2022	2021
Section 9(b) Debt:					
Public Facilities Bonds (2)	\$ 76,525	\$ 120,065	\$ 173,122	\$ 225,600	\$ 278,221
Subtotal 9(b) Debt	76,525	120,065	173,122	225,600	278,221
Section 9(c) Debt:					
Higher Educational Institution Bonds (2)	921,820	929,445	940,849	912,817	955,729
Parking Facilities Bonds (2)	2,918	3,582	4,646	5,664	6,640
Subtotal 9(c) Debt	924,738	933,027	945,495	918,481	962,369
Total General Obligation Debt (1)	\$ 1,001,263	\$ 1,053,092	\$ 1,118,617	\$ 1,144,081	\$ 1,240,590

- (1) Total general obligation debt for the fiscal year ended.
- (2) All amounts are net of unamortized discounts and premiums.
- (3) Includes long-term lease liabilities, installment purchase obligations, pension liability, the long-term portion of the liability for compensated absences, and other debt supported by taxes.
- (4) Includes bonds payable, notes payable, and other debt not supported by taxes.
- (5) Foundations represent FASB reporting entities defined in Note 1.B.

Tax-Supported Debt and Other Long-term Obligations

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2025	2024	2023	2022	2021
Primary Government:					
General Obligation Debt (1) (3):					
Section 9(b) Debt					
Public Facilities (2)	\$ 76,525	\$ 120,065	\$ 173,122	\$ 225,600	\$ 278,221
Subtotal Section 9(b) Debt	76,525	120,065	173,122	225,600	278,221
Section 9(c) Debt					
Parking Facilities (2)	2,918	3,582	4,646	5,664	6,640
Subtotal Section 9(c) Debt	2,918	3,582	4,646	5,664	6,640
Subtotal General Obligation Debt	79,443	123,647	177,768	231,264	284,861
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Transportation Debt (2)	2,487,593	2,632,683	2,802,412	2,737,497	2,661,007
Virginia Public Building Authority (2)	3,645,519	3,524,062	3,519,630	3,780,877	3,472,631
Subtotal Section 9(d) Debt	6,133,112	6,156,745	6,322,042	6,518,374	6,133,638
Other Long-term Debt:					
Capital Lease Obligations (5)	—	—	—	—	27,768
Long-term Lease Liabilities (5)	357,135	349,010	330,682	366,188	—
Long-Term Subscription-Based Information Technology Arrangements (6)	214,941	204,165	137,104	—	—
Installment Purchase Obligations (4)	90,128	89,457	88,575	107,224	127,673
Economic Development Authority Obligations (2)	—	—	—	—	7,542
Subtotal Other Long-term Debt	662,204	642,632	556,361	473,412	162,983
Other Long-term Obligations:					
Compensated Absences	528,879	385,190	370,698	333,763	346,551
Net Pension Liability	3,729,025	3,756,222	3,430,433	2,728,430	5,058,611
Net OPEB Liability	690,826	768,602	745,003	784,210	880,210
Total OPEB Liability	192,904	191,029	198,865	247,471	314,039
Pollution Remediation Liability	2,810	4,115	8,171	8,685	9,140
Other Liabilities	22,626	23,575	23,103	28,411	32,130
Subtotal Other Long-term Obligations	5,167,070	5,128,733	4,776,273	4,130,970	6,640,681
Total Primary Government	12,041,829	12,051,757	11,832,444	11,354,020	13,222,163
Component Units:					
General Obligation Bonds (1) (3):					
Section 9(c) Debt					
Higher Educational Institutions (2)	921,820	929,445	940,849	912,817	955,729
Subtotal General Obligation Debt	921,820	929,445	940,849	912,817	955,729
Nongeneral Obligation Debt:					
Section 9(d) Debt:					
Virginia Port Authority (2)	340,040	353,816	368,903	210,246	222,831
Virginia College Building Authority (2)	5,397,855	5,872,402	5,636,772	5,389,998	5,101,393
Virginia Biotechnology Research Partnership Authority (2)	—	—	—	—	4,903
Subtotal Section 9(d) Debt	5,737,895	6,226,218	6,005,675	5,600,244	5,329,127
Other Long-term Debt:					
Capital Lease Obligations (5)	—	—	—	—	14,522
Long-term Lease Liabilities (5)	288,821	265,938	273,442	188,883	—
Long-Term Subscription-Based Information Technology Arrangements (6)	88,914	33,098	46,363	—	—
Installment Purchase Obligations (4)	215,196	220,229	225,249	232,324	96,340
Subtotal Other Long-term Debt	592,931	519,265	545,054	421,207	110,862
Other Long-term Obligations:					
Compensated Absences	582,816	423,895	419,401	379,422	390,615
Net Pension Liability	2,213,461	2,273,888	2,035,998	1,640,724	3,290,270
Net OPEB Liability	602,418	676,337	677,281	690,385	812,883
Total OPEB Liability	155,032	152,575	155,978	191,568	242,907
Subtotal Other Long-term Obligations	3,553,727	3,526,695	3,288,658	2,902,099	4,736,675
Total Component Units	10,806,373	11,201,623	10,780,236	9,836,367	11,132,393
Total Tax-Supported Debt	\$ 22,848,202	\$ 23,253,380	\$ 22,612,680	\$ 21,190,387	\$ 24,354,556

- (1) The general obligation debt is the only debt or long-term obligation that is backed by the full faith and credit of the Commonwealth.
- (2) All amounts are net of unamortized discounts and premiums.
- (3) See Note 1 on previous page.
- (4) As discussed in Note 28, certain balances above contain Direct Borrowings and Direct Placements.
- (5) GASB Statement No. 87, *Leases*, was effective starting with fiscal year 2022. This statement changed the lease liability classifications.
- (6) GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was effective starting with fiscal year 2023.

Debt and Other Long-term Obligations Not Supported by Taxes

Last Five Fiscal Years
(Dollars in Thousands)

	For the Fiscal Year Ended June 30,				
	2025	2024	2023	2022	2021
Primary Government:					
Other Long-term Debt & Obligations:					
Grant Anticipation Notes (GARVEES) (1)	\$ 792,465	\$ 768,265	\$ 873,808	\$ 979,791	\$ 1,086,897
I-81 Revenue Bonds (1)	111,833	114,152	100,822	102,401	—
Hampton Roads Transportation Accountability Commission (1)	2,976,621	2,799,940	2,562,835	2,785,352	1,748,229
Net Pension Liability	145,142	149,602	132,815	95,141	176,370
Net OPEB Liability	21,633	23,798	23,259	21,595	24,598
Total OPEB Liability	8,564	8,505	8,573	9,854	11,878
Compensated Absences	18,055	15,082	15,244	13,699	14,545
Long-term Lease Liabilities (2)	295,785	306,363	294,156	311,969	—
Long-term Subscription-Based Information Technology Arrangements (3)	195,924	205,932	215,236	—	—
Installment Purchase Obligations	—	—	—	572	771
Educational Benefits Payable	1,184,289	1,301,781	1,384,699	1,613,747	1,733,998
Lottery Prizes Payable	187,539	192,722	198,128	112,828	116,934
Total Primary Government	5,937,850	5,886,142	5,809,575	6,046,949	4,914,220
Component Units:					
Section 9(d) Moral Obligation Debt: (1)					
Virginia Resources Authority	919,227	917,954	906,848	929,911	914,377
Subtotal Section 9(d) Moral Obligation Debt	919,227	917,954	906,848	929,911	914,377
Section 9(d) Other Debt:					
Higher Educational Institutions (1):					
Auxiliary Enterprise Revenue Bonds	3,873,871	3,856,909	3,884,222	3,862,619	3,512,199
Teaching Hospitals Revenue Bonds (4) (5)	616,075	631,934	541,194	586,944	594,175
Subtotal Higher Education Institutions Debt	4,489,946	4,488,843	4,425,416	4,449,563	4,106,374
Virginia Housing Development Authority (1) (5)	7,551,092	6,266,161	4,763,715	4,679,799	4,358,584
Virginia Public School Authority (1) (5)	4,180,569	3,994,960	4,048,594	3,993,860	3,604,298
Virginia Port Authority (1)	244,316	251,788	259,020	266,025	272,815
Virginia Resources Authority (1)	2,302,047	2,331,761	2,385,656	2,445,127	2,482,752
Subtotal Section 9(d) Other Debt	18,767,970	17,333,513	15,882,401	15,834,374	14,824,823
Other Long-term Debt:					
Hampton Roads Sanitation District Commission (1)	1,854,322	1,317,446	979,742	868,472	835,006
Notes Payable (5)	1,765,667	1,853,899	1,981,825	1,882,451	1,809,657
Net Pension Liability	39,130	38,598	29,852	6,127	48,790
Net OPEB Liability	4,982	9,353	14,450	17,469	3,568
Total OPEB Liability	16,233	15,087	20,489	66,845	60,781
Capital Lease Obligations (2)	—	—	—	—	2,334,082
Long-term Lease Liabilities (2)	4,755,113	4,737,379	4,643,267	4,555,998	—
Long-term Subscription-Based Information Technology Arrangements (3)	224,170	168,543	163,492	—	—
Other Long-term Debt	419,713	339,935	330,713	507,128	764,329
Foundations (6)	1,825,291	1,643,054	2,056,375	1,814,098	1,760,809
Subtotal Other Long-term Debt	10,904,621	10,123,294	10,220,205	9,718,588	7,617,022
Subtotal Section 9(d) and Other Debt	29,672,591	27,456,807	26,102,606	25,552,962	22,441,845
Total Component Units	30,591,818	28,374,761	27,009,454	26,482,873	23,356,222
Total Debt Not Supported by Taxes (7)	\$ 36,529,668	\$ 34,260,903	\$ 32,819,029	\$ 32,529,822	\$ 28,270,442

(1) All amounts are net of unamortized discounts and premiums.

(2) GASB Statement No. 87, *Leases*, was effective starting with fiscal year 2022. This statement changed the lease liability classifications.

(3) GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, was effective starting with fiscal year 2023.

(4) Includes the Virginia Commonwealth University Health System Authority.

(5) As discussed in Note 28, certain balances above contain Direct Borrowings and Direct Placements.

(6) Foundations represent FASB reporting entities defined in Note 1.B.

(7) These amounts are not backed by the full faith and credit of the Commonwealth.

Authorized and Unissued Tax-Supported Debt

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

	As of June 30, 2024	New Debt Authorized	Debt Issued	Other Adjustments	As of June 30, 2025
Section 9(c) Debt (Primary Government):					
Higher Educational Institution Bonds	\$ 670,951	\$ 206,085	\$ 75,150	\$ (2,178)	\$ 799,708
Parking Facilities Bonds	226	—	—	—	226
Subtotal Section 9(c) Debt	671,177	206,085	75,150	(2,178)	799,934
Section 9(d) Debt:					
Primary Government:					
Transportation Contract Revenue Bonds					
(Northern Virginia Transportation District					
Fund Program)	24,700	—	—	—	24,700
U.S. Route 58 Corridor Development Program	226,400	—	—	—	226,400
Transportation Capital Projects Revenue Bonds	146,634	—	—	—	146,634
Special Structure Revenue Bonds	—	1,000,000	—	—	1,000,000
Component Units:					
Virginia Public Building Authority					
(Projects)	1,563,436	—	348,540	(41,459)	1,173,437
Virginia Public Building Authority					
(Jails)	36,144	44,758	—	—	80,902
Virginia College Building Authority					
(21st Century)	812,610	—	—	—	812,610
Virginia College Building Authority					
(Equipment Program)	192,800	—	—	—	192,800
Subtotal Section 9(d) Debt	3,002,724	1,044,758	348,540	(41,459)	3,657,483
Total Authorized and Unissued					
Tax-Supported Debt	<u>\$ 3,673,901</u>	<u>\$ 1,250,843</u>	<u>\$ 423,690</u>	<u>\$ (43,637)</u>	<u>\$ 4,457,417</u>

Tax-Supported Debt – Annual Debt Service Requirements [1]

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Fiscal Year Ending June 30	General Obligation Debt Sections 9(a), 9(b) and 9(c)			Other Tax-Supported Debt Section 9(d) [1] [2]		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 106,340	\$ 35,810	\$ 142,150	\$ 779,269	\$ 460,705	\$ 1,239,974
2027	99,270	31,693	130,963	778,017	426,952	1,204,969
2028	85,785	27,323	113,108	764,825	391,515	1,156,340
2029	74,105	23,968	98,073	757,820	355,500	1,113,320
2030	67,690	20,986	88,676	740,920	319,846	1,060,766
2031	64,300	18,429	82,729	701,940	284,786	986,726
2032	55,455	16,084	71,539	673,220	253,544	926,764
2033	55,990	14,086	70,076	640,865	224,493	865,358
2034	51,070	12,118	63,188	643,170	196,287	839,457
2035	45,305	10,400	55,705	617,455	169,621	787,076
2036	38,090	8,896	46,986	561,210	143,924	705,134
2037	30,545	7,627	38,172	505,740	121,252	626,992
2038	28,125	6,562	34,687	423,140	100,478	523,618
2039	25,185	5,517	30,702	440,780	82,831	523,611
2040	23,940	4,627	28,567	387,580	64,898	452,478
2041	15,685	3,830	19,515	356,520	49,649	406,169
2042	14,310	3,217	17,527	298,395	35,709	334,104
2043	9,520	2,621	12,141	212,655	23,624	236,279
2044	9,910	2,235	12,145	121,810	15,253	137,063
2045	5,315	1,833	7,148	84,860	9,779	94,639
2046	5,555	1,593	7,148	68,430	6,243	74,673
2047	5,810	1,343	7,153	37,945	3,753	41,698
2048	6,070	1,082	7,152	31,855	2,003	33,858
2049	6,355	796	7,151	18,516	486	19,002
2050	6,655	496	7,151	—	—	—
2051	1,770	181	1,951	—	—	—
2052	1,860	93	1,953	—	—	—
Subtotal	940,010	263,446	1,203,456	10,646,937	3,743,131	14,390,068
Add						
Accretion on						
Capital Appreciation						
Bonds	—	—	—	10,326	—	10,326
Add						
Unamortized						
Premium	61,253	—	61,253	1,213,744	—	1,213,744
Total	\$ 1,001,263	\$ 263,446	\$ 1,264,709	\$ 11,871,007	\$ 3,743,131	\$ 15,614,138

[1] Does not include long-term leases, long-term subscription-based information technology arrangements, installment purchase obligations, regional jail reimbursements under the original treasury board program, compensated absences, pension liability, OPEB liability, pollution remediation liability and other liabilities.

[2] Includes principal amount of \$6,133,112 (dollars in thousands) for the primary government, net of accretion on capital appreciation and unamortized premiums and discounts.

Total		
Principal	Interest	Total
\$ 885,609	\$ 496,515	\$ 1,382,124
877,287	458,645	1,335,932
850,610	418,838	1,269,448
831,925	379,468	1,211,393
808,610	340,832	1,149,442
766,240	303,215	1,069,455
728,675	269,628	998,303
696,855	238,579	935,434
694,240	208,405	902,645
662,760	180,021	842,781
599,300	152,820	752,120
536,285	128,879	665,164
451,265	107,040	558,305
465,965	88,348	554,313
411,520	69,525	481,045
372,205	53,479	425,684
312,705	38,926	351,631
222,175	26,245	248,420
131,720	17,488	149,208
90,175	11,612	101,787
73,985	7,836	81,821
43,755	5,096	48,851
37,925	3,085	41,010
24,871	1,282	26,153
6,655	496	7,151
1,770	181	1,951
1,860	93	1,953
11,586,947	4,006,577	15,593,524
10,326	—	10,326
1,274,997	—	1,274,997
\$ 12,872,270	\$ 4,006,577	\$ 16,878,847

Tax-Supported Debt – Detail of Long-term Indebtedness (1)

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2024 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2025	Maturity
General Obligation Debt					
Section 9(b) Debt (Primary Government):					
Public Facilities Bonds					
Series 2015	\$ 102,520	\$ 44,515	\$ (44,515)	\$ —	
Series 2016B Refunding	39,695	20,220	(3,995)	16,225	06/01/26-29
Series 2019C Refunding	10,535	4,600	(1,020)	3,580	06/01/26-29
Series 2024B Refunding	39,510	39,510	(21,575)	17,935	06/01/26-27
Series 2025B Refunding	34,220	—	34,220	34,220	06/01/26-28
Unamortized Premium	—	11,220	(6,655)	4,565	
Total Public Facilities Bonds	226,480	120,065	(43,540)	76,525	
Total Section 9(b) Debt	226,480	120,065	(43,540)	76,525	
Section 9(c) Debt					
Higher Educational Institution bonds (Component Units)					
Series 2010 Bonds					
Christopher Newport University					
Construct Residence Hall	34,480	22,805	(1,120)	21,685	06/01/26-40
The College of William and Mary					
Construct New Dormitory	2,010	735	(110)	625	06/01/26-30
Renovate Residence Halls	4,440	1,595	(245)	1,350	06/01/26-30
George Mason University					
Housing VIII	39,420	21,785	(1,690)	20,095	06/01/26-35
Renovate Commons	1,325	510	(80)	430	06/01/26-30
Smithsonian CRC Housing	5,415	2,990	(230)	2,760	06/01/26-35
James Madison University					
Renovate Bluestone Dormitories, Phase IV	14,890	5,345	(825)	4,520	06/01/26-30
Old Dominion University					
Renovate Student Housing, Phase I	1,975	705	(110)	595	06/01/26-30
Virginia Commonwealth University					
Construct West Grace Housing and Parking Phase I	29,130	16,075	(1,250)	14,825	06/01/26-35
Virginia Polytechnic Institute and State University					
Construct Academic and Student Affairs Building	34,650	12,715	(1,970)	10,745	06/01/26-30
Parking Auxiliary Projects	745	265	(40)	225	06/01/26-30
Subtotal Series 2010 Bonds	168,480	85,525	(7,670)	77,855	
Series 2012 Bonds					
Virginia Military Institute					
Crozet Hall & Parking - 2004A Refunding	3,019	865	(865)	—	
Subtotal Series 2012 Bonds	3,019	865	(865)	—	

Series	Amount Issued	Outstanding June 30, 2024 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2025	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units)					
<i>(continued)</i>					
Series 2015 Bonds					
Christopher Newport University					
Construct Residential Housing	18,860	12,840	(8,790)	4,050	06/01/33-35
Expand Dining Hall	8,960	6,100	(4,175)	1,925	06/01/33-35
College of William and Mary					
Renovate Graduate St. - 2008B Ref Portion	1,482	687	(687)	—	
Renovate Dormitories	10,980	2,910	(2,240)	670	06/01/33-34
George Mason University					
Construct Housing VII & Entrance Road - 2007B Ref Portion	6,817	6,255	(3,450)	2,805	06/01/30-32
Construct Student Housing VII - 2006B Refunding Portion	11,765	11,765	(6,820)	4,945	06/01/30-31
Construct Student Housing VII - 2007B Refunding Portion	854	781	(428)	353	06/01/30-32
Renovate President Park, Phase II - 2008B Refunding Portion	1,999	924	(924)	—	
Student Housing VII - 2008B Refunding Portion	1,366	932	(491)	441	06/01/30-33
Student Housing VII - C - 2008B Refunding Portion	17,566	11,984	(6,335)	5,649	06/01/30-33
James Madison University					
Construct Dining Hall - 2007B Refunding Portion	3,650	2,649	(2,649)	—	
Construct New Residence Hall - 2008B Refunding Portion	11,695	5,430	(5,430)	—	
Renovate Bluestone Residence Hall, Ph 3 - 2007B Ref Portion	403	291	(291)	—	
Longwood University					
Renovate Cox Hall - 2007B Refunding Portion	1,089	791	(791)	—	
Renovate Cox Hall - 2008B Refunding Portion	2,785	1,291	(1,291)	—	
Old Dominion University					
Construct Residence Hall, Phase II - 2007B Refunding Portion	2,827	2,050	(2,050)	—	
Quad Housing Phase II - 2008B Refunding Portion	24,074	11,186	(11,186)	—	
Radford University					
Renovate Residence Halls	8,820	5,830	(3,995)	1,835	06/01/33-35
Virginia Commonwealth University					
Monroe Park Housing - 2007B Refunding Portion	6,806	6,411	(2,734)	3,677	06/01/30-37
Virginia Polytechnic Institute and State University					
New Residence Hall - 2008B Refunding Portion	10,671	4,955	(4,955)	—	
Parking Auxiliary Project - 2008B Refunding Portion	921	420	(420)	—	
Virginia State University					
Construct Two Residence Halls - 2007B Refunding Portion	4,995	3,623	(3,623)	—	
Subtotal Series 2015 Bonds	159,385	100,105	(73,755)	26,350	
Series 2016 Bonds					
George Mason University					
Housing VIII - 09B Refunding Portion	6,230	4,580	(385)	4,195	06/01/26-34
Student Housing VII-C - 2009B Refunding Portion	6,190	4,555	(380)	4,175	06/01/26-34
James Madison University					
Construct Dining Hall	53,700	38,195	(2,510)	35,685	06/01/26-36
Norfolk State University					
Renovate and Upgrade Dormitories	7,875	4,470	(550)	3,920	06/01/26-31
Radford University					
Renovate Residence Halls	7,160	5,090	(335)	4,755	06/01/26-36
Richard Bland College					
Convert Humanities & Social Science Building to Student Housing	2,465	1,790	(115)	1,675	06/01/26-36
Virginia Polytechnic Institute and State University					
Improve Residence & Dining Halls - 2009B Refunding Portion	2,310	1,290	(235)	1,055	06/01/26-29
Parking Structure - 2009B Refunding Portion	18,890	13,885	(1,160)	12,725	06/01/26-34
Renovate Ambler Johnston Hall - 2009 B Refunding Portion	24,200	13,530	(2,465)	11,065	06/01/26-29
Subtotal Series 2016 Bonds	129,020	87,385	(8,135)	79,250	

Continued on next page

Tax-Supported Debt – Detail of Long-term Indebtedness (1) (Continued from previous page)

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2024 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2025	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2018 Bonds					
College of William & Mary					
Renovate Dormitories	13,405	10,625	(565)	10,060	06/01/26-38
James Madison University					
Construct Dining Hall	16,785	13,300	(705)	12,595	06/01/26-38
Construct Phillips Dining	24,515	19,425	(1,030)	18,395	06/01/26-38
Norfolk State University					
Construct Residential Housing	52,185	37,420	(3,410)	34,010	06/01/26-33
Subtotal Series 2018 Bonds	106,890	80,770	(5,710)	75,060	
Series 2019 Bonds					
College of William & Mary					
Renovate Dormitories	2,625	2,155	(105)	2,050	06/01/26-39
Renovate Dormitories	2,235	1,840	(90)	1,750	06/01/26-39
Old Dominion University					
New Residential Halls, Phase 1	49,465	40,690	(2,010)	38,680	06/01/26-39
Subtotal Series 2019 Bonds	54,325	44,685	(2,205)	42,480	
Series 2020 Bonds					
College of William & Mary					
Construct New Dorm 11A Ref Portion	9,980	7,450	(1,040)	6,410	06/01/26-31
George Mason University					
Housing VIII 11A Ref Portion	16,255	14,720	(1,170)	13,550	06/01/26-36
Renovate Commons 11A Ref Portion	10,345	8,240	(1,070)	7,170	06/01/26-31
Smithsonian CRC Housing 11A Ref Portion	3,350	3,025	(235)	2,790	06/01/26-36
Student Housing VII-C 11A Ref Portion	865	745	(60)	685	06/01/26-36
Old Dominion University					
Student Housing Renovation, Phase II	10,005	9,170	(440)	8,730	06/01/26-40
Radford University					
Acquire Property for Campus Expansion	16,030	13,845	(670)	13,175	06/01/26-40
Virginia Commonwealth University					
West Grace Housing-North 11A Ref Portion	21,305	19,295	(1,530)	17,765	06/01/26-36
Virginia Polytechnic Institute and State University					
Renovate Ambler Johnston Hall 11A Ref Portion	13,070	10,415	(1,350)	9,065	06/01/26-31
Creativity & Innovation District Living Learning Community	84,305	74,350	(3,585)	70,765	06/01/26-40
Virginia State University					
Construct Gateway Center Res Hall Ph II 11A Ref Portion	23,055	17,590	(2,450)	15,140	06/01/26-31
Construct Quad Housing Ph II 11A Ref Portion	19,905	15,390	(2,155)	13,235	06/01/26-31
Subtotal Series 2020 Bonds	228,470	194,235	(15,755)	178,480	

Series	Amount Issued	Outstanding June 30, 2024 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2025	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2021 Bonds					
Christopher Newport University					
Construct Residential Housing 17632 2015A Ref (2021 Mat.)	760	760	—	760	06/01/36
Construct Residential Housing 17632 2015A Ref (2022 Mat.)	880	880	—	880	06/01/37
Expand Dining Hall 18118 2015A Ref (2021 Mat.)	365	365	—	365	06/01/36
Expand Dining Hall 18118 2015A Ref (2022 Mat.)	415	415	—	415	06/01/37
George Mason University					
Construct SH VII & Entrance Road 2007B 2013B Ref (2022 Mat.)	710	710	—	710	06/01/34
Construct SH VII & Entrance Road 2007B 2013B Ref (2021 Mat.)	610	610	—	610	06/01/33
Construct Student Housing VII 2007B 2013B Ref (2021 Mat.)	80	80	—	80	06/01/33
Construct Student Housing VII 2007B 2013B Ref (2022 Mat.)	90	90	—	90	06/01/34
Housing Building V - 2001 2019B Ref (2022 Mat.)	1,370	1,370	—	1,370	06/01/26
Housing Building V - 2001 2019B Ref (2021 Mat.)	1,200	1,200	(1,200)	—	
Student Housing Construction, VII 2006B 2019B Ref (2022 Mat.)	1,850	1,850	—	1,850	06/01/33
Student Housing Construction, VII 2005 2019B Ref (2022 Mat.)	1,265	1,265	—	1,265	06/01/32
Student Housing Construction, VII 2005 2019B Ref (2021 Mat.)	825	825	—	825	06/01/31
Student Housing Construction, VII 2006B 2019B Ref (2021 Mat.)	1,410	1,410	—	1,410	06/01/32
Housing VIII 2010A-2 Ref (2021 & 2022 Mat.)	3,145	3,145	—	3,145	06/01/36-37
Housing VIII 2009B 2016B Ref (2021 Mat.)	315	315	—	315	06/01/35
Housing VIII 2009B 2016B Ref (2022 Mat.)	360	360	—	360	06/01/36
Renovate President's Park 2008B 2015B Ref (2022 Mat.)	180	180	—	180	06/01/30
Renovate President's Park 2008B 2015B Ref (2021 Mat.)	135	135	—	135	06/01/29
Renovate Commons 2010A-2 Ref (2021 & 2022 Mat.)	120	120	—	120	06/01/31-32
Smithsonian CRC Housing 2010A-2 Ref (2021 & 2022 Mat.)	440	440	—	440	06/01/36-37
Student Housing VII 2008B 2015B Ref (2021 Mat.)	75	75	—	75	06/01/34
Student Housing VII 2008B 2015B Ref (2022 Mat.)	80	80	—	80	06/01/35
Student Housing VII-C 2008B 2015B Ref (2021 Mat.)	885	885	—	885	06/01/34
Student Housing VII-C 2008B 2015B Ref (2022 Mat.)	1,030	1,030	—	1,030	06/01/35
Student Housing VII-C 2009B 2016B Ref (2021 Mat.)	310	310	—	310	06/01/35
Student Housing VII-C 2009B 2016B Ref (2022 Mat.)	355	355	—	355	06/01/36
Student Housing VIII 2014A Ref (2021 Mat.)	95	95	—	95	06/01/35
Student Housing VIII 2014A Ref (2022 Mat.)	110	110	—	110	06/01/36
Norfolk State University					
Construct Residential Housing - 2018A Ref (2021 Mat.)	2,745	2,745	—	2,745	06/01/34
Construct Residential Housing - 2018A Ref (2022 Mat.)	3,205	3,205	—	3,205	06/01/35
Renovate and Upgrade Dormitories 2016A Ref (2021 Mat.)	400	400	—	400	06/01/32
Renovate and Upgrade Dormitories 2016A Ref (2022 Mat.)	520	520	—	520	06/01/33
Old Dominion University					
Construct Residence Hall, Phase II 2007B 2013B Ref (2021 Mat.)	695	695	—	695	06/01/28
Construct Residence Hall, Phase II 2007B 2013B Ref (2022 Mat.)	875	875	—	875	06/01/29
Construct New Residence Halls, Phase 1 2019A Ref (2021 Mat.)	1,755	1,755	—	1,755	06/01/40
Construct New Residence Halls, Phase 1 2019A Ref (2022 Mat.)	1,930	1,930	—	1,930	06/01/41
Housing Renovations, Phase I 2005 2019B Ref (2022 Mat.)	255	255	—	255	06/01/27
Housing Renovations, Phase I 2005 2019B Ref (2021 Mat.)	215	215	—	215	06/01/26
Construct Residence Hall, Phase II 2006B 2019B Ref (2022 Mat.)	505	505	—	505	06/01/28
Construct Residence Hall, Phase II 2006B 2019B Ref (2021 Mat.)	395	395	—	395	06/01/27
Quad Housing Phase II 2008B 2015B Ref (2021 Mat.)	1,620	1,620	—	1,620	06/01/29
Quad Housing Phase II 2008B 2015B Ref (2022 Mat.)	2,125	2,125	—	2,125	06/01/30
Renovate Student Housing, Phase I 2010A-2 Ref (2021 & 2022 Mat.)	170	170	—	170	06/01/31-32
Subtotal Series 2021 Bonds	36,875	36,875	(1,200)	35,675	

Continued on next page

Tax-Supported Debt – Detail of Long-term Indebtedness (1) (Continued from previous page)

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2024 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2025	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2022 Bonds					
Virginia Polytechnic Institute					
Hitt Hall	40,100	40,100	(1,430)	38,670	06/01/26-42
Innovation Camp Academic Building - Parking Supplement	29,375	29,375	—	29,375	06/01/26-52
New Upper Quad Residence Hall	25,405	24,570	(875)	23,695	06/01/26-42
Subtotal Series 2022 Bonds	94,880	94,045	(2,305)	91,740	
Series 2024 Bonds					
College of William & Mary					
Construct New Dorm (17808) 13A Ref Portion	4,190	4,190	(385)	3,805	06/01/26-33
Dining Com Hall Reno 13B Ref_05A Portion	1,352	1,352	(666)	686	06/01/26
Dormitory Renovations 13B Ref_05A Portion	822	822	(402)	420	06/01/26
Dormitory Renovations 13B Ref_06B Portion	607	607	(295)	312	06/01/26
Renovate Dorm (17933) 13A Ref Portion	2,225	2,225	(200)	2,025	06/01/26-33
Renovate Dormitories (17933) 14A Ref Portion	4,810	4,810	(380)	4,430	06/01/26-34
Renovate Dormitories (18100)	9,840	9,840	(200)	9,640	06/01/26-44
Renovate Dormitories (18218)	10,005	10,005	(205)	9,800	06/01/26-44
George Mason University					
CNSTR SH VII & ENTR RD 13B Ref_07B Portion	729	729	(729)	—	
CNSTR SH VII 13B Ref_07B Portion	95	95	(95)	—	
Constr Stu Housing VII 13B Ref_06B Portion	4,002	4,002	(1,955)	2,047	06/01/26
Stud Housing Constr, VII 13B Ref_05A Portion	8,738	8,738	(1,418)	7,320	06/01/26-30
Student Housing VIII (17570) 14A Ref Portion	1,195	1,195	(95)	1,100	06/01/26-34
James Madison University					
CNSTR DH 13B Ref_07B Portion	1,305	1,305	(1,305)	—	
REN BLUESTONE RH, PH 3 13B Ref_07B Portion	142	142	(142)	—	
Renovate Residence Hall 13B Ref_06B Portion	841	841	(412)	429	06/01/26
Student Housing Ph I (17949) 14A Ref Portion	24,910	24,910	(1,980)	22,930	06/01/26-34
JMU Village Student Housing, Phase I (18596)	44,300	44,300	(900)	43,400	06/01/26-44
Longwood University					
Housing Facilities Reno 13B Ref_05A Portion	281	281	(281)	—	
REN COX HALL 13B Ref_07B Portion	393	393	(393)	—	
Reno Housing Facilities 13B Ref_06B Portion	795	795	(389)	406	06/01/26
Old Dominion University					
CNSTR RH, PHASE II 13B Ref_07B Portion	1,007	1,007	(1,007)	—	
Constr Resi Hall, Ph II 13B Ref_06B Portion	1,189	1,189	(581)	608	06/01/26
Housing Reno Phase I 13B Ref_05A Portion	344	344	(344)	—	
Radford University					
Reno Residence Halls (17565) 14A Ref Portion	5,915	5,915	(470)	5,445	06/01/26-34
Washington Hall (17948) 13A Ref Portion	2,405	2,405	(215)	2,190	06/01/26-33
University of Mary Washington					
Seacobeck Dining Hall 13B Ref_05A Portion	339	339	(339)	—	
Virginia Commonwealth University					
MONROE PARK HOUSING 13B Ref_07B Portion	516	516	(516)	—	
Virginia Polytechnic Institute and State					
Constr New Resi Hall 13B Ref_07A Portion	2,836	2,836	(906)	1,930	06/01/26-27
Parking Projects 13B Ref_06B Portion	94	94	(47)	47	06/01/26
Improve Resi & Dining Hall 13B Ref_07 Portion	1,294	1,294	(413)	881	06/01/26-27
Virginia State University					
CNSTR TWO RH 13B Ref_07B Portion	1,783	1,783	(1,783)	—	
Constr Resi Halls 13B Ref_06B Portion	2,392	2,392	(1,171)	1,221	06/01/26
Constr Resi Halls 13B Ref_07A Portion	408	408	(131)	277	06/01/26-27
Construct Dining Hall 13B Ref_06B Portion	616	616	(300)	316	06/01/26
Subtotal Series 2024 Bonds	142,715	142,715	(21,050)	121,665	

Series	Amount Issued	Outstanding June 30, 2024 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2025	Maturity
General Obligation Debt (continued)					
Section 9(c) Debt (continued)					
Higher Educational Institution bonds (Component Units) (continued)					
Series 2025 Bonds					
Christopher Newport University					
Const Residential Housing (17632) 15A Ref	7,280	—	7,280	7,280	06/01/26-32
Expand Dining Hall (18118) 15A Ref	3,460	—	3,460	3,460	06/01/26-32
College of William & Mary					
Reno Graduate St. 15B Ref_08B Portion	510	—	510	510	06/01/26-28
Renovate Dormitories (18100) 15A Ref	1,860	—	1,860	1,860	06/01/26-32
George Mason University					
GMU - Cons Hous VII & Entra Rd 15B Ref_07B Portion	3,290	—	3,290	3,290	06/01/26-29
GMU - Const Stu Housing VII 15B Ref_06B Portion	6,435	—	6,435	6,435	06/01/27-29
GMU - Const Stu Housing VII 15B Ref_07B Portion	410	—	410	410	06/01/26-29
GMU - Reno President Park PhII 15B Ref_08B Portion	690	—	690	690	06/01/26-28
GMU - Student Housing VII 15B Ref_08B Portion	390	—	390	390	06/01/26-29
GMU - Student Housing VII-C 15B Ref_08B Portion	5,000	—	5,000	5,000	06/01/26-29
James Madison University					
Construct Dining Hall 15B Ref_07B Portion	2,580	—	2,580	2,580	06/01/26-27
Construct New Resident 15B Ref_08B Portion	4,045	—	4,045	4,045	06/01/26-28
Ren Bluestone Res Hall Ph3 15B Ref_07B Port	285	—	285	285	06/01/26-27
Longwood University					
Renovate Cox Hall 15B Ref_07B Portion	770	—	770	770	06/01/26-27
Renovate Cox Hall 15B Ref_08B Portion	965	—	965	965	06/01/26-28
Old Dominion University					
Cons. Res Hall Ph II 15B Ref_07B Portion	2,000	—	2,000	2,000	06/01/26-27
Quad Housing Phase II 15B Ref_08B Portion	8,340	—	8,340	8,340	06/01/26-28
Radford University					
Renovate Residence Halls (17565) 15A Ref	3,315	—	3,315	3,315	06/01/26-32
Virginia Commonwealth University					
Monroe Park Housing 15B Ref_07B Portion	2,615	—	2,615	2,615	06/01/26-29
Virginia Polytechnic Institute and State					
New Residence Hall 15B Ref_08B Portion	3,690	—	3,690	3,690	06/01/26-28
Parking Auxiliary Proj 15B Ref_08B Portion	315	—	315	315	06/01/26-28
Virginia State University					
Const Two Resi Halls 15B Ref_07B Portion	3,530	—	3,530	3,530	06/01/26-27
Construct New Student Housing – Project 18709	75,150	—	75,150	75,150	06/01/27-50
Subtotal Series 2025 Bonds	136,925	—	136,925	136,925	
Unamortized Premium	—	62,240	(5,900)	56,340	
Subtotal Higher Educational Institution					
Bonds	1,260,984	929,445	(7,625)	921,820	
Parking Facilities Bonds (Primary Government)					
Series 2016 Refunding - 2009B Refunding Portion	5,625	3,145	(575)	2,570	06/01/26-29
Unamortized Premium	—	437	(89)	348	
Subtotal Parking Facilities					
Bonds	5,625	3,582	(664)	2,918	
Total Section 9(c) Debt	1,266,609	933,027	(8,289)	924,738	
Total General Obligation Debt	1,493,089	1,053,092	(51,829)	1,001,263	

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Tax-Supported Debt – Detail of Long-term Indebtedness (1) (Continued from previous page)

For the Fiscal Year Ended June 30, 2025

(Dollars in Thousands)

Series	Amount Issued	Outstanding June 30, 2024 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2025	Maturity
Nongeneral Obligation Debt					
Section 9(d) Debt					
Virginia Public Building Authority Bonds (Primary Government)					
Series 2010B2 Taxable BABs	195,310	113,415	(15,750)	97,665	08/01/25-30
Series 2012A Refunding	72,415	10,085	(10,085)	—	
Series 2013A	143,400	52,370	(7,210)	45,160	08/01/29-33
Series 2014A	132,875	6,375	(6,375)	—	
Series 2014B Taxable	29,735	18,345	(1,415)	16,930	08/01/25-34
Series 2014C Refunding	298,390	30,830	(30,830)	—	
Series 2015A	232,980	163,355	(10,650)	152,705	08/01/25-35
Series 2015B Refunding	134,730	50,195	(9,360)	40,835	08/01/25-28
Series 2016A	206,420	153,040	(9,220)	143,820	08/01/25-36
Series 2016B Refunding	178,955	120,790	(26,670)	94,120	08/01/25-29
Series 2016C AMT	147,420	111,455	(6,240)	105,215	08/01/25-36
Series 2016D Taxable	13,830	9,730	(640)	9,090	08/01/25-36
Series 2017A Refunding	145,325	127,920	—	127,920	08/01/25-31
Series 2018A	160,605	133,385	(6,280)	127,105	08/01/25-38
Series 2018B Taxable	17,400	14,185	(725)	13,460	08/01/25-38
Series 2019A	178,105	154,770	(6,575)	148,195	08/01/25-39
Series 2019B AMT	133,805	116,410	(4,920)	111,490	08/01/25-39
Series 2019C Taxable	25,040	5,040	(5,040)	—	
Series 2020A	204,180	184,780	(7,100)	177,680	08/01/25-40
Series 2020B	204,770	141,680	(27,385)	114,295	08/01/25-30
Series 2020C Taxable	100,295	88,145	(4,190)	83,955	08/01/25-40
Series 2021A	535,225	501,645	(18,095)	483,550	08/01/25-41
Series 2021B Taxable	11,030	8,905	(1,070)	7,835	08/01/25-31
Series 2022A	432,950	419,955	(13,660)	406,295	08/01/25-42
Series 2022B Taxable	20,055	15,055	(5,000)	10,055	08/01/25-26
Series 2024A	222,305	222,305	—	222,305	08/01/25-44
Series 2024B Refunding	135,965	135,965	—	135,965	08/01/25-34
Series 2024C Taxable	30,100	30,100	—	30,100	08/01/25-30
Series 2025A	318,470	—	318,470	318,470	08/01/26-45
Series 2025B Taxable	30,070	—	30,070	30,070	08/01/26-30
Unamortized Premium	—	383,832	7,402	391,234	
Total Virginia Public Building Authority					
Bonds	<u>4,692,155</u>	<u>3,524,062</u>	<u>121,457</u>	<u>3,645,519</u>	
Virginia College Building Authority Bonds (Component Unit)					
21st Century College Program					
Series 2010B2 Taxable BABs	290,600	113,115	(20,070)	93,045	02/01/26-30
Series 2012B	349,255	19,955	—	19,955	02/01/26
Series 2014A	319,155	13,735	—	13,735	02/01/26
Series 2014B	27,985	4,885	(4,885)	—	
Series 2015A	373,230	28,950	(22,210)	6,740	02/01/30, 02/01/32-34
Series 2015B Refunding	204,880	88,115	(28,730)	59,385	02/01/26-27
Series 2015D1	233,300	144,855	(7,405)	137,450	02/01/26-35
Series 2016A	360,485	157,440	(10,915)	146,525	02/01/26-36
Series 2016 B Refunding	49,300	49,300	—	49,300	02/01/28-29
Series 2016C	39,980	8,550	(4,225)	4,325	02/01/26
Series 2017B Refunding	173,295	70,155	(20,445)	49,710	02/01/26-28
Series 2017C	492,730	395,960	(14,960)	381,000	02/01/26-37
Series 2017D Taxable	99,915	32,115	(10,415)	21,700	02/01/26-27
Series 2017E Refunding	560,555	454,785	(56,645)	398,140	02/01/26-32
Series 2018A	75,685	12,250	(12,250)	—	
Series 2019A	513,245	381,945	(28,695)	353,250	02/01/26-39
Series 2019B	134,855	115,185	(5,550)	109,635	02/01/26-39
Series 2019C	229,135	147,525	(21,685)	125,840	02/01/26-30
Series 2020A	339,360	260,195	(20,105)	240,090	02/01/26-40
Series 2020B	341,455	176,260	(4,145)	172,115	02/01/26-40
Series 2021A	537,115	456,260	(26,880)	429,380	02/01/26-41
Series 2022A	584,175	562,820	(24,880)	537,940	02/01/26-42
Series 2022B	48,070	4,450	(4,450)	—	
Series 2023A	618,815	582,565	(27,425)	555,140	02/01/26-43
Series 2023B	341,810	341,810	—	341,810	02/01/29-35
Series 2024A	642,215	642,215	(34,780)	607,435	02/01/26-44
Unamortized Premium	—	607,007	(62,797)	544,210	
Total Virginia College Building Authority					
Bonds	<u>7,980,600</u>	<u>5,872,402</u>	<u>(474,547)</u>	<u>5,397,855</u>	

Series	Amount Issued	Outstanding June 30, 2024 as restated (2)	Issued (Retired) During Year	Outstanding June 30, 2025	Maturity
Nongeneral Obligation Debt (continued)					
Section 9(d) Debt (continued)					
Transportation Debt (Primary Government)					
Route 28 Refunding Bonds	36,824	22,305	(7,068)	15,237	04/01/26-27
Transportation Revenue Bonds (U.S. Route 58)	388,875	336,780	(12,020)	324,760	05/15/26-47
Northern Virginia Transportation District Program	57,230	38,950	(5,840)	33,110	05/15/26-34
Capital Projects	2,228,475	1,962,830	(100,415)	1,862,415	05/15/26-46
Unamortized Premium	—	271,818	(19,747)	252,071	
Total Section 9(d) Transportation Debt	2,711,404	2,632,683	(145,090)	2,487,593	
Virginia Port Authority Debt (Component Unit)					
Series 2012	108,015	33,170	(7,875)	25,295	07/01/25-27
Series 2020A	77,845	73,975	(1,240)	72,735	07/01/25-40
Series 2020B	19,770	17,240	(2,655)	14,585	07/01/25-29
Series 2023A	148,520	148,520	—	148,520	07/01/32-48
Series 2023B	52,675	52,675	—	52,675	07/01/28-36
Unamortized Premium	—	28,236	(2,006)	26,230	
Total Virginia Port Authority Debt	406,825	353,816	(13,776)	340,040	
Total Section 9(d) Debt	15,790,984	12,382,963	(511,956)	11,871,007	
Nongeneral Obligation Debt and Other Obligations					
Other Long-term Debt					
Long-term Leases	—	614,948	31,008	645,956	
Long-term SBITAs	—	269,705	34,150	303,855	
Installment Purchase Obligations	—	309,686	(4,362)	305,324	
Total Other Long-term Debt	—	1,194,339	60,796	1,255,135	
Other Long-term Obligations					
Compensated Absences	—	1,050,009	61,686	1,111,695	
Net Pension Liability	—	6,030,110	(87,624)	5,942,486	
Net OPEB Liability	—	1,444,939	(151,695)	1,293,244	
Total OPEB Liability	—	343,604	4,332	347,936	
Other	—	27,690	(2,254)	25,436	
Total Other Long-term Obligations	—	8,896,352	(175,555)	8,720,797	
Total Nongeneral Obligation Debt and Other Obligations	15,790,984	22,473,654	(626,715)	21,846,939	
Total Tax-Supported Debt and Other Obligations	\$ 17,284,073	\$ 23,526,746	\$ (678,544)	\$ 22,848,202	

(1) Pursuant to GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Governmental Activities include internal service funds.

(2) As discussed in Note 28, beginning balances have been restated.



STATISTICAL SECTION

The financial presentations included in this section present detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commonwealth's overall financial health.

Statistical schedules related to property taxes are not presented since the Commonwealth does not assess property taxes.

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Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.



Financial Trends

Ten-Year Schedule of Revenues and Expenditures – Modified Accrual Basis
General Governmental Revenues by Source and Expenditures by Function (1)

For Fiscal Year Ended June 30

(Dollars in Millions)

	2025	2024	2023	2022
Tax Revenues:				
Individual and Fiduciary Income	\$ 20,222	\$ 21,594	\$ 17,782	\$ 19,497
Sales and Use	7,566	7,430	7,425	7,428
Motor Fuels	2,061	2,013	1,886	1,770
Corporation Income	1,741	1,982	2,045	1,977
Public Service Corporations	132	124	121	119
Motor Vehicle Sales and Use	1,285	1,218	1,218	1,214
Communications Sales and Use	274	277	290	301
Gross Premiums of Insurance Companies	750	704	656	612
Alcoholic Beverage Sales	240	243	239	228
Deeds, Contracts, Wills, and Suits	577	499	526	803
Beer and Beverage Excise	38	39	39	41
Estate	1	—	—	—
Tobacco Products	207	227	247	276
Bank Stock	38	26	31	37
Wine and Spirits/ABC Liter	31	31	32	33
Other Taxes	2,160	2,073	1,734	1,352
Total Tax Revenues	37,323	38,480	34,271	35,688
Other Revenues:				
Federal Grants and Contracts	24,216	24,034	24,517	26,000
Institutional Revenue	182	173	147	147
Sales of Property and Commodities	35	227	314	314
Rights and Privileges	1,417	1,366	1,279	1,227
Interest, Dividends, and Rents	1,941	1,807	855	(474)
Fines, Forfeitures, Costs, Penalties and Escheats	382	418	404	330
Assessments	270	238	200	184
Other Revenues	2,170	2,226	2,109	2,229
Total Other Revenues	30,613	30,489	29,825	29,957
Total Revenues	\$ 67,936	\$ 68,969	\$ 64,096	\$ 65,645
Percentage Increase (Decrease) From Previous Year	(1.5)%	7.6 %	(2.4)%	4.5%
Expenditures by Function:				
Education	\$ 16,992	\$ 16,502	\$ 15,486	14,058
Administration of Justice	4,157	3,977	3,780	3,424
Individual and Family Services	32,692	31,024	30,318	29,886
Resources and Economic Development	2,345	2,082	1,765	1,668
Transportation	8,768	8,021	7,394	7,735
General Government (2)	4,684	4,386	4,764	4,626
Capital Outlay	1,556	1,485	1,044	1,128
Total Expenditures	\$ 71,194	\$ 67,477	\$ 64,551	\$ 62,525
Percentage Increase Over Previous Year	5.5 %	4.5 %	3.2 %	3.1%

(1) Prior year amounts have been restated for errors in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

(2) General Government expenditure amounts include debt service principal retirement and interest charges.

Source: Department of Accounts

2021	2020	2019	2018	2017	2016
\$ 17,079	\$ 15,664	\$ 14,860	\$ 14,141	\$ 13,070	\$ 12,652
6,525	5,726	5,457	5,277	5,089	4,984
1,425	1,109	1,084	1,032	997	971
1,569	1,059	947	875	806	773
118	110	112	112	108	108
1,119	941	972	935	948	910
312	347	359	383	395	405
556	544	552	508	504	490
220	194	174	161	154	148
810	554	443	505	503	471
43	42	42	42	42	43
1	—	—	1	8	—
288	162	151	161	170	176
27	27	30	24	22	18
33	30	29	29	27	26
1,153	816	515	133	120	115
31,278	27,325	25,727	24,319	22,963	22,290
27,186	19,749	11,999	10,537	10,402	9,885
145	164	210	233	241	267
116	93	33	54	40	56
1,212	1,135	1,129	1,081	1,021	977
150	369	360	159	146	134
339	327	362	343	354	347
160	158	151	150	137	137
2,252	1,459	1,020	1,866	1,107	995
31,560	23,454	15,264	14,423	13,448	12,798
\$ 62,838	\$ 50,779	\$ 40,991	\$ 38,742	\$ 36,411	\$ 35,088
23.7%	23.9 %	5.8 %	6.4 %	3.8 %	2.7 %
12,031	10,868	10,448	10,129	9,816	9,373
3,190	3,172	3,086	3,044	2,875	2,801
30,481	24,141	16,954	15,641	14,805	14,160
1,396	1,107	1,015	926	981	900
6,761	5,542	5,455	6,015	5,314	5,831
5,336	4,334	3,522	3,420	3,385	3,527
1,434	848	618	504	381	331
\$ 60,629	\$ 50,012	\$ 41,098	\$ 39,679	\$ 37,557	\$ 36,923
21.2%	21.7 %	3.6 %	5.7 %	1.7 %	4.7 %

Net Position by Component
Accrual Basis of Accounting (1)

Last Ten Fiscal Years
(Dollars in Millions)

	2025	2024	2023	2022
Governmental Activities:				
Net Investment in Capital Assets	\$ 28,772	\$ 27,962	\$ 27,242	\$ 26,610
Restricted	6,322	6,067	5,343	5,093
Unrestricted	11,376	13,224	9,665	7,620
Total Governmental Activities Net Position	46,470	47,253	42,250	39,323
Business-type Activities:				
Net Investment in Capital Assets	96	114	132	146
Restricted	1,437	1,471	1,504	1,416
Unrestricted	2,142	1,914	1,720	1,489
Total Business-type Activities Net Position	3,675	3,499	3,356	3,051
Primary Government:				
Net Investment in Capital Assets	28,868	28,076	27,374	26,756
Restricted	7,759	7,538	6,847	6,509
Unrestricted	13,518	15,138	11,385	9,109
Total Primary Government Net Position	\$ 50,145	\$ 50,752	\$ 45,606	\$ 42,374

(1) Prior year amounts have been restated for errors in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Source: Department of Accounts

2021	2020	2019	2018	2017	2016
\$ 26,254	\$ 26,395	\$ 26,032	\$ 25,524	\$ 25,498	\$ 24,342
3,868	2,237	2,194	1,935	1,550	1,365
1,598	(1,320)	(3,434)	(5,189)	(5,434)	(5,539)
31,720	27,312	24,792	22,270	21,614	20,168
151	64	40	34	38	33
137	665	1,485	1,349	1,208	1,045
1,644	1,050	947	684	692	508
1,932	1,779	2,472	2,067	1,938	1,586
26,405	26,459	26,072	25,558	25,536	24,375
4,005	2,902	3,679	3,284	2,758	2,410
3,242	(270)	(2,487)	(4,505)	(4,742)	(5,031)
\$ 33,652	\$ 29,091	\$ 27,264	\$ 24,337	\$ 23,552	\$ 21,754

Changes in Net Position
Accrual Basis of Accounting (1)

Last Ten Fiscal Years
(Dollars in Millions)

	2025	2024	2023	2022
Expenses				
Governmental Activities:				
General Government	\$ 4,093	\$ 3,875	\$ 3,659	\$ 3,753
Education	18,536	17,874	16,863	14,983
Transportation	8,165	7,374	6,799	6,569
Resources and Economic Development	2,379	2,112	1,737	1,634
Individual and Family Services	32,558	30,767	30,192	29,510
Administration of Justice	4,259	4,006	3,714	3,222
Interest and Charges on Long-term Debt	317	283	310	288
Total Governmental Activities Expenses	70,307	66,291	63,274	59,959
Business-type Activities:				
Virginia Lottery	4,854	4,574	3,737	2,951
Commonwealth Savers Plan	246	232	221	123
Unemployment Compensation	307	275	191	170
Alcoholic Beverage Control	1,005	1,021	1,022	928
Risk Management	12	12	6	13
Local Choice Health Care	635	551	525	478
Line of Duty	26	23	23	18
Advantage Vanpool Self Insurance Fund	—	—	—	—
Route 460 Funding Corporation of Virginia	—	—	—	—
Virginia Industries for the Blind	51	47	45	43
Consolidated Laboratory	16	15	14	14
eVA Procurement System	22	26	34	21
Department of Environmental Quality Title V	11	13	12	11
Wireless E-911	61	62	51	58
Museum and Library Gift Shops	10	9	8	7
Behavioral Health Canteen and Work Activity	—	—	—	—
Total Business-type Activities Expenses	7,256	6,860	5,889	4,835
Total Primary Government Expenses	\$ 77,563	\$ 73,151	\$ 69,163	\$ 64,794
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 358	\$ 391	\$ 321	\$ 325
Education	812	791	719	721
Transportation	994	952	892	846
Resources and Economic Development	514	670	765	742
Individual and Family Services	562	441	342	186
Administration of Justice	283	291	264	615
Operating Grants and Contributions	23,595	24,041	24,071	25,387
Capital Grants and Contributions	1,899	1,811	1,977	1,585
Total Governmental Activities Program Revenues	29,017	29,388	29,351	30,407

(1) Prior year amounts have been restated for errors in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Source: Department of Accounts

2021	2020	2019	2018	2017	2016
5,127	4,018	3,212	3,172	3,119	3,230
12,765	11,535	11,097	10,731	10,457	10,179
6,116	5,553	4,921	5,326	4,234	4,523
1,435	1,159	1,035	972	1,074	1,007
30,580	24,120	16,586	15,604	14,708	13,998
3,257	3,169	2,939	2,995	2,853	2,893
272	262	257	167	222	240
59,552	49,816	40,047	38,967	36,667	36,070
2,484	1,542	1,643	1,521	1,420	1,415
124	56	61	294	206	103
1,199	1,246	274	323	348	390
904	792	699	666	632	615
11	18	15	10	10	14
475	422	473	460	447	412
20	17	18	18	—	—
—	—	—	—	—	—
—	—	—	—	—	1
65	52	50	46	53	42
13	14	11	11	11	10
22	22	21	20	21	23
12	12	10	10	11	11
49	43	44	43	44	42
5	6	7	8	7	7
—	—	—	—	—	—
5,383	4,242	3,326	3,430	3,210	3,085
\$ 64,935	\$ 54,058	\$ 43,373	\$ 42,397	\$ 39,877	\$ 39,155
\$ 305	\$ 338	\$ 307	\$ 323	\$ 310	\$ 306
628	633	684	649	608	563
849	821	827	756	717	675
534	406	400	386	392	375
209	258	280	350	345	365
265	241	299	283	280	284
26,952	19,170	10,927	9,871	9,469	9,147
1,390	1,463	1,528	1,970	1,730	1,467
31,132	23,330	15,252	14,588	13,851	13,182

Continued on next page

Changes in Net Position
Accrual Basis of Accounting (Continued from previous page)

Last Ten Fiscal Years
(Dollars in Millions)

	2025	2024	2023	2022
Business-type Activities:				
Charges for Services:				
Virginia Lottery	\$ 5,771	\$ 5,521	\$ 4,613	\$ 3,752
Commonwealth Savers Plan	482	383	422	(71)
Unemployment Compensation	277	244	278	406
Alcoholic Beverage Control	1,241	1,258	1,232	1,172
Risk Management	17	15	16	15
Local Choice Health Care	593	566	527	465
Line of Duty	24	21	21	19
Advantage Vanpool Self Insurance Fund	1	1	1	—
Virginia Industries for the Blind	50	47	42	49
Consolidated Laboratory	18	18	16	16
eVA Procurement System	33	28	31	30
Department of Environmental Quality Title V	12	13	12	12
Wireless E-911	82	80	76	75
Museum and Library Gift Shops	11	10	8	8
Operating Grants and Contributions	1	4	—	1,054
Capital Contributions	—	—	6	4
Total Business-type Activities Program Revenue	8,613	8,209	7,301	7,006
Total Primary Government Program Revenues	\$ 37,630	\$ 37,597	\$ 36,652	\$ 37,413
Net (Expense)/Revenue				
Governmental Activities	\$ (41,290)	\$ (36,903)	\$ (33,923)	\$ (29,552)
Business-type Activities	1,357	1,349	1,412	2,171
Total Primary Government Net Expense	\$ (39,933)	\$ (35,554)	\$ (32,511)	\$ (27,381)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Individual and Fiduciary Income	\$ 20,274	\$ 21,673	\$ 17,846	\$ 19,564
Sales and Use	7,560	7,432	7,417	7,448
Corporation Income	1,753	2,003	2,072	2,000
Motor Fuel	2,062	2,014	1,884	1,773
Motor Vehicle Sales and Use	1,285	1,218	1,218	1,214
Communications Sales and Use	274	277	290	301
Premiums of Insurance Companies	751	694	664	612
Public Service Corporations	132	124	121	119
Other Taxes	3,278	3,130	2,845	2,771
Unrestricted Grants and Contributions	52	55	61	64
Investment Earnings	1,547	1,454	735	(538)
Miscellaneous	473	456	556	749
Special Item	—	—	—	—
Transfers	1,195	1,226	1,122	1,076
Total Governmental Activities	40,636	41,756	36,831	37,153
Business-type Activities:				
Other Taxes	9	9	9	9
Investment Earnings	10	10	4	—
Miscellaneous	1	1	1	16
Special Items	—	—	—	—
Transfers	(1,195)	(1,226)	(1,122)	(1,076)
Total Business-type Activities	(1,175)	(1,206)	(1,108)	(1,051)
Total Primary Government	\$ 39,461	\$ 40,550	\$ 35,723	\$ 36,102
Change in Net Position				
Governmental Activities	\$ (654)	\$ 4,853	\$ 2,908	\$ 7,601
Business-type Activities	182	143	303	1,120
Total Primary Government	\$ (472)	\$ 4,996	\$ 3,211	\$ 8,721

Source: Department of Accounts

2021	2020	2019	2018	2017	2016
\$ 3,259	\$ 2,150	\$ 2,294	\$ 2,140	\$ 1,991	\$ 2,007
707	95	307	296	404	146
418	372	411	461	513	594
1,135	1,001	903	845	807	772
15	14	13	13	13	9
483	492	482	463	430	393
19	17	18	20	—	—
1	1	—	—	—	—
67	51	51	44	53	42
15	14	12	12	10	9
26	23	21	21	21	21
12	13	12	9	9	11
69	66	64	61	60	58
4	6	7	8	7	7
257	66	—	1	4	—
77	10	—	—	—	—
6,564	4,391	4,595	4,394	4,322	4,069
\$ 37,696	\$ 27,721	\$ 19,847	\$ 18,982	\$ 18,173	\$ 17,251
\$ (28,420)	\$ (26,486)	\$ (24,795)	\$ (24,379)	\$ (22,816)	\$ (22,888)
1,181	149	1,269	964	1,112	984
\$ (27,239)	\$ (26,337)	\$ (23,526)	\$ (23,415)	\$ (21,704)	\$ (21,904)
\$ 17,067	\$ 15,666	\$ 14,896	\$ 14,118	\$ 13,113	\$ 12,685
6,527	5,721	5,458	5,267	5,104	4,994
1,579	1,074	951	852	834	773
1,422	1,112	1,084	1,031	998	970
1,119	941	972	935	948	910
312	347	359	383	396	405
551	549	554	517	479	485
118	110	112	112	108	108
2,573	1,825	1,388	1,055	1,050	1,001
102	56	60	61	55	48
37	247	239	72	65	63
381	469	369	525	467	282
—	—	—	—	—	—
1,040	856	875	827	770	787
32,828	28,973	27,317	25,755	24,387	23,511
9	9	9	9	9	9
1	2	2	1	1	1
2	—	—	—	—	—
—	—	—	—	—	—
(1,040)	(856)	(875)	(827)	(770)	(787)
(1,028)	(845)	(864)	(817)	(760)	(777)
\$ 31,800	\$ 28,128	\$ 26,453	\$ 24,938	\$ 23,627	\$ 22,734
\$ 4,408	\$ 2,487	\$ 2,522	\$ 1,376	\$ 1,571	\$ 623
153	(696)	405	147	352	207
\$ 4,561	\$ 1,791	\$ 2,927	\$ 1,523	\$ 1,923	\$ 830

**Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting (1)**

Last Ten Fiscal Years
(Dollars in Millions)

	2025	2024	2023	2022
General Fund				
Nonspendable	\$ 83	\$ 151	\$ 163	\$ 188
Restricted	2,969	2,879	2,798	2,693
Committed	10,054	9,050	7,740	5,694
Assigned	3	2,807	1,817	3,105
Unassigned	—	—	—	—
Total	\$ 13,109	\$ 14,887	\$ 12,518	\$ 11,680
All Other Governmental Funds				
Special Revenue Funds				
Nonspendable	\$ 320	\$ 400	\$ 229	\$ 236
Restricted	1,376	1,308	1,161	994
Committed	7,474	6,980	6,140	5,208
Assigned	60	58	47	49
Unassigned	—	—	—	—
Debt Service Funds				
Restricted	87	46	48	46
Capital Projects Funds				
Nonspendable	121	157	—	4
Restricted	1,732	1,727	1,998	2,612
Permanent Funds				
Nonspendable	52	50	46	45
Restricted	2	2	2	2
Total	\$ 11,224	\$ 10,728	\$ 9,671	\$ 9,196

(1) Prior year amounts have been restated for errors in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Source: Department of Accounts

2021	2020	2019	2018	2017	2016
\$ 147	\$ 107	\$ 103	\$ 105	\$ 127	\$ 114
1,850	659	669	567	568	908
2,445	1,326	1,095	759	482	397
2,667	1,257	—	—	—	—
—	—	(213)	(588)	(679)	(668)
<u>\$ 7,109</u>	<u>\$ 3,349</u>	<u>\$ 1,654</u>	<u>\$ 843</u>	<u>\$ 498</u>	<u>\$ 751</u>
\$ 224	\$ 207	\$ 157	\$ 159	\$ 147	\$ 159
729	571	729	679	570	583
4,301	3,707	2,949	2,391	2,058	2,074
45	39	34	32	29	29
(50)	(89)	(63)	(98)	(67)	—
46	45	46	59	38	22
1	—	—	—	—	—
1,812	1,580	1,364	1,292	712	40
47	38	39	38	37	34
2	2	2	2	2	1
<u>\$ 7,157</u>	<u>\$ 6,100</u>	<u>\$ 5,257</u>	<u>\$ 4,554</u>	<u>\$ 3,526</u>	<u>\$ 2,942</u>

**Changes in Fund Balance, Governmental Funds
Modified Accrual Basis of Accounting (1)**

Last Ten Fiscal Years
(Dollars in Millions)

	2025	2024	2023	2022
Revenues				
Taxes	\$ 37,323	\$ 38,480	\$ 34,271	\$ 35,688
Rights and Privileges	1,417	1,366	1,279	1,227
Institutional Revenue	182	173	147	147
Interest, Dividends, Rents, and Other Investment Income	1,941	1,807	855	(474)
Federal Grants and Contracts	24,216	24,034	24,517	26,000
Other	2,857	3,109	3,027	3,057
Total Revenues	67,936	68,969	64,096	65,645
Expenditures				
General Government	3,754	3,451	3,416	3,763
Education	16,992	16,502	15,486	14,058
Transportation	8,768	8,021	7,394	7,735
Resources and Economic Development	2,345	2,082	1,765	1,668
Individual and Family Services	32,692	31,024	30,317	29,886
Administration of Justice	4,157	3,977	3,780	3,424
Capital Outlay	1,556	1,485	1,044	1,128
Debt Service:				
Principal Retirement	562	556	954	463
Interest and Charges	368	379	395	400
Total Expenditures	71,194	67,477	64,551	62,525
Revenues Over (Under) Expenditures	(3,258)	1,492	(455)	3,120
Other Financing Sources (Uses)				
Transfers In	3,302	2,969	3,118	3,011
Transfers Out	(2,090)	(1,726)	(1,972)	(1,920)
Notes Issued	10	3	4	2
Insurance Recoveries	1	1	2	6
Capital Leases Issued (2)	—	—	—	—
Long-Term Leases Issued (2)	4	4	13	20
Long-Term SBITAs Issued (3)	38	130	77	—
Bonds Issued	621	503	557	2,068
Premium on Debt Issuance	79	109	20	328
Refunding Bonds Issued	34	590	818	180
Sale of Capital Assets	13	14	6	10
Payments to Refunded Bond Escrow Agents	(36)	(662)	(876)	(215)
Total Other Financing Sources (Uses)	1,976	1,935	1,767	3,490
Net Change in Fund Balances	\$ (1,282)	\$ 3,427	\$ 1,312	\$ 6,610
Debt Service as a Percentage of Noncapital Expenditures (4)	1.36 %	1.46 %	2.26 %	1.44 %

(1) Prior year amounts have been restated for errors in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

(2) As a result of the implementation of GASB Statement No. 87, *Leases*, during fiscal year 2022, the Long-term Leases Issued line item has been added beginning with fiscal year 2022. Capital Leases Issued line item data is presented for fiscal years prior to 2022.

(3) As a result of the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, during fiscal year 2023, the Long-term SBITAs Issued line item has been added beginning with fiscal year 2023.

(4) Noncapital expenditures exclude expenditures for capital outlay, which are recorded by function. The majority of these expenditures were for Transportation.

Source: Department of Accounts

	2021	2020	2019	2018	2017	2016
\$	31,278	\$ 27,325	\$ 25,727	\$ 24,319	\$ 22,963	\$ 22,290
	1,212	1,135	1,129	1,081	1,021	977
	145	164	210	233	241	267
	150	369	360	159	146	134
	27,186	19,749	11,999	10,537	10,402	9,885
	2,867	2,037	1,566	2,413	1,638	1,535
	62,838	50,779	40,991	38,742	36,411	35,088
	4,539	3,522	2,774	2,692	2,691	2,821
	12,031	10,868	10,448	10,129	9,816	9,373
	6,761	5,542	5,455	6,015	5,314	5,831
	1,396	1,107	1,015	926	981	915
	30,481	24,141	16,954	15,641	14,805	14,160
	3,190	3,172	3,086	3,044	2,875	2,786
	1,434	848	618	504	381	331
	440	475	427	433	413	424
	357	337	321	295	281	282
	60,629	50,012	41,098	39,679	37,557	36,923
	2,209	767	(107)	(937)	(1,146)	(1,835)
	2,254	2,008	1,989	1,913	1,731	1,673
	(1,206)	(1,149)	(1,106)	(1,086)	(959)	(884)
	14	24	19	15	8	4
	3	6	2	4	1	1
	1	1	1	1	2	1
	—	—	—	—	—	—
	—	—	—	—	—	—
	1,251	719	648	1,280	685	274
	273	129	83	367	174	45
	11	273	43	1,062	276	76
	17	5	7	22	11	15
	(11)	(279)	(49)	(1,271)	(331)	(93)
	2,607	1,737	1,637	2,307	1,598	1,112
\$	4,816	\$ 2,504	\$ 1,530	\$ 1,370	\$ 452	\$ (723)
	1.37%	1.71%	1.92%	1.95%	2.04%	2.05%

Comparison of General Fund Balance (1)

Last Ten Fiscal Years
(Dollars in Millions)

Fiscal Year Ended June 30,	Fund Balance	
	Budgetary Basis	Modified Accrual Basis
2025	\$ 15,436.7	\$ 13,109.3
2024	15,561.9	14,887.3
2023	15,092.7	12,517.7
2022	13,375.0	11,679.6
2021	7,505.1	7,109.0
2020	3,524.6	3,348.8
2019	2,799.3	1,653.7
2018	1,787.0	843.5
2017	1,339.9	498.4
2016	1,478.4	751.3

(1) Prior year amounts have been restated for errors in accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*.

Source: Department of Accounts

Revenue Capacity

Personal Income Tax Rates

Last Ten Fiscal Years
(Dollars in Millions)

For the Fiscal Year Ended June 30	Personal Income Tax Collections (1)	Personal Income (2)(3)	Average Effective Rate (3)(4)
2025	\$ 21,892	\$ 698,169	3.14%
2024	20,310	664,728	3.06%
2023	20,032	625,909	3.20%
2022	19,362	585,355	3.31%
2021	17,304	559,613	3.09%
2020	15,352	516,588	2.97%
2019	15,226	491,415	3.10%
2018	14,106	470,507	3.00%
2017	13,053	453,521	2.88%
2016	12,556	438,582	2.86%

(1) Tax revenues from individual and fiduciary income tax.

(2) Personal income amounts provided by U.S. Bureau of Economic Analysis website.

(3) Amounts for fiscal years 2016 through 2024 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.

(4) Average effective rate equals tax collections divided by income.

Sources: Department of Taxation
U.S. Bureau of Economic Analysis

Effective Tax Rates (1)

Tax Years 2023 through 2024

Income Tax Bracket	Tax Rate
\$0 - \$3,000	2.00%
\$3,001 - \$5,000	\$60 + (3% of excess over \$3,000)
\$5,001 - \$17,000	\$120 + (5% of excess over \$5,000)
Over \$17,000	\$720 + (5.75% of excess over \$17,000)

(1) Amounts shown are for all filing status returns.

Source: Department of Taxation

Personal Income Tax Filers and Liability by Income Level (1) (2)

Current Tax Year and Ten Years Ago

Income Level	Tax Year Ended December 31, 2023				Tax Year Ended December 31, 2014			
	Number of Returns	% of Total	Income Tax Liability	% of Total	Number of Returns	% of Total	Income Tax Liability	% of Total
\$100,000 and higher	1,137,310	27.1%	\$ 14,726,465,513	79.2%	729,316	19.0%	\$ 7,954,296,230	68.4%
\$75,000 - \$99,999	380,752	9.1%	1,394,560,487	7.5%	325,035	8.5%	1,188,418,789	10.2%
\$50,000 - \$74,999	588,144	14.0%	1,365,588,376	7.3%	492,931	12.8%	1,174,418,065	10.1%
\$25,000 - \$49,999	906,074	21.6%	965,257,493	5.2%	864,225	22.4%	1,034,891,163	8.9%
\$10,000 - \$24,999	623,196	14.8%	140,546,403	0.8%	768,379	20.0%	267,188,081	2.3%
\$9,999 and lower	566,510	13.4%	5,277,963	0.0%	665,767	17.3%	4,764,993	0.1%
Total	4,201,986	100.0%	\$ 18,597,696,235	100.0%	3,845,653	100.0%	\$11,623,977,321	100.0%

(1) Due to confidentiality issues, the names of the ten largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.

(2) Tax year 2023 is the most recent year for which data are available.

Source: Department of Taxation

Personal Income by Industry (1) (2)

Last Ten Fiscal Years
(Dollars in Millions)

	2025	2024	2023	2022
Farm Earnings	\$ 844	\$ 289	\$ 1,200	\$ 1,046
Agricultural/Forestry, Fishing, and Other	500	503	458	431
Mining	907	901	848	686
Construction	27,530	26,044	24,182	22,316
Manufacturing	24,131	23,500	22,584	21,188
Transportation, Warehousing, Information and Public Utilities	30,821	29,367	26,653	24,667
Wholesale Trade	16,147	15,674	14,945	13,606
Retail Trade	21,806	21,411	20,669	19,736
Finance, Insurance, Real Estate, Rental and Leasing	32,355	30,777	29,630	29,280
Services	214,981	203,698	190,839	178,255
Federal, Civilian	37,074	35,214	32,953	30,938
Military	15,943	15,055	13,804	13,960
State and Local Government	50,057	47,025	43,185	40,617
Other (3)	225,073	215,270	203,959	188,629
Total Personal Income	<u>\$ 698,169</u>	<u>\$ 664,728</u>	<u>\$ 625,909</u>	<u>\$ 585,355</u>

(1) Personal income figures for fiscal year 2025 are estimated.

(2) Amounts for fiscal years 2016 through 2024 were revised to reflect the incorporation of newly available and revised source data.

(3) Includes dividends, interest, rental income, residence adjustment, government transfers to individuals, and deductions for social insurance.

Source: U.S. Bureau of Economic Analysis (BEA)

Note: Details may not agree to BEA due to rounding.

2021	2020	2019	2018	2017	2016
\$ 455	\$ 303	\$ 323	\$ 424	\$ 413	\$ 422
445	439	452	465	461	461
517	568	654	615	426	251
20,817	19,851	18,882	17,869	17,162	16,611
20,388	19,554	19,175	18,257	17,494	17,757
21,548	19,383	18,751	17,128	17,106	17,780
12,385	11,835	11,508	11,236	10,726	10,497
18,510	16,746	16,306	15,887	15,697	15,609
28,239	25,935	25,169	23,909	22,309	21,203
164,727	156,426	151,898	145,200	138,933	133,733
29,944	28,679	27,820	26,841	26,008	25,194
13,422	12,312	11,739	12,413	13,472	12,992
39,181	38,946	37,427	36,410	35,570	34,741
189,035	165,611	151,311	143,853	137,744	131,331
<u>\$ 559,613</u>	<u>\$ 516,588</u>	<u>\$ 491,415</u>	<u>\$ 470,507</u>	<u>\$ 453,521</u>	<u>\$ 438,582</u>

Taxable Sales by Business Class (1) (2)

Last Ten Calendar Years
(Dollars in Millions)

	2024	2023	2022	2021
Alcoholic Beverage (3)	N/A	N/A	N/A	N/A
Apparel	\$ 4,484	\$ 5,062	\$ 5,135	\$ 4,990
Automotive	4,764	4,618	4,390	4,109
Food	45,514	44,162	41,509	38,320
Fuel	2,726	3,338	3,484	3,220
Furniture, Home Furnishings, and Equipment	2,682	3,269	3,824	2,496
General Merchandise	25,753	26,484	26,273	23,167
Hotels, Motels, Tourist Camps, etc.	4,385	4,268	4,143	3,088
Lumber, Building Materials, and Supply	10,815	10,700	11,491	12,181
Machinery, Equipment, and Supplies	415	384	323	283
Miscellaneous	26,455	25,800	25,018	23,765
Other Miscellaneous and Unidentifiable	8,396	5,780	3,411	3,034
Total	\$ 136,389	\$ 133,865	\$ 129,001	\$ 118,653
Direct Sales Tax Rate	5.3 %	5.3 %	5.3 %	5.3 %

- (1) Retail sales information is available only on a calendar-year basis.
(2) Some prior year amounts may have been revised to reflect the incorporation of newly available and revised source data.
(3) Alcoholic Beverage is included in Food starting in tax year 2019.

Sources: Bureau of Economic Analysis
Department of Taxation
Weldon Cooper Center for Public Service, University of Virginia

2020	2019	2018	2017	2016	2015
N/A	N/A	\$ 762	\$ 784	\$ 658	\$ 718
\$ 3,658	\$ 4,996	5,061	4,986	5,049	5,001
3,583	3,513	3,448	3,234	3,238	3,159
34,473	34,320	32,935	31,908	31,564	30,627
2,639	2,560	2,318	2,221	2,144	1,967
2,088	2,251	2,228	2,338	3,222	2,278
21,889	21,682	21,831	21,643	21,686	21,917
2,126	3,989	3,857	3,738	3,590	3,452
10,894	9,775	9,567	7,739	9,123	8,865
242	290	290	287	292	330
20,344	21,524	21,215	22,179	18,888	19,629
2,422	2,860	2,537	2,520	2,225	2,273
<u>\$ 104,358</u>	<u>\$ 107,760</u>	<u>\$ 106,049</u>	<u>\$ 103,577</u>	<u>\$ 101,679</u>	<u>\$ 100,216</u>
5.3 %	5.3 %	5.3 %	5.3 %	5.3 %	5.3 %

Sales Tax Revenue by Business Class (1)

Tax Year 2024 and Nine Years Ago

	Tax Year Ended December 31, 2024 (2)(3)				Tax Year Ended December 31, 2015			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Alcoholic Beverage	N/A	N/A	N/A	N/A	374	0.4%	\$ 717,921,706	0.7%
Apparel	2,845	2.9%	\$ 4,484,237,987	3.3%	3,850	3.7%	5,000,883,378	5.0%
Automotive	2,598	2.7%	4,763,880,369	3.5%	3,041	2.9%	3,158,633,082	3.2%
Food	24,725	25.6%	45,513,968,503	33.3%	22,522	21.8%	30,627,212,807	30.5%
Fuel	1,340	1.4%	2,725,590,486	2.0%	2,411	2.3%	1,967,286,467	2.0%
Furniture, Home Furnishings, and Equipment	1,758	1.8%	2,681,607,249	2.0%	2,513	2.4%	2,278,132,528	2.3%
General Merchandise	10,879	11.2%	25,753,306,012	18.9%	15,995	15.5%	21,917,025,013	21.9%
Hotels, Motels, Tourist Camps, etc.	2,223	2.3%	4,385,030,188	3.2%	2,293	2.3%	3,452,147,590	3.4%
Lumber, Building Materials, and Supply	3,722	3.9%	10,815,175,507	7.9%	5,501	5.3%	8,865,389,639	8.7%
Machinery, Equipment, and Supply	127	0.1%	415,380,776	0.3%	156	0.2%	329,523,658	0.4%
Miscellaneous	33,247	34.3%	26,455,071,129	19.4%	37,797	36.7%	19,628,875,118	19.6%
Other Miscellaneous and Unidentifiable	13,384	13.8%	8,395,735,959	6.2%	6,674	6.5%	2,272,470,388	2.3%
Total	96,848	100.0%	\$ 136,388,984,165	100.0%	103,127	100.0%	\$ 100,215,501,374	100.0%

(1) Due to confidentiality issues, the names of the ten largest revenue payers are not presented. The categories presented are intended to provide alternative information regarding the sources of the state's revenue.

(2) Tax year 2024 is the most recent year for which data are available.

(3) Alcoholic Beverage is included in Food starting in tax year 2019.

Source: Weldon Cooper Center for Public Service, University of Virginia

Debt Capacity

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years
(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	Governmental Activities			Business-type Activities		Total Primary Government	Debt as a Percentage of Personal Income (2)	Amount Per Capita (3)
	General Obligation Bonds	Non-General Obligation Bonds	Other Long- term Obligations (1)	Non-General Obligation Bonds	Other Long- term Obligations (1)			
2025	\$ 79,443	\$ 7,037,410	\$ 3,740,117	\$ —	\$ —	\$ 10,856,970	1.56 %	\$ 1,228
2024	123,647	7,039,162	3,547,499	—	407,368	11,117,676	1.67 %	1,272
2023	177,768	7,296,672	3,218,686	—	409,902	11,103,028	1.77 %	1,275
2022	231,264	7,600,566	3,376,774	—	194,531	11,403,135	1.95 %	1,316
2021	284,861	7,220,535	1,911,212	—	771	9,417,379	1.68 %	1,097
2020	341,600	6,901,527	1,200,145	—	964	8,444,236	1.63 %	982
2019	416,501	6,982,091	749,490	—	518	8,148,600	1.66 %	951
2018	476,528	7,274,962	171,180	—	—	7,922,670	1.68 %	934
2017	538,211	6,245,009	188,640	—	5,025	6,976,885	1.54 %	824
2016	601,632	5,826,798	200,227	—	5,359	6,634,016	1.51 %	789

- (1) Pension, compensated absences, other postemployment benefits, other liabilities, lottery prizes payable, educational benefits payable, and pollution remediation obligations have been excluded.
- (2) Personal income amounts used for this calculation were obtained from the U. S. Bureau of Economic Analysis.
- (3) Population statistics used in this calculation were provided by the Department of Taxation and the Weldon Cooper Center for Public Service at the University of Virginia. Fiscal year 2025 population was estimated.

Sources: Department of Accounts
Department of Taxation
U. S. Bureau of Economic Analysis

Ratios of General Obligation Bonded Debt Outstanding

Last Ten Fiscal Years
(Amounts in Thousands except Per Capita)

For the Fiscal Year Ended June 30,	General Bonded Debt Outstanding [1] [2]					Percentage of Tax Revenues [6]	Amount Per Capita [7]				
	Governmental		Higher Education [5]		Total						
	9(b) [3]	9(c) [4]	9(c)								
2025	\$	76,525	\$	2,918	\$	921,820	\$	1,001,263	4.57%	\$	113
2024		120,065		3,582		929,445		1,053,092	5.18%		121
2023		173,122		4,646		940,849		1,118,617	5.58%		129
2022		225,600		5,664		912,817		1,144,081	5.91%		132
2021		278,221		6,640		955,729		1,240,590	7.17%		145
2020		330,934		10,666		886,837		1,228,437	8.00%		143
2019		401,873		14,628		893,106		1,309,607	8.85%		153
2018		457,764		18,764		836,874		1,313,402	9.31%		155
2017		515,468		22,743		897,018		1,435,229	11.00%		169
2016		571,915		29,717		877,118		1,478,750	11.78%		176

[1] Amounts are net of unamortized premiums and discounts.

[2] There are currently no Section 9(a) bonds outstanding.

[3] Section 9(b) bonds have been authorized by the citizens of Virginia through bond referenda to finance capital projects. These bonds are retired through the use of state appropriations.

[4] Section 9(c) bonds are issued to finance capital projects which, when completed, will generate revenue to repay the debt.

[5] While these bonds are issued for and allocated to institutions, they are backed by the full faith and credit of the Commonwealth.

[6] Individual and Fiduciary Income Tax collections were used for this calculation.

[7] Population statistics used in this calculation are provided by the Department of Taxation and the Weldon Cooper Center for Public Service at the University of Virginia. Fiscal year 2025 population was estimated.

Source: Department of Accounts

Computation of Legal Debt Limit and Margin

Last Ten Fiscal Years
(Dollars in Thousands)

Tax Revenues Required for Computation	2025	2024	2023	2022
Taxes on Income and Retail Sales:				
Individual and Fiduciary Income Tax [1]	\$ 21,892,442	\$ 20,310,406	\$ 20,032,168	\$ 19,361,618
Corporate Income Tax [2]	1,878,586	1,907,065	2,031,120	1,978,697
State Sales and Use Tax [3]	5,400,667	5,283,496	5,291,556	5,080,554
Total	<u>\$ 29,171,695</u>	<u>\$ 27,500,967</u>	<u>\$ 27,354,844</u>	<u>\$ 26,420,869</u>
Average Tax Revenues (Three Fiscal Years)	<u>\$ 28,009,169</u>	<u>\$ 27,092,227</u>	<u>\$ 25,740,142</u>	<u>\$ 23,447,232</u>
Section 9(a) [2] General Obligation Debt Limit [4]				
Debt Issuance Limit				
(30% of 1.15 times annual tax revenues)	\$ 10,064,235	\$ 9,487,834	\$ 9,437,421	\$ 9,115,200
Less Bonds Outstanding:	—	—	—	—
Debt Issuance Margin for Section 9(a) [2]				
General Obligation Bonds	<u>\$ 10,064,235</u>	<u>\$ 9,487,834</u>	<u>\$ 9,437,421</u>	<u>\$ 9,115,200</u>
Debt Applicable to Limit as a % Limit	0.00 %	0.00 %	0.00 %	0.00 %
Section 9(b) General Obligation Debt Limit				
Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	\$ 32,210,544	\$ 31,156,061	\$ 29,601,163	\$ 26,964,317
Less Bonds Outstanding:**				
Public Facilities Bonds	76,525	\$ 120,065	173,122	225,600
Debt Issuance Margin for Section 9(b)				
General Obligation Bonds	<u>\$ 32,134,019</u>	<u>\$ 31,035,996</u>	<u>\$ 29,428,041</u>	<u>\$ 26,738,717</u>
Debt Applicable to Limit as a % Limit	0.24 %	0.39 %	0.58 %	0.84 %
Additional Section 9(b) Debt Borrowing Restriction:				
Four-year Authorization Restriction (25% of 9(b) Debt Limit)	\$ 8,052,636	\$ 7,789,015	\$ 7,400,291	\$ 6,741,079
Less 9(b) Debt authorized in past three fiscal years	—	—	—	—
Maximum Additional Borrowing Restriction (amount that may be authorized by the General Assembly)	<u>\$ 8,052,636</u>	<u>\$ 7,789,015</u>	<u>\$ 7,400,291</u>	<u>\$ 6,741,079</u>
Section 9(c) General Obligation Debt Limit				
Debt Issuance Limit				
(1.15 times average tax revenues for three fiscal years)	\$ 32,210,544	\$ 31,156,061	\$ 29,601,163	\$ 26,964,317
Less Bonds Outstanding:**				
Parking Facilities Bonds	2,918	\$ 3,582	4,646	5,664
Transportation Facilities Bonds	—	—	—	—
Higher Educational Institution Bonds	921,820	929,445	940,849	912,817
Debt Issuance Margin for Section 9(c)				
General Obligation Bonds	<u>\$ 31,285,806</u>	<u>\$ 30,223,034</u>	<u>\$ 28,655,668</u>	<u>\$ 26,045,836</u>
Debt Applicable to Limit as a % Limit	2.87 %	2.99 %	3.19 %	3.41 %

**Bonds included on this schedule are only those which are backed by the full faith and credit of the Commonwealth.

[1] Includes taxes imposed pursuant to Articles 2 and 9 of Chapter 3, Title 58.1 of the *Code of Virginia*.

[2] Includes taxes imposed pursuant to Article 10 of Chapter 3, Title 58.1 of the *Code of Virginia*.

[3] Includes taxes imposed pursuant to Chapter 6, Title 58.1 of the *Code of Virginia*, less taxes identified in Sections 58.1-605 and 58.1-638.

[4] Debt limit applies only to debt authorized pursuant to Article X, Section 9(a)(2) of the Constitution of Virginia.

Sources: Department of Accounts, Department of the Treasury

2021	2020	2019	2018	2017	2016
\$ 17,304,476	\$ 15,351,603	\$ 14,801,986	\$ 14,105,766	\$ 13,052,887	\$ 12,555,624
1,515,692	1,011,650	943,391	861,897	826,961	764,948
4,624,545	4,112,861	3,972,960	3,827,078	3,720,552	3,651,400
<u>\$ 23,444,713</u>	<u>\$ 20,476,114</u>	<u>\$ 19,718,337</u>	<u>\$ 18,794,741</u>	<u>\$ 17,600,400</u>	<u>\$ 16,971,972</u>
\$ 21,213,055	\$ 19,663,064	\$ 18,704,493	\$ 17,789,038	\$ 17,106,934	\$ 16,376,822
\$ 8,088,426	\$ 7,064,259	\$ 6,802,826	\$ 6,484,186	\$ 6,072,138	\$ 5,855,330
—	—	—	—	—	—
<u>\$ 8,088,426</u>	<u>\$ 7,064,259</u>	<u>\$ 6,802,826</u>	<u>\$ 6,484,186</u>	<u>\$ 6,072,138</u>	<u>\$ 5,855,330</u>
0.00 %	0.00 %	0.00 %	0.00 %	0.00 %	0.00 %
\$ 24,395,013	\$ 22,612,524	\$ 21,510,167	\$ 20,457,393	\$ 19,672,974	\$ 18,833,345
278,221	330,934	401,873	457,764	515,468	571,915
<u>\$ 24,116,792</u>	<u>\$ 22,281,590</u>	<u>\$ 21,108,294</u>	<u>\$ 19,999,629</u>	<u>\$ 19,157,506</u>	<u>\$ 18,261,430</u>
1.14 %	1.46 %	1.87 %	2.24 %	2.62 %	3.04 %
\$ 6,098,753	\$ 5,653,131	\$ 5,377,542	\$ 5,114,348	\$ 4,918,244	\$ 4,708,336
—	—	—	—	—	—
<u>\$ 6,098,753</u>	<u>\$ 5,653,131</u>	<u>\$ 5,377,542</u>	<u>\$ 5,114,348</u>	<u>\$ 4,918,244</u>	<u>\$ 4,708,336</u>
\$ 24,395,013	\$ 22,612,524	\$ 21,510,167	\$ 20,457,393	\$ 19,672,974	\$ 18,833,345
6,640	7,583	8,567	9,850	11,101	15,155
—	3,083	6,061	8,914	11,642	14,562
955,729	886,837	893,106	836,874	897,018	877,118
<u>\$ 23,432,644</u>	<u>\$ 21,715,021</u>	<u>\$ 20,602,433</u>	<u>\$ 19,601,755</u>	<u>\$ 18,753,213</u>	<u>\$ 17,926,510</u>
3.94 %	3.97 %	4.22 %	4.18 %	4.68 %	4.82 %

Schedule of Pledged Revenue Bond Coverage
Primary Government 9(d) General Long-term Debt

Last Ten Fiscal Years
(Dollars in Thousands except Coverage)

	For the Fiscal Year Ended June 30,	Beginning Balance, as restated	Pledged Revenues	Operating Expenses (1)	Net Available for Debt Service	Debt Service Requirements (2)		Coverage
						Principal	Interest	
Primary Government Revenue Bonds:	2025	\$ —	\$ —	—	\$ —	\$ —	—	—
Route 460 Funding Corporation of	2024	—	—	—	—	—	—	—
Virginia (3)	2023	—	—	—	—	—	—	—
(Series 2012A and 2012B CAB)	2022	—	—	—	—	—	—	—
	2021	—	—	—	—	—	—	—
	2020	—	—	—	—	—	—	—
	2019	—	—	—	—	—	—	—
	2018	—	—	—	—	—	—	—
	2017	—	—	—	—	—	—	—
	2016	1,261	—	436	825	—	—	—

(1) Operating expenses are exclusive of principal and interest.

(2) Includes principal and interest of revenue bonds only. Does not include debt defeasance transactions.

(3) The Route 460 Funding Corporation of Virginia continuing operations ceased during fiscal year 2016.

Source: Department of Accounts

Demographic and Economic Information

Schedule of Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population In Thousands (1)	Personal Income In Thousands (2)(3)	Per Capita Income (3)	Public Primary and Secondary School Enrollment	Unemployment Rate
2025	8,840	\$ 698,169,192	\$ 78,978	1,236,783	3.5 %
2024	8,737	664,728,366	76,082	1,252,426	2.7 %
2023	8,705	625,908,667	71,902	1,261,962	3.0 %
2022	8,667	585,355,288	67,538	1,263,342	2.8 %
2021	8,582	559,613,052	65,208	1,251,970	4.3 %
2020	8,603	516,587,865	60,047	1,252,756	4.4 %
2019	8,566	491,414,793	57,368	1,298,083	2.9 %
2018	8,481	470,507,302	55,478	1,290,513	3.3 %
2017	8,470	453,520,815	53,544	1,293,049	4.0 %
2016	8,412	438,582,257	52,138	1,267,591	4.1 %

(1) Population figures are estimated.

(2) Personal income amount for fiscal year 2025 is estimated.

(3) PY Personal income and per capita income amounts for 2016 - 2024 were revised to reflect the incorporation of newly available and revised source data, as well as improved estimating methodologies.

Sources: Virginia Department of Education - School Enrollment
Virginia Department of Taxation - Population 2018-2025
Virginia Employment Commission - Unemployment Rate
U.S. Bureau of Economic Analysis - Personal Income
Weldon Cooper Center at UVA - Population 2016-2017

Principal Employers (1)

Current Year and Nine Years Ago (2)

Employer	2024	2015
U.S. Department of Defense	1	1
Wal-Mart	2	2
Fairfax County Public Schools	3	3
Amazon Fulfillment Services Inc. (3)	4	-
Sentara Healthcare	5	4
University of Virginia / Blue Ridge Hospital (3)	6	-
Huntington Ingalls Industries, Inc.	7	5
Inova Health System (3)	8	-
Food Lion	9	6
U.S. Department of Homeland Security	10	9

(1) The Virginia Employment Commission is precluded from disclosing the actual number of employees per the Confidential Information Protection and Statistical Efficiency Act – Title V of Public Law 107-347. All Employers above have an employment size of 1,000 or more.

(2) Calendar year 2024 is the most recent information available.

(3) Previous ranking not available.

Source: Virginia Employment Commission

Operating Information

State Employees by Function

Last Ten Fiscal Years

	2025	2024	2023	2022
General Government				
Virginia Information Technologies Agency	339	317	262	218
Department of Taxation	802	821	918	812
Department of General Services	649	628	604	585
All other	2,882	2,566	3,182	2,329
Education				
Colleges and Universities (1)	77,004	71,905	65,961	60,678
All other	3,069	3,074	3,461	2,783
Transportation				
Department of Transportation	7,982	7,862	7,933	7,516
Department of Motor Vehicles	2,181	2,321	2,383	2,079
All other	319	321	313	312
Resources and Economic Development				
Department of Conservation & Recreation	1,099	1,093	1,559	976
Department of Environmental Quality	865	856	835	796
All other	3,608	3,662	4,131	3,526
Individual and Family Services				
Department of Health	3,393	3,312	3,227	3,159
Behavioral Health Agencies	6,440	6,177	5,973	5,044
All other	5,706	5,971	5,718	5,490
Administration of Justice				
Department of State Police	2,857	2,831	2,824	2,687
Department of Juvenile Justice	1,413	1,430	1,865	1,671
Correctional Facilities	9,070	8,792	8,497	7,957
All other	8,335	8,931	9,101	8,195
Business-type Activities				
Alcoholic Beverage Control	3,574	3,542	3,956	3,726
Virginia Lottery	413	399	387	361
All other	156	148	142	134
State Total (2)	142,156	136,959	133,232	121,034

(1) Includes salaried and wage employees but excludes adjunct faculty.

(2) Totals have been rounded and may vary slightly from the Department of Human Resource Management reports.

Source: Department of Human Resource Management

2021	2020	2019	2018	2017	2016
211	189	203	208	207	213
796	806	854	856	846	862
606	635	623	591	596	594
2,023	1,796	1,791	1,746	1,760	1,730
65,859	65,167	68,350	65,079	66,305	64,450
2,603	2,344	2,805	2,323	2,853	2,714
7,567	7,558	7,661	7,745	7,806	7,601
2,182	2,094	2,137	2,016	2,074	2,078
323	352	342	331	330	317
913	751	1,076	1,125	1,103	1,130
769	787	789	797	803	814
3,342	2,940	2,889	2,997	2,991	2,935
3,255	3,370	3,445	3,431	3,559	3,408
5,165	5,556	5,808	5,971	6,285	6,628
5,678	5,492	5,410	5,444	5,509	5,539
2,761	2,744	2,704	2,675	2,654	2,725
1,792	1,866	1,883	1,876	1,934	2,057
8,511	9,448	9,424	9,433	9,436	9,731
7,722	6,780	6,654	6,577	6,538	6,552
3,650	2,375	2,280	2,355	1,682	2,737
325	301	296	279	279	285
125	119	113	102	100	96
126,178	123,470	127,537	123,957	125,650	125,196

Operating Indicators by Function

Last Ten Fiscal Years

	2025	2024	2023
General Government			
Virginia Department of Taxation			
Number of Returns Processed (calendar year) (1)	Not yet available	9,156,111	8,863,810
Education			
State Council of Higher Education			
Number of Students Enrolled at State-supported Colleges and Universities	553,296	535,706	519,093
Department of Education			
Number of Public Primary and Secondary School Enrollment	1,236,783	1,252,426	1,261,962
Resources and Economic Development			
Department of Environmental Quality			
Number of Permits Issued	1,530	3,163	2,937
Number of Inspections Conducted	6,665	5,232	5,158
Department of Housing and Community Development			
Number of Housing Units Improved to Define Standards through Housing Programs	4,222	3,831	2,315
Department of Agriculture and Consumer Services			
Number of Food Inspections Conducted	11,834	11,718	10,811
Number of Weights/Measure Equipment Inspected	102,026	101,308	93,299
Department of Forestry			
Number of Firefighters Trained in Forest Fire Control	814	761	783
Individual and Family Services			
Office of Children's Services			
Number of Youth Served	16,086	15,924	15,032
Department for Aging and Rehabilitative Services			
Number of Medicare Recipients	1,713,616	1,676,230	1,632,543
Department of Medical Assistance Services			
Number of Medicaid Recipients	2,079,685	2,206,675	2,100,660
Department of Behavioral Health and Developmental Services (2)			
Number of Patients Served	1,851	1,845	1,766
Number of Beds Used	2,422	2,352	2,328
Department of Social Services			
Average Number of Households Receiving Food Stamps	449,955	453,106	459,684
Number of Households Receiving Child Support Enforcement Assistance	202,812	210,203	215,472
Department of Health			
Number of WIC Participants	175,560	110,738	191,387
Number of Childhood Immunizations Administered	137,830	421,205	1,189,902
Administration of Justice			
Supreme Court			
Number of Criminal Trials (calendar year)	633,419	608,995	570,343
Number of Civil Trials (calendar year)	1,230,988	1,188,179	1,100,045
Number of Traffic Hearings (calendar year)	1,383,114	1,299,320	1,100,878
Compensation Board			
Number of Constitutional Officers Receiving Financial Support	646	646	653
Department of State Police			
Number of Traffic Citations Issued (calendar year)	366,468	391,197	353,391
Number of Arrests (calendar year)	17,292	18,742	17,714
Department of Corrections			
Number of Inmates	22,767	23,198	24,516

2022	2021	2020	2019	2018	2017	2016
8,693,880	8,530,643	8,248,902	8,183,057	7,935,274	7,842,664	7,849,647
517,438	524,932	525,335	521,471	521,444	524,340	528,673
1,263,342	1,251,970	1,252,756	1,298,083	1,290,513	1,293,049	1,267,591
6,153	3,407	6,550	3,020	2,719	5,393	2,564
4,714	5,153	3,904	5,971	6,095	8,706	7,962
2,307	2,108	2,602	3,333	2,413	3,614	3,031
8,924	8,528	8,244	9,986	9,576	9,175	8,246
91,987	102,366	103,047	101,551	98,643	83,558	79,876
597	237	139	794	707	982	892
14,489	14,589	15,285	15,645	15,233	15,042	16,135
1,595,943	1,565,504	1,742,473	1,628,702	1,492,436	1,420,405	1,358,179
1,938,378	1,761,460	1,644,569	1,486,511	1,310,815	1,300,028	1,319,227
1,642	1,831	1,902	1,944	1,982	2,058	2,104
2,289	2,132	2,202	2,255	2,306	2,448	2,619
413,334	377,121	348,551	343,417	354,783	372,773	391,632
220,161	226,681	235,548	292,176	302,984	304,565	310,933
1,446,205	191,387	190,746	196,435	201,461	223,931	239,711
1,321,443	82,402	218,571	1,287,433	1,319,475	1,410,886	1,371,582
495,056	520,867	646,416	639,056	640,340	642,593	642,216
901,639	950,357	1,340,592	1,317,267	1,290,994	1,166,949	1,166,073
1,085,734	1,038,540	1,649,266	1,622,583	1,659,637	1,622,252	1,714,779
653	653	653	652	651	652	649
287,305	249,979	344,414	456,318	479,208	495,404	592,670
14,307	15,549	17,916	20,130	19,565	20,872	22,320
25,847	24,179	27,239	29,938	29,912	29,991	30,038

Continued on next page

Operating Indicators by Function (Continued from previous page)

Last Ten Fiscal Years

	2025	2024	2023
Business-type Activities			
Virginia Lottery			
Number of Plays Sold - Pick 3	303,632,697	321,354,202	324,780,177
Number of Plays Sold - Pick 4	298,562,905	324,230,787	353,152,599
Number of Plays Sold - Pick 5 (3)	39,560,605	39,980,244	3,583,425
Number of Plays Sold - Cash 5	32,668,968	36,244,276	35,734,799
Number of Plays Sold - Mega Millions	121,123,597	159,940,971	182,885,499
Number of Plays Sold - Millionaire Raffle	12,500,000	12,500,000	12,500,000
Number of Plays Sold - Powerball	102,030,380	212,890,670	178,785,207
Number of Plays Sold - Bank A Million	8,415,300	8,875,029	9,485,514
Number of Plays Sold - Money Ball (4)	—	—	—
Number of Plays Sold - Cash 4 Life	29,123,328	29,474,108	29,633,086
Number of Plays Sold - Print 'n Play (5)	60,668,569	59,806,167	52,918,665
Number of Tickets Sold - Instant Tickets	1,277,531,938	1,314,085,654	1,281,673,073
Number of Tickets Sold - iLottery Instants (6)	3,383,405,601	2,903,957,135	2,060,238,758
Number of Tickets Sold - Keno (7)	35,483,452	35,730,857	35,646,663
Number of Tickets Sold - iLottery Raffle (8)	—	2,000,000	2,033,687
Number of Tickets Sold - Cash Pop (9)	65,905,996	59,934,766	48,804,689
Number of Tickets Sold - Virtual Sports (10)	26,557	—	—
Commonwealth Savers Plan (11)			
Number of Prepaid529 contract holders	32,041	36,583	41,358
Number of Tuition Track Portfolio accounts (12)	12,488	11,072	9,434
Virginia Employment Commission			
Number of Individuals Receiving Unemployment Benefits	200,955	172,643	136,978
New Unemployment Benefit Claims	148,809	126,850	168,398

- (1) Information for fiscal year 2025 is not yet available.
- (2) This agency is structured to provide services primarily in a community setting. The funding level for fiscal year 2025 was \$825.8 million for community programs and \$712.8 million for inpatient facilities. DBHDS is committed to providing care in the most appropriate setting and will continue to fund and develop community based treatment options. There is some growth in the inpatient census due to the number of civil commitments attributable to forensic patients (those who come from the criminal justice system).
- (3) Pick 5 began during fiscal year 2023; therefore, information for fiscal year 2022 and prior is not available.
- (4) Money Ball ended during fiscal year 2016; therefore, information for fiscal year 2017 and thereafter is not available.
- (5) Fast Play Bingo was renamed Print 'n Play during fiscal year 2017.
- (6) iLottery Instants, formerly called Digital E-games, are available through the Lottery Mobile App and began during fiscal year 2019; therefore, information for fiscal year 2018 and prior is not available.
- (7) Keno began during fiscal year 2021; therefore, information for fiscal year 2020 and prior is not available.
- (8) iLottery Raffle began during fiscal year 2022; therefore information for fiscal year 2021 and prior is not available. Although this game has not been discontinued, there were no drawings during fiscal year 2025.
- (9) Cash Pop began during fiscal year 2022; therefore information for fiscal year 2021 and prior is not available.
- (10) Virtual Sports is a new game that began in June of 2025, therefore, information for fiscal year 2024 and prior is not available.
- (11) Virginia College Savings Plan changed its name to Commonwealth Savers Plan during fiscal year 2025.
- (12) The Tuition Track Portfolio option was first offered in fiscal year 2021, therefore information for fiscal year 2020 and prior is not available.

2022	2021	2020	2019	2018	2017	2016
349,713,514	390,284,730	336,933,331	329,229,522	296,627,276	276,560,578	272,748,955
361,898,368	376,114,441	322,440,569	326,360,467	302,727,557	291,852,118	279,841,494
—	—	—	—	—	—	—
34,840,052	38,667,449	32,195,638	33,818,907	33,202,456	31,427,856	30,419,782
92,599,907	129,473,910	89,763,948	166,953,172	130,782,622	84,351,249	87,404,430
10,000,000	10,000,000	7,500,000	7,500,000	7,491,580	6,600,000	6,600,000
133,446,065	103,409,694	76,072,327	125,460,795	110,388,116	112,705,215	163,892,079
10,025,841	11,419,108	11,710,004	13,184,754	13,282,492	13,460,880	14,520,460
—	—	—	—	—	—	2,616,104
29,459,358	31,254,468	27,400,930	18,174,238	15,241,200	15,314,148	19,037,030
56,972,703	61,746,903	75,470,085	50,562,452	45,434,462	39,890,998	29,243,465
1,325,071,263	1,302,108,413	1,166,776,472	1,221,921,293	1,184,641,974	1,117,709,151	1,100,574,151
1,279,177,631	758,328,065	2,341,949	399,969	—	—	—
46,962,415	46,168,831	—	—	—	—	—
500,000	—	—	—	—	—	—
21,748,148	—	—	—	—	—	—
—	—	—	—	—	—	—
46,338	53,493	57,952	62,514	63,073	64,072	65,101
5,762	2,542	—	—	—	—	—
105,793	352,124	1,088,208	64,932	66,632	75,012	87,685
301,095	800,443	1,020,588	134,411	141,554	160,952	185,558

Sources: Children's Services Act, Commonwealth Savers Plan, Compensation Board, Department for Aging and Rehabilitative Services, Department of Agriculture & Consumer Services, Department of Behavioral Health and Developmental Services, Department of Corrections, Department of Education, Department of Environmental Quality, Department of Forestry, Department of Health, Department of Housing and Community Development, Department of Medical Assistance Services, Department of Social Services, Department of State Police, Department of Transportation, State Council of Higher Education, Supreme Court, Virginia Employment Commission, Virginia Lottery

Capital Asset Statistics by Function

Last Ten Fiscal Years

	2025	2024	2023
General Government			
Department of General Services			
Number of Buildings	107	61	61
Total Square Footage of Buildings	6,520,577	6,418,163	6,411,288
Vehicles	10,314	10,407	10,605
Education			
State Council of Higher Education			
Campuses of In-State Institutions	245	247	241
Campuses of Out-of-State Institutions	71	71	62
Transportation			
Department of Transportation			
Bridges Maintained (1)	Not yet available	13,206	13,198
State Maintained Center Lane Miles (calendar year) (1)	Not yet available	73,402	73,257
Vehicles	5,287	5,572	5,712
Number of Buildings (2)	3,442	3,470	3,481
Total Square Footage of Buildings	8,641,971	8,681,417	8,527,645
Resources and Economic Development			
Department Conservation & Recreation			
State Parks	45	45	39
Acres of State Parks (in thousands)	83	82	80
Natural Area Preserves	44	44	42
Acres of Natural Area Preserves (in thousands)	35	35	34
Historic Sites	2	2	3
Acres of Historic Sites (in thousands)	0.3	0.3	0.3
Number of Buildings (3)	1,241	1,526	1,479
Total Square Footage of Buildings	1,380,341	3,382,504	3,319,765
Department of Forestry			
State Forests	26	26	26
Buildings	260	260	262
Total Square Footage of Buildings	541,078	541,078	541,176
Individual and Family Services			
Department of Behavioral Health and Developmental Services			
Number of Buildings	327	331	351
Total Square Footage of Buildings	5,245,411	5,339,441	5,347,750
Administration of Justice			
Department of State Police			
Number of Stations	75	75	75
Number of Buildings	137	137	143
Total Square Footage of Buildings	653,091	653,091	682,791
Department of Corrections			
Number of Buildings	1,734	1,796	1,808
Total Square Footage of Buildings	12,757,150	12,874,846	12,160,466
Business-type Activities			
Alcoholic Beverage Control			
Number of Buildings	20	20	21
Total Square Footage of Buildings	494,577	494,957	502,677

(1) Information not yet available for fiscal year 2025.

(2) Includes storage sheds

(3) Includes cabins

2022	2021	2020	2019	2018	2017	2016
55	54	66	65	66	66	64
5,530,005	5,254,727	5,321,474	5,301,474	5,351,754	5,351,754	4,901,754
11,242	12,000	12,585	13,425	14,021	14,920	14,519
267	266	245	265	258	255	246
89	82	91	117	120	134	129
13,190	13,192	13,176	13,167	13,175	13,106	13,101
73,149	72,998	72,861	72,681	72,522	72,397	75,096
5,994	6,339	6,726	6,992	7,401	7,567	7,754
3,484	3,492	3,509	3,520	3,533	3,485	3,489
8,534,739	8,570,188	8,415,994	8,427,682	8,346,916	8,264,527	8,262,042
39	39	39	39	39	39	39
72	71	74	74	73	73	73
42	42	42	39	39	39	39
33	33	31	31	33	35	34
3	3	3	3	3	3	3
0.3	0.3	0.3	0.3	0.3	0.3	0.3
1,478	1,480	1,415	1,417	1,405	1,359	1,359
3,106,293	3,079,760	2,813,096	2,816,696	2,789,799	2,562,851	2,562,851
26	26	24	24	24	24	23
266	297	295	295	295	295	295
547,010	603,102	600,602	600,602	600,602	600,602	600,602
349	374	392	392	394	407	407
5,182,410	5,133,281	5,409,231	5,409,231	5,413,168	5,568,709	5,568,709
67	67	67	67	67	66	66
142	142	142	147	147	147	147
682,663	682,663	682,663	685,109	685,109	685,109	685,109
1,818	1,842	1,871	1,857	1,854	1,849	1,858
12,099,218	12,279,524	12,129,118	12,107,287	12,165,957	12,082,187	12,105,357
25	25	23	23	23	23	24
1,593,451	1,585,193	1,174,901	1,174,901	1,174,901	1,174,901	1,180,501

Sources: Department of Conservation and Recreation
Department of Forestry
Department of Motor Vehicles
Department of State Police

Department of Transportation
Department of the Treasury
State Council of Higher Education for Virginia

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