

LONGWOOD UNIVERSITY



FINANCIAL STATEMENTS

For Year Ended June 30, 2024

AUDITED

LONGWOOD UNIVERSITY
ANNUAL FINANCIAL REPORT 2023 – 2024

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LONGWOOD UNIVERSITY MANAGEMENT'S DISCUSSION AND ANALYSIS

INSTITUTIONAL PROFILE

Founded in 1839 as the Farmville Female Seminary Association, Longwood's history has been one of constant growth and evolution. The institution had a series of names over its early history, becoming Longwood College in 1949, becoming fully co-ed in 1976, and in 2002, becoming Longwood University. As one of the hundred-oldest colleges and universities in our country, Longwood has its roots in educating teachers, but now offers a comprehensive liberal arts education paired with experiential learning opportunities. As a proud Virginia public institution, Longwood University is committed to providing a quality, affordable education.

Longwood's deep history is closely interwoven with major historical moments of our nation. The Civil War wound down at one end of campus, with one of the last skirmishes of the war occurring at High Bridge, a few miles outside town. On April 7, 1865, General Lee held one of his final war meetings in Farmville, just steps from Longwood's campus. Two days later, when Lee surrendered a few miles west at Appomattox, the war came to an end. Nearly a century later, the modern civil rights movement arguably began also just a few steps from campus, with a student-led strike at Moton High School over conditions at their segregated school. Those students eventually became one of five groups of plaintiffs in the Brown vs. Board of Education lawsuit and were the only group of protesters led by schoolchildren, rather than parents. Today, Moton is a National Historic Landmark and award-winning museum that works closely with the University. Through coursework and service-learning opportunities, hundreds of Longwood students visit Moton each year.

In 2016, Longwood and the Farmville community made history again when Longwood hosted the nation's 2016 Vice Presidential Debate. The debate garnered an estimated 37 million viewers and created the equivalent of over \$83 million in exposure for the University.

Longwood's academic profile and reputation have increased substantially in recent years. Over the last 10 years, Longwood has climbed to a consistent top-ten ranking in the U.S. News and World Report college rankings among regional public universities in the South, with eight straight years among that elite group. Among all universities, public and private, in the Southern regional category, Longwood continued its top-15 ranking, as in the previous year. The rankings rise coincides with continued investment in small classes taught by full-time professors, a course of action few public universities have taken. More than two-thirds of Longwood classes have 20 or fewer students, the highest percentage of any Virginia public college or University. Civitae Core Curriculum classes, the foundational courses that all students take as they develop into citizen leaders, are capped at 25 students. Longwood's nursing program was named the Best BSN Program in the Southeast in a 2022 ranking and is named one of America's Best Colleges by *Money* magazine.

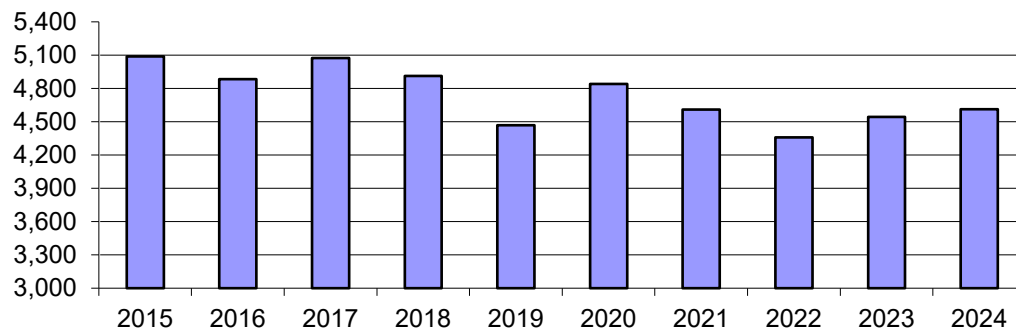
Longwood students enjoy dozens of majors across three undergraduate academic colleges and a graduate college, supported by an honors college. Traditions, extra-curricular activities and Division 1 athletics play a powerful role in the primarily residential college experience. Faculty are known for their commitment to personalized teaching, and their ranks include winners of state and national teaching awards. A distinctive core curriculum, called Civitae, serves as Longwood's general education program. Featuring small class sizes and shaped around creative, interdisciplinary subjects, Civitae provides integrated learning experiences that connect general education courses to students' majors and explicitly work to prepare them both for their careers and the responsibilities of citizenship.

Longwood is an agency of the Commonwealth of Virginia and is, therefore, included as a component unit in the State's Annual Comprehensive Financial Report (ACFR). The thirteen members of Longwood's Board of Visitors govern University operations. Members of the Board are appointed by the Governor of Virginia.

ENROLLMENT AND ADMISSIONS

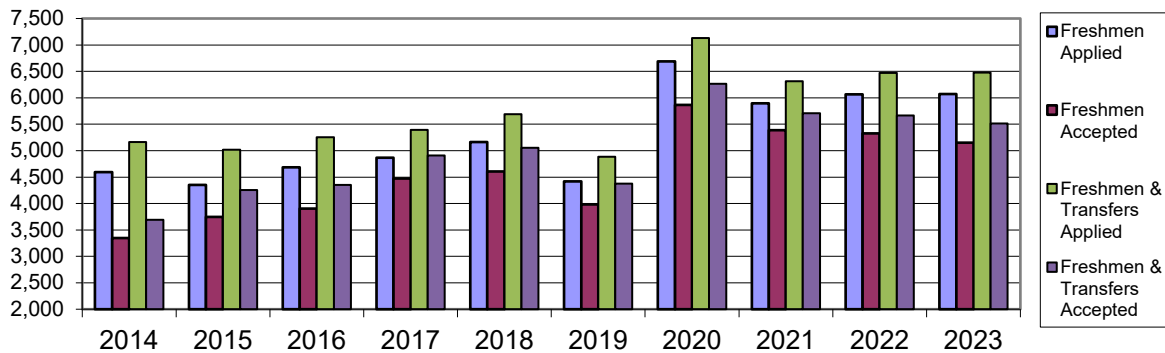
A significant factor in the University's economic position relates to its ability to recruit and retain high-quality students. Over the past ten years, student headcount has fluctuated but shown promising recent increases, ranging from 5,096 students in the fall of 2014 to 4,612 students in the fall of 2024. There was an increase of 68 student headcount between fall 2023 and fall 2024 with undergraduate enrollment increasing by 92 and graduate enrollment decreasing by 24 students over the same period.

Fall Enrollment Statistics



The fall 2024 entering freshmen class remained academically competitive with a grade-point average of 3.68, an average SAT score of 1020 - 1200, and an average ACT score of 22 - 28. Over the past ten years freshman applications have ranged from 4,224 in fall 2014 to a high of 6,689 in fall 2020. Total freshman applications showed stability, going from 6,065 in fall 2022 to 6,071 in fall 2023.

Fall Applications



FINANCIAL OVERVIEW

Management’s Discussion and Analysis (MD&A) is a supplement to the University’s financial statement designed to assist readers in understanding the financial information presented. This MD&A provides an analysis of the institution’s financial position and performance during the fiscal year ended June 30, 2024, with comparative information presented for the fiscal year ended June 30, 2023, where applicable. While maintaining financial health is crucial to the long-term viability of the University, the primary mission of a public institution of higher education is to provide education, research, and public service. Net position accumulates only as required to ensure that there are sufficient reserve funds for future operations and implementation of new programs.

This discussion has been prepared by management, along with the financial statements and related footnote disclosures, and should be read in conjunction with the accompanying financial statements and notes that follow. The financial statements, notes, and this discussion are the responsibility of management. The financial statements were prepared in accordance with applicable pronouncements and statements of the Governmental Accounting Standards Board (GASB). GASB principles establish standards for external reporting for public colleges and universities. The University’s financial report is comprised of three basic financial statements and related notes. Those statements include the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The aforementioned statements are summarized and analyzed in the MD&A.

Note that although the University’s foundations, identified as component units under Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, are reported in the financial statements, they are excluded from this MD&A; however, additional detail regarding their financial activities can be found in the **Notes to Financial Statements**. The University has three foundations whose consolidated financial information is presented in the statements under the column titled “Component Units”. While affiliated foundations are not under the direct control of the University’s Board of Visitors, this presentation provides a more holistic view of resources available to support the University and

its mission. Transactions between the University and these component units have not been eliminated in the financial statements.

Summary of the Change in Net Position				
	Year Ended June 30,		Increase/(Decrease)	
	2024	2023	Amount	Percent
Total operating revenues	\$ 73,761,798	\$ 76,538,730	\$ (2,776,932)	(3.63%)
Total operating expenses	155,125,630	147,799,069 ⁽¹⁾	7,326,561	4.96%
Operating (loss)	(81,363,832)	(71,260,339)	(10,103,493)	(14.18%)
Net nonoperating revenues & expenses	64,761,187	61,169,422	3,591,765	5.87%
Other revenue	18,515,258	29,844,099	(11,328,841)	(37.96%)
Total increase/(decrease)	\$ 1,912,613	\$ 19,753,182	\$ (17,840,569)	(90.32%)

Note (1): FY23 amount was restated to include FY24 beginning balance adjustments and error corrections.

Evaluation of Summary of the Change in Net Position for Fiscal Years 2023 and 2024

On a summary basis, operating revenues decreased from fiscal year 2023 to fiscal year 2024 due primarily to an increase of \$1.2 million between federal, state, and nongovernmental grants and contracts, a \$1.8 million increase in auxiliary revenues, and a \$5.9 million decrease in Tuition and fee revenue. Tuition and fee revenues decreased due to a change in accounting estimate as discussed in note 2. Because state appropriations are considered nonoperating revenue, the University will consistently experience an operating loss. However, the operating loss was offset by \$64.8 million in net nonoperating revenues and expenses and \$18.5 million in other revenues. Net nonoperating revenues and expenses consisted of \$55.7 million in state appropriations, which was an increase of \$7.3 million from fiscal year 2023, \$4.9 million in Pell revenue, which was an increase of \$0.8 million from fiscal year 2023, as well as \$7.3 million in gifts from the Longwood Foundation, the Longwood Real Estate Foundation, and the Longwood Trust. During the fiscal year 2024, the University recognized a \$0.6 million special employer contribution to the employee retirement plan which is considered nonoperating revenue. Other nonoperating revenues include \$0.2 million in insurance and investment revenue offset by interest on capital asset-related debt of \$3.7 million. Other revenues were comprised of \$18.4 million in capital appropriation for construction projects.

Statement of Net Position

The Statement of Net Position presents the financial position of the University at the end of the fiscal year and includes all assets, deferred outflows, liabilities, and deferred inflows of the institution. The difference between total assets and deferred outflows, and total liabilities and deferred inflows is net position, which is an indicator of the current financial condition of the University. The purpose of this statement is to present to the financial statement readers a fiscal snapshot as of June 30, 2024. From the data presented, readers of the Statement of Net Position can determine the assets available to continue the University's operations. They are also able to determine how much the University owes vendors and creditors.

Net position is divided into three major categories. The first category, “Net investment in capital assets,” depicts the University’s equity in property, plant, and equipment, net of accumulated depreciation and amortization, and outstanding debt obligations related to those capital assets. The second “Restricted” category is divided into two sub-categories, expendable and nonexpendable. Expendable restricted resources are available for expenditure by the University but must be spent for purposes as determined by donors and/or other entities that have placed restrictions on the use of the assets. The corpus of nonexpendable restricted resources is available only for investment purposes. The third, “Unrestricted” category represents resources available to the University for any lawful purpose of the institution.

Summary of the Statement of Net Position					
	As of June 30,		Increase/(Decrease)		
	2024	2023	Amount	Percent	
Assets					
Current assets	\$8,291,176	\$14,216,296	(\$5,925,120)	(41.68%)	
Noncurrent assets:					
Restricted cash and cash equivalents	7,351,669	9,254,641	(1,902,972)	(20.56%)	
Restricted appropriations available	15,672,045	17,178,282	(1,506,237)	(8.77%)	
Capital assets, net	346,319,991 (1)	288,395,559 (1)	57,924,432	20.09%	
Other	1,168,750	1,097,584	71,166	6.48%	
Total noncurrent assets	370,512,455 (1)	315,926,066 (1)	54,586,389	17.28%	
Total assets	378,803,631 (1)	330,142,362 (1)	48,661,269	14.74%	
Deferred outflows of resources					
Deferral on debt defeasance - loss	351,825	729,153	(377,328)	(51.75%)	
Deferred outflows - Pension and OPEB	9,942,249	7,916,121	2,026,128	25.59%	
Total deferred outflows of resources	10,294,074	8,645,274	1,648,800	19.07%	
Liabilities					
Current liabilities	28,632,345	23,497,440	5,134,905	21.85%	
Noncurrent liabilities	155,816,398	109,840,420 (1)	45,975,978	41.86%	
Total liabilities	184,448,743	133,337,860 (1)	51,110,883	38.33%	
Deferred inflows of resources					
Deferral on debt defeasance - gain	32,200	0	32,200	100.00%	
Deferred inflows - Pension and OPEB	9,489,589	14,042,738	(4,553,149)	(32.42%)	
Total deferred inflows of resources	9,521,789	14,042,738	(4,520,949)	(32.19%)	
Net position					
Net investment in capital assets	254,894,266 (1)	242,237,299 (1)	12,656,967	5.23%	
Restricted expendable	15,592,966	24,901,790	(9,308,824)	(37.38%)	
Unrestricted	(75,360,059)	(75,732,051) (1)	371,992	0.49%	
Total net position	\$195,127,173 (1)	\$191,407,038 (1)	\$ 3,720,135	1.94%	

Note (1): FY23 amount was restated to include FY 24 beginning balance adjustments due to miscellaneous restatements and error corrections. In FY24, net position was restated due to the implementation of GASB ammended guidane within Question 5.1 in Implementation Guide No. 2021-1. See the Beginning Balance Adjustments section of Note 2 for futher information.

Evaluation of Statement of Net Position for Fiscal Years 2023 and 2024

The University's current assets decreased by \$5.9 million, or 42%, due primarily to the use of \$2.3 million in cash reserves for operations and a reduction of \$3.5 million in bond reimbursements due to the timing of capital projects.

The University's noncurrent assets increased by \$54.6 million, or 17%, due almost exclusively to the implementation of the Joan Perry Brock Convocation Center lease agreement.

Primarily, as a result of the accounting for and financial reporting of the University's defined benefit pension plans and other post-employment benefits, the University recognized \$9.9 million of deferred outflows of resources and \$9.5 million of deferred inflows of resources on the *Statement of Net Position*. The deferred outflows of resources represent, in part, the fiscal year 2024 employer contributions made by the University to the pension plans after the measurement date that will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Note 8, Note 12, Note 16, and Note 17 of the *Notes to Financial Statements* and the *Required Supplementary Information* include additional information regarding the University's pension obligations and other post-employment benefits and related deferred outflows and inflows of resources.

The University's current liabilities increased by \$5.1 million, or 21.85%, between fiscal years 2023 and 2024. This increase was primarily due to the recognition of \$4.3 million as the current portion of a \$7.7 million prepayment received from the Longwood University Real Estate Foundation for housing management fees. Additionally, accounts payable increased by \$1.5 million between fiscal years 2023 and 2024, primarily due to higher construction expenditures resulting from increased capital construction funding.

The University's noncurrent liabilities increased \$46 million, or 41.86%, between fiscal year 2023 and 2024 primarily due to the \$48.6 million lease of the Joan Perry Brock Convocation Center. In addition, the long-term portion, \$3.5 million, of the prepayment from the Longwood University Real Estate Foundation, totaling \$7.7 million, contributed to the increase in noncurrent liabilities. The noncurrent net pension liability increased by \$1.5 million, and the OPEB liability decreased by \$0.6 million between fiscal years 2023 and 2024, respectively, while unearned revenue decreased by \$0.6 million. Noncurrent long-term debt showed a net reduction of \$5.0 million due to the payment of VCBA bond principal and amortization of bond premiums, and SBITAs under GASB Pronouncement 96 decreased by \$0.9 million, net, between fiscal years 2023 and 2024, respectively. Note 10 of the **Notes to Financial Statements** includes additional information regarding the University's noncurrent liabilities.

The University's net investment in capital assets net position increased by \$12.7 million, or 5.23%, due primarily to an increase in construction in progress of \$12.5 million. Restricted expendable net position decreased by \$9.3 million, or 37.38%, due to the temporary transfer of \$7.7 million from Restricted to Unrestricted and use of reserves of \$2.5 million, both used to pay operating expenses. Unrestricted net position was materially stable between FY23 and FY24.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) presents the operating results as well as the nonoperating revenues and expenses of the University. State appropriations, while budgeted for operations, are considered nonoperating revenues according to generally accepted accounting principles.

In general, operating revenues are received for providing goods and services to students and other constituencies of the University. Operating expenses are incurred in the acquisition or production of those goods and services. Nonoperating revenues are comprised of items such as investment earnings and state appropriations. They do not require the production of goods or services. For example, the University's state appropriations are nonoperating because they are provided by the General Assembly without the Commonwealth directly receiving commensurate goods and services for those revenues.

Summary of the Statement of Revenues, Expenses, and Changes in Net Position

	Year Ended June 30,		Increase/(Decrease)	
	2024	2023	Amount	Percent
Operating revenues	\$ 73,761,798	\$ 76,538,730	\$ (2,776,932)	(3.63%)
Operating expenses	155,125,630	147,799,069 ⁽¹⁾	7,326,561	4.96%
Operating (loss)	(81,363,832)	(71,260,339)	(10,103,493)	(14.18%)
Nonoperating revenues/(expenses)				
State appropriations	55,708,717	48,455,343	7,253,374	14.97%
Pell grant revenue	4,948,474	4,172,646	775,828	18.59%
Gifts	7,256,794	9,122,757	(1,865,963)	(20.45%)
Net other nonoperating revenues and expenses	(3,152,798)	(581,324)	(2,571,474)	(442%)
Net nonoperating revenues and expenses	64,761,187	61,169,422	3,591,765	5.87%
Income/(loss) before other revenues and reductions	(16,602,645)	(10,090,917)	(6,511,728)	(64.53%)
Capital appropriations	18,434,691	29,693,669	(11,258,978)	(37.92%)
Capital grants and contributions	80,567	150,430	(69,863)	(46.44%)
Total other revenues	18,515,258	29,844,099	(11,328,841)	(37.96%)
Total increase/(decrease) in net position	1,912,613	19,753,182	(17,840,569)	(90.32%)
Net position, beginning of year as restated	193,214,560 ⁽¹⁾	171,653,856 ⁽¹⁾	21,560,704	12.56%
Net position, end of year	<u>\$195,127,173</u>	<u>\$191,407,038</u>	<u>\$3,720,135</u>	<u>1.94%</u>

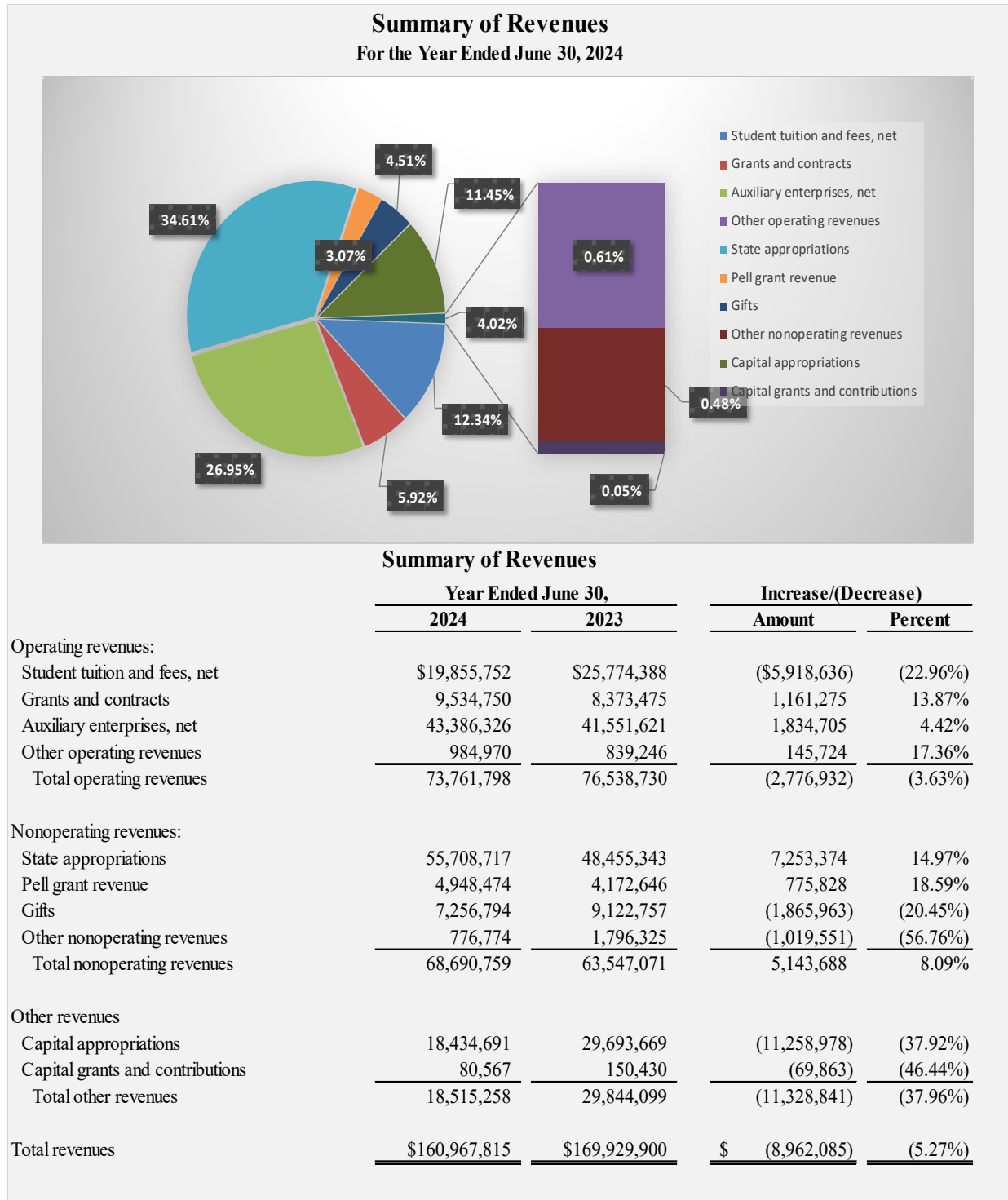
Note (1): FY23 amount was restated to include FY 24 beginning balance adjustments due to miscellaneous restatements and error corrections. In FY24, net position was restated due to the implementation of GASB ammended guidance within Question 5.1 in Implementation Guide No. 2021-1. See the Beginning Balance Adjustment section of Note 2 for further information.

For explanations of the revenue fluctuations, see the “Evaluation of Summary of the Change in Net Position for Fiscal Years 2023 and 2024” previously provided. The revenue and the operating expenditure amounts noted in the above table are broken down further with explanations of the variances between fiscal year 2023 and 2024 in the following tables.

Evaluation of Statement of Revenues, Expenses, and Changes in Net Position for Fiscal Years 2023 and 2024

Summary of Revenues

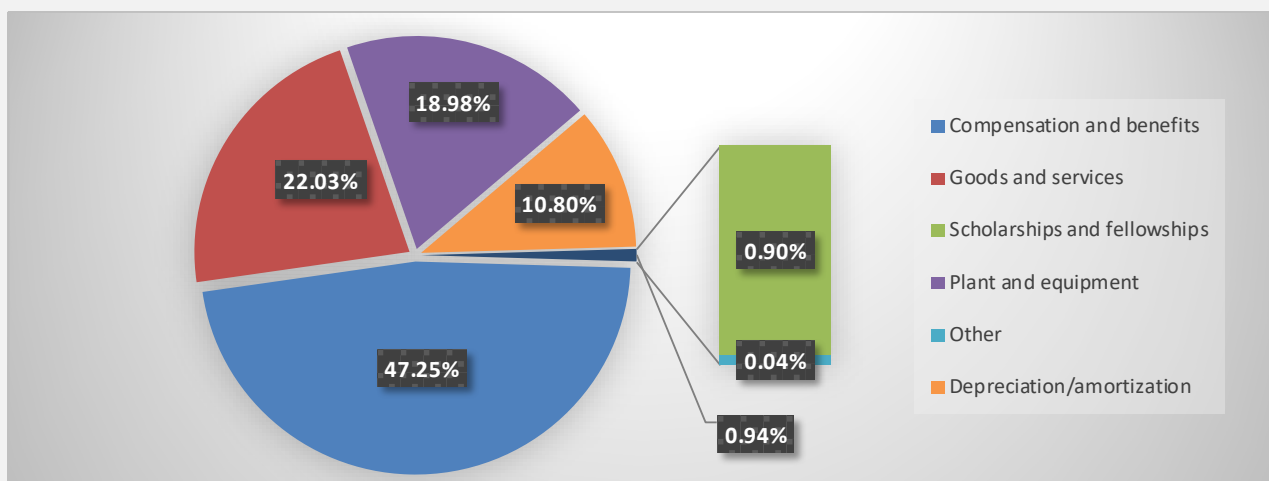
As noted above in the “Evaluation of the Summary of the Change in Net Position,” operating revenues decreased by \$2.8 million from fiscal year 2023 to fiscal year 2024.



Summary of Operating Expenses

A summary of the University's operating expenses by natural classification for the years ended June 30, 2023, and 2024, is shown below. Total operating expenses increased approximately \$7.3 million, or 4.96%, in fiscal year 2024 compared to the previous fiscal year. As reflected in the chart below, compensation and benefits increased \$4.4 million or 6.32%, this was due mainly to the Commonwealth-mandated compensation increase of 5 percent in August of 2023 and an additional 2 percent increase in December 2023, for classified staff as well as a 1 percent pool for increases for contract employees. Goods and services increased by \$1.5 million, or 4.53%. Utilizing the increased state appropriations, the University has strategically deployed those funds to obtain goods and services that promote the mission of the University, which contributed to the increase in goods and services expenditures over the fiscal year 2023. There was a large decrease in scholarships and fellowships expenses of \$5.7 million, or 80.26%, due entirely to the use of the new scholarship discounts and allowances entry used in the fiscal year 2024, as discussed in footnote 2. The \$4.4 million, or 17.43%, increase in plant and equipment was due to full payment of housing lease payments during the fiscal year 2024. Depreciation and amortization expenses increased \$2.7 million, or 19.29%, due to the commencement of the lease for the Joan Perry Brock Convocation Center.

Summary of Operating Expenses by Natural Classification
For the year ended June 30, 2024

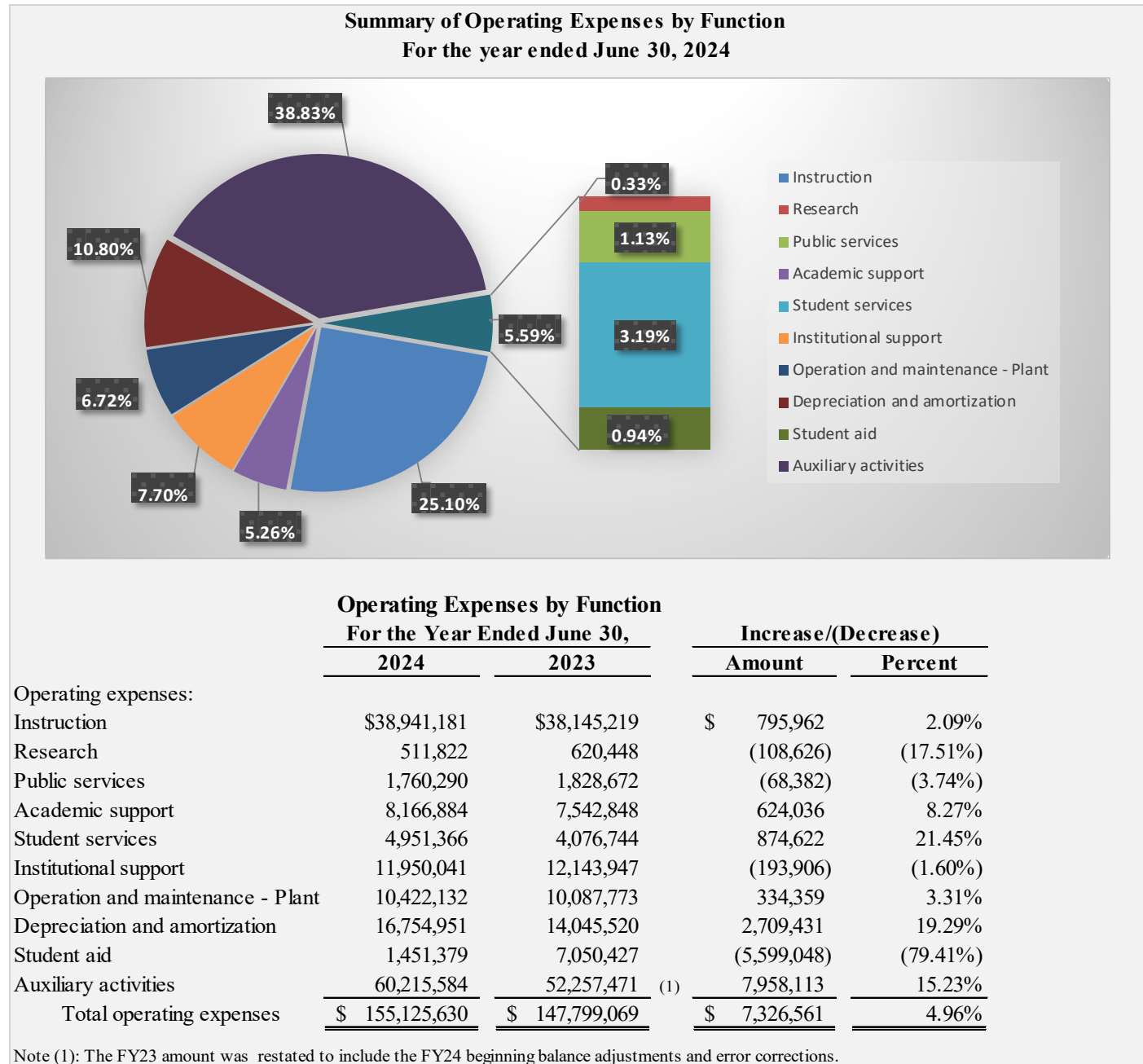


Operating Expenses by Natural Classification

	Year Ended June 30,		Increase/(Decrease)	
	2024	2023	Amount	Percent
Compensation and benefits	\$ 73,293,412	\$ 68,936,629	\$ 4,356,783	6.32%
Goods and services	34,180,299	32,698,241 (1)	1,482,058	4.53%
Scholarships and fellowships	1,391,917	7,050,427	(5,658,510)	(80.26%)
Plant and equipment	29,436,432	25,068,252	4,368,180	17.43%
Other	68,619	0	68,619	100%
Depreciation/amortization	16,754,951	14,045,520	2,709,431	19.29%
Total operating expenses	<u>\$ 155,125,630</u>	<u>\$ 147,799,069</u>	<u>\$ 7,326,561</u>	<u>4.96%</u>

Note (1): FY23 amount was restated to include FY24 beginning balance adjustments and error corrections.

A summary of the University's operating expenses by functional classification for the years ended June 30, 2023, and 2024, is shown below.



Statement of Cash Flows

The final statement presented by the University is the Statement of Cash Flows. This statement presents detailed information about the University's cash activity during the year. The Statement of Revenues, Expenses, and Changes in Net Position is prepared on an accrual basis and includes non-cash items such as depreciation expense, while the Statement of Cash Flows strictly represents

cash inflows and outflows. The Statement of Cash Flows enables readers to assess the ability of the institution to generate future cash flows necessary to meet obligations and to evaluate the need for additional financing.

The Statement of Cash Flows is divided into five sections. The first section, cash flows from operating activities, details the net cash used by operating activities. The second section reflects the cash flows from non-capital financing activities and includes state appropriations and Pell Grant revenues for the University's educational and general programs and financial aid. The third section, cash flows from capital financing activities, details the cash used for the acquisition and construction of capital and related items. The fourth section is cash flows from investing activities which includes interest earned on investments. The last section reconciles the net operating loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position to the cash used by operating activities.

Condensed Statement of Cash Flows			
	Year Ended June 30,		Increase/
	2024	2023	(Decrease)
Cash Provided (used) by:			
Operating activities	\$ (64,827,998)	\$ (64,704,919) (1)	(\$123,079)
Noncapital financing activities	68,519,794	62,131,112	6,388,682
Capital financing activities	(8,524,031) (1)	(4,787,954) (1)	(3,736,077)
Investing activities	101,256	42,407	58,849
Net increase/(decrease) in cash	(4,730,979)	(7,319,354)	2,588,375
Cash - Beginning of year	14,363,834	21,683,188	(7,319,354)
Cash - End of year	<u>\$9,632,855</u>	<u>\$14,363,834</u>	<u>(\$4,730,979)</u>
Note (1): The FY23 amount was restated to include the FY24 beginning balance adjustments and error corrections.			

Evaluation of Statement of Cash Flows for Fiscal Years 2023 and 2024

Cash used by operating activities was stable between fiscal year 2023 and fiscal year 2024, with several notable fluctuations within that category. Tuition and fee revenue decreased by \$7.3 million, grants and contracts increased by \$1.1 million, and scholarships and fellowships decreased by \$5.7 million, all of which were caused by the new scholarship discounts and allowances estimate implemented during the fiscal year 2024, for a net effect of \$0.5 million. State employee salary increases of 5% for classified employees in August 2023, and 2% in December of 2023, as well as a 1% salary pool for Administrative and Professional employees in December of 2023, caused an increase in payments to employees of \$3.0 million. A payment of \$7.7 million from the LUREF, recognition of annual ground lease revenue, an increase in auxiliary accounts receivable, and an increase in student head count in housing caused an increase in auxiliary revenue of \$10.9, while payments to suppliers reflected full payment of the LUREF housing contract, an increase of \$7.65 million over the previous year.

Changes between fiscal year 2023 and fiscal year 2024 in cash provided by noncapital financing activities increased by \$6.4 million due to an increase of \$7.3 million in state appropriations, an increase of \$0.8 million in Pell Grant revenue, a \$0.4 increase in other revenues, and a decrease of \$1.9 million in gifts from the component units.

Changes between fiscal year 2023 and fiscal year 2024 in cash used for capital and related financing activities increased in total by \$3.7 million, an increase in cash provided due to the \$11.3 million liability to LUREF, an increase of \$13.9 million in capital appropriation, an increase of \$17.4 million in cash used for the acquisition and construction of capital assets, and an increase of \$3.3 million in cash used for debt payments. Cash provided by investing activities was minimal.

Capital and Debt Activities

Renewal and replacement of facilities on campus remains an integral part of the University's Strategic Plan. The University continues to implement strategies to support its commitment to creating state-of-the-art learning environments that contribute to the overall development of students. Additional investments are planned to improve student residential lifestyles and the quality of student life.

Note 7 of the **Notes to Financial Statements** describes the University's significant investment in capital assets. From fiscal year 2023 to fiscal year 2024, land and right-to-use land decreased by \$0.3 million, construction in progress increased by \$19.5 million, buildings and right-to-use buildings increased by \$38.7 million, equipment and right-to-use equipment increased by \$0.3 million, infrastructure decreased by \$1.0 million, and intangibles and right-to-use intangibles decreased by \$1.2 million.

Note 10 of the **Notes to Financial Statements** notes that long-term debt decreased from \$38.3 million in 2023, to \$33.3 million in 2024. The University utilizes the SCHEV formula (debt service to unrestricted expenditures and mandatory transfers) to calculate its debt ratio. This ratio was 6.35% at the end of fiscal year 2023 and 7.71% at the end of fiscal year 2024. Per Board-approved policy, the University will maintain a debt burden ratio of 9% or less.

ECONOMIC OUTLOOK

Longwood University is a model for liberal arts education in a residential learning environment that has thrived since 1839. Despite the challenges and uncertainties facing the nation in the years leading up to and including 2024, Longwood is in a position of strength. Longwood is one of the nation's hundred-oldest institutions of higher learning and the third oldest public higher education institution in Virginia, a state that continues to grow and prosper. The Commonwealth of Virginia's economic and political support for higher education in general and Longwood in particular continues to be strong and unwavering.

Overall Financial Stability

Longwood University enjoys the support of the Commonwealth of Virginia as evidenced in its state support, which saw a state appropriation increase of 14.97% from fiscal year 2023 to fiscal year 2024, which totaled approximately \$7.3 million. Virginia continues to prosper, and Longwood is optimistic that the state support will continue. Longwood also continues to be the beneficiary of state funding for construction, as evidenced by the \$27.9 million environmental health and safety facilities annex building expected to be completed by the end of the calendar year 2024. Additionally, the University is in the design phases of a \$91.2 million music education building, tentatively scheduled to open in 2027.

Moving forward, Longwood University will continue to efficiently manage its resources and develop citizen leaders that the Commonwealth of Virginia can be proud of.

FINANCIAL STATEMENTS

Longwood University
STATEMENT OF NET POSITION
As of June 30, 2024

Assets	Longwood University	Component Units
Current assets:		
Cash and cash equivalents (Note 3)	\$ 2,303,234	\$ 8,477,775
Accounts receivable, net of allowance for doubtful accounts of \$590,802 (Note 4)	3,596,402	12,203,422
Contributions receivable, net (Note 22)	-	492,974
Due from component unit (Note 5)	347,108	-
Due from the Commonwealth (Note 6)	580,350	-
Inventory	619,933	-
Prepaid expenses	844,149	671,823
Other asset	-	575,000
Total current assets	\$ 8,291,176	\$ 22,420,994
Noncurrent assets:		
Restricted cash and cash equivalents (Note 3)	7,351,669	563,982
Restricted appropriations available/due from Commonwealth (Note 6)	15,672,045	-
Restricted investments (Note 22)	-	144,610,662
Other non-current assets (Note 18)	1,168,750	20,547,180
Contributions receivable, net (Note 22)	-	1,816,504
Non-depreciable capital assets, net (Note 7)	37,857,364	24,651,831
Depreciable and amortizable capital assets, net (Note 7)	308,462,627	199,214,541
Total noncurrent assets	370,512,455	391,404,700
Total assets	\$ 378,803,631	\$ 413,825,694
Deferred Outflow of Resources		
Deferral on debt defeasance - loss (Note 8)	351,825	-
Deferred outflows of resources - OPEB and pension (Notes 8, 16 & 17)	9,942,249	-
Total deferred outflows of resources	\$ 10,294,074	-
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses (Note 9)	12,119,671	9,663,920
Line of credit (Note 22)	-	1,451,647
Unearned revenue (Note 2)	2,210,460	-
Obligations under securities lending (Note 3)	22,048	-
Deposits held in custody for others	445,420	-
Long-term liabilities - current portion (Note 10)	13,834,746	4,156,484
Total current liabilities	28,632,345	15,272,051
Noncurrent liabilities (Note 10)	155,816,398	321,276,277
Total liabilities	\$ 184,448,743	\$ 336,548,328
Deferred Inflow of Resources		
Deferral on debt defeasance - gain (Note 12)	32,200	-
Deferred inflows of resources -OPEB and pension (Notes 12, 16 & 17)	9,489,589	-
Total deferred inflows of resources	\$ 9,521,789	-
Net Position		
Net investment in capital assets	254,894,266	(37,584,332)
Restricted:		
Nonexpendable:		
Permanently restricted (Note 22)	-	63,371,320
Expendable:		
Loans (Note 22)	101,451	
Temporarily restricted	15,194,129	32,089,543
Other	297,386	-
Unrestricted	(75,360,059)	19,400,835
Total net position	\$ 195,127,173	\$ 77,277,366

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

Longwood University
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Year Ended June 30, 2024

	Longwood University	Component Units
Operating revenues:		
Student tuition and fees, Net of scholarship allowances of \$19,123,271	\$ 19,855,752	\$ -
Gifts and contributions	-	4,603,698
Federal grants and contracts	3,278,188	-
State grants and contracts	1,235,726	-
Nongovernmental grants and contracts	5,020,836	-
Auxiliary enterprises, net of scholarship allowances of \$11,897,304	43,386,326	-
Other operating revenues	984,970	25,827,948
Total operating revenues	<u>73,761,798</u>	<u>30,431,646</u>
Operating expenses (Note 15)		
Instruction	38,941,181	-
Research	511,822	-
Public service	1,760,290	-
Academic support	8,166,884	-
Student services	4,951,366	-
Institutional support	11,950,041	10,730,328
Operation and maintenance - Plant	10,422,132	9,850,952
Depreciation	12,328,334	7,473,714
Amortization	4,426,617	-
Student aid	1,451,379	2,712,688
Auxiliary activities	60,215,584	-
Administrative and fundraising	-	2,068,119
Other expenses	-	448,059
Total operating expenses	<u>155,125,630</u>	<u>33,283,860</u>
Operating gain (loss)	<u>(81,363,832)</u>	<u>(2,852,214)</u>
Nonoperating revenues (expenses):		
State appropriations (Note 14)	55,708,717	-
Pell grant revenue	4,948,474	-
Grants and contracts	605,809	-
Insurance revenue	69,709	-
Investment revenue	101,256	7,085,718
Gifts	7,256,794	-
Interest on capital asset-related debt	(3,675,430)	(14,447,131)
Other revenue	-	1,946,190
Gain (loss) on disposal/sale of plant assets	(254,142)	885,265
Net nonoperating revenues/(expenses)	<u>64,761,187</u>	<u>(4,529,958)</u>
Income/(Loss) before other revenues, expenses, gains or losses	<u>(16,602,645)</u>	<u>(7,382,172)</u>
Contributions to permanent endowments	-	1,287,777
Contributions to term endowments	-	995,315
Capital appropriations (Note 6)	18,434,691	-
Capital grants and contributions	80,567	-
Net other revenues	<u>18,515,258</u>	<u>2,283,092</u>
Increase (decrease) in net position	1,912,613	(5,099,080)
Net position - Beginning of year (Note 2) as previously stated	202,739,153	82,376,446
Beginning net position adjustment	(9,524,593)	-
Net position - End of year	<u>\$ 195,127,173</u>	<u>\$ 77,277,366</u>

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

Longwood University
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

Cash flows from operating activities:	
Student tuition and fees	\$ 18,549,798
Grants and contracts	8,713,061
Auxiliary enterprises	51,564,123
Payments to employees	(78,729,595)
Payments to suppliers and utilities	(36,174,358)
Payments for operation and maintenance of facilities	(28,362,337)
Payments for scholarships and fellowships	(1,391,917)
Other operating receipts	984,970
Custodial receipts	623,918
Custodial disbursements	(605,661)
PLUS/Direct loan - receipts	25,447,634
PLUS/Direct loan - disbursements	(25,447,634)
Net cash provided (used) by operating activities	<u>(64,827,998)</u>
Cash flows from noncapital financing activities:	
State appropriations	55,708,717
Gifts	7,256,794
Other non-operating revenues	5,554,283
Net cash provided (used) by noncapital financing activities	<u>68,519,794</u>
Cash flows from capital and related financing activities:	
Capital appropriations	23,426,151
Insurance payments	69,709
Acquisition and construction of capital assets	(19,831,680)
Principal paid on capital debt, leases, and installments	(8,892,278)
Interest paid on capital debt, leases, and installments	(3,295,933)
Net cash provided (used) by capital financing activities	<u>(8,524,031)</u>
Cash flows from investing activities:	
Investment/interest revenue	<u>101,256</u>
Net cash provided (used) by investing activities	<u>101,256</u>
Net decrease in cash	(4,730,979)
Cash and cash equivalents - Beginning of the year	<u>14,363,834</u>
Cash and cash equivalents - End of the year	<u>\$ 9,632,855</u>

Longwood University
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

RECONCILIATION OF NET OPERATING LOSS TO NET CASH
USED BY OPERATING ACTIVITIES:

Operating (loss)	(81,363,832)
Adjustments to reconcile net loss to net cash used by operating activities:	
Depreciation and amortization expense	16,754,951
Changes in assets, liabilities, deferred outflows and deferred inflows:	
Receivables, net	(412,875)
Inventory	(14,745)
Prepaid expenses	(101,015)
Prepaid Management Fees	7,734,276
Accounts payable and accrued expenses	(441,509)
Unearned revenue	(1,777,629)
Ground Lease - current portion	575,000
Custodial funds	18,257
Deferred outflows of resources from net pension obligation & OPEB	(2,026,128)
Deferred inflows of resources from net pension obligation & OPEB	(4,553,149)
Pension and OPEB liability	904,696
OPEB asset	(71,166)
Accrued compensated absences	(53,130)
Net cash provided (used) by operating activities	(64,827,998)

NON-CASH INVESTING, NONCAPITAL FINANCING, AND CAPITAL AND
RELATED FINANCING TRANSACTIONS:

Gift of capital assets	80,567
Amortization of loss on debt defeasance	(377,328)
Amortization of bond premium and discount	437,094
Unrealized gain/(loss) on investments	32,200
Loss on disposal of capital asset	(254,142)
Retainage payable	1,073,753
Long-term leases used to finance capital assets	47,244,825
SBITA liability related to right to use technology agreement	263,488

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

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NOTES TO FINANCIAL STATEMENTS

Longwood University
Financial Statement Footnotes
For the Year Ended June 30, 2024

1. REPORTING ENTITY

Longwood University is a state-assisted, coeducational, and comprehensive University offering programs leading to bachelor's and master's degrees. Longwood offers courses both on the main campus and at educational sites in other locations as well as online courses. The University is oriented to liberal arts and to professional and pre-professional programs.

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

The University has three component units, as defined by Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*. These organizations are described in Note 22.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The University's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting, fiduciary activities are immaterial, and thus fiduciary statements are not included. Under the accrual basis, revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All significant intra-agency transactions have been eliminated.

Cash and Cash Equivalents

In accordance with GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Fund and Governmental Entities That Use Proprietary Fund Accounting*, cash and cash equivalents consist of cash on hand, money market funds, and temporary highly liquid investments with an original maturity date of three months or less.

Investments

In accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as modified by GASB Statement 59, and GASB Statement 72, *Fair Value Measurement and Application*, purchased investments,

interest-bearing temporary investments classified with cash, and investments received as gifts are recorded at fair value. All investment income, including changes in the fair value of investments (unrealized gains and losses), is reported as nonoperating revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Prepaid Expenses

The University's prepaid expenses include insurance premiums, membership dues, and registrations for the next fiscal year that were paid in advance, as well as publications, subscriptions, and contracts, which include initial and renewal annual subscriptions that continue into the next fiscal year.

Inventories

Inventories are reported using the consumption method and valued using the first-in, first-out (FIFO) method. Inventories consist mainly of expendable supplies for the operations of auxiliary enterprises and fuel for the physical plant.

Capital Assets

Capital assets consisting of land, buildings, equipment, infrastructure, and intangible assets are stated at acquisition value at the date of donation. Library materials are valued at actual cost and average cost at the time of purchase or donation. Purchased or constructed capital assets are reported at actual cost or estimated historical cost. Construction in progress, equipment, and intangibles are capitalized at actual cost as expenses are incurred. Equipment costing \$5,000 or more with a useful life greater than one year is capitalized. Software-related intangibles costing \$25,000 or more and other intangibles costing \$100,000 or more are capitalized. Renovation costs are capitalized when expenses total greater than \$100,000. Normal repairs and maintenance are expensed in the year in which the expense is incurred.

Depreciation and amortization are computed using the straight-line method over the estimated useful life of the asset and are not allocated to the functional expense categories. The general range of estimated useful lives is 5 to 50 years for buildings and fixtures and 3 to 20 years for equipment. The estimated useful life of Library materials is 10 years. The general range of estimated useful lives for infrastructure is 5 to 30 years. The estimated useful life of software is 5 years; all other intangibles vary based on type and expected useful life.

Long Term Leases

GASB Statement No. 87 pertaining to leases was implemented in fiscal year 2022. The fundamental principle of this statement is that leases are financings of a right-to-use asset. To improve consistency of accounting and reporting, qualified leases under GASB 87 will be recognized as an intangible right-to-use asset as well as a lease liability. The lease liability will be recorded at the discounted present value of the expected payment streams

during the lease term. The right-to-use asset will be recorded at the value equal to the initial measurement of the lease liability, plus any lease payments made before the commencement of the lease term, as well as any ancillary charges necessary to place the leased asset into service. This includes all lease or lease-type agreements that are material in value and have a total life greater than twelve months. A lease lifespan includes renewal periods if the option to renew is reasonably certain to be exercised. For reporting purposes, the University has established a long-term lease classification threshold of \$50,000 and greater. This threshold is not limited to single assets, but can also include a group of assets. This threshold applies to the total calculated leased asset amount.

Subscription-Based Information Technology Arrangements (SBITA)

The University has implemented GASB Statement No. 96 in fiscal year 2023. This statement will improve financial reporting by defining a SBITA and providing guidance for accounting and reporting for transactions that meet that definition. A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with, tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which the University has a non-cancellable right to use the underlying information technology asset. The subscription term may also include periods covered by an option to extend or terminate if it is reasonably certain the University will or will not exercise those options. For reporting purposes, the University will recognize a right-to-use subscription asset, as well as a subscription liability. The subscription asset will be initially measured using the initial subscription liability amount, plus any payments made to the SBITA vendor before the commencement of the subscription term, as well as any capitalized implementation costs. Finally, the right-to-use subscription asset amount should not include any incentives received from the SBITA vendor at or before the commencement of the subscription. The subscription liability will be measured at the present value of the subscription payments expected to be made throughout the term. Future subscription payments will be discounted using the interest rate the SBITA vendor charges or the incremental borrowing rate if the interest rate is not readily determinable. The University will recognize the amortization of the discount on the subscription liability as an outflow of resources, or interest expense, in subsequent financial reporting periods. The University has established that a long-term SBITA has a contract term greater than twelve months and has a calculated asset value threshold of \$5,000 or more.

Public-Private Partnerships

In March 2020, GASB issued Statement No. 94, Public-Private Partnerships (PPPs) and Availability Payment Arrangements (APAs). A PPP is an arrangement in which a government entity, the University, contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as a building or other capital asset, for a specified period of time. The objective of this statement is to better meet the informational needs of financial statement users by improving the comparability of financial statements amount governments that enter into PPPs and APAs.

The University is a party to a limited number of public-private partnerships. All PPP arrangements that the University is party to are cancellable within 210 days and thus are not reported as a liability within the University's financial statements.

Aggregate Assets

In May 2021, the Governmental Accounting Standards Board (GASB) issued Implementation Guide No. 2021-1, which requires public institutions of higher education to provide enhanced disclosures for certain aggregated assets presented in the financial statements to improve transparency and clarity. In response to this guidance, Longwood University reviewed five years of financial data related to equipment and identified groups of assets that, while individually falling below the capitalization threshold, met the criteria for capitalization when considered collectively. These grouped assets were capitalized at historical cost and are being depreciated using the straight-line method. The assets are reported with other capitalized assets in Note 7 to the financial statements.

Non-current Cash and Investments

Cash and investments that are externally restricted to make debt service payments, maintain sinking or reserve funds, or purchase or construct capital and other non-current assets are classified as non-current assets in the Statement of Net Position.

Deferred Outflows and Inflows

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

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

Pensions

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

Financial Statement Presentation

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

Recently Adopted and Future Accounting Pronouncements

- GASB 100 – *Accounting Changes and Error Corrections*

For the requirements for changes in accounting estimates in GASB No. 101, the University reported prospectively the change in estimate methodology for scholarship discounts and allowances, which is discussed in detail later in this note.

- GASB Implementation Guide No. 2023-1

The current year implementation of the GASB Implementation Guide No. 2023-1 had a significant effect on the University’s financial statements.

Unearned Revenue

Unearned revenue includes amounts received for tuition and fees and certain auxiliary activities before the end of the fiscal year, but are related to the period(s) after June 30, 2024.

	2024
Student tuition and related fees	\$ 2,209,540
Auxiliary Fees	920
Total	<u>\$ 2,210,460</u>

Accrued Compensated Absences

The amount of leave earned but not taken by classified salaried employees is recorded as a liability on the Statement of Net Position. The amount reflects, as of June 30, all unused vacation leave, overtime leave, compensatory leave, and the amount payable upon termination under the Commonwealth of Virginia’s leave pay-out policy. The applicable

share of employer-related taxes payable on the eventual termination payments is also included.

Federal Financial Assistance Programs

The University participates in federally funded Pell Grants, Supplemental Educational Opportunity Grants, Federal Work-Study, and Direct Loans, which include Stafford Loans, Parent Loans for Undergraduate Students (PLUS), and Graduate PLUS Loans. Federal programs are audited in accordance with Title 2, Part 200 of the U.S. Code of Federal Regulations, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Net Position

The University's net position is classified as follows:

- **Net investment in capital assets** – Net investment in capital assets represents the University's total investment in capital assets, net of accumulated depreciation and amortization and outstanding debt obligations, related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.
- **Restricted net position, expendable** – Expendable restricted net position includes resources for which the University is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. The University's restricted net position is expendable.
- **Restricted net position, nonexpendable** – Nonexpendable restricted net position is comprised of endowment and similar types where donors or other external sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income to be expended or added to the principal.
- **Unrestricted net position** – Unrestricted net position represents resources derived primarily from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. Auxiliary enterprises are self-supporting activities that provide services for students, faculty, and staff. These unrestricted resources are used for transactions relating to the educational and general operations of the University and at the discretion of the governing board to meet current expenses.

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

Income Taxes

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

Revenue and Expense Classifications

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

Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as gifts, and other revenue sources that are defined as nonoperating revenues by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement 34, such as state appropriations and investment and interest income.

Nonoperating expenses include interest on debt related to the purchase of capital assets and losses on the disposal of capital assets. All other expenses are classified as operating expenses.

Scholarship Discounts and Allowances

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship discounts and allowances in the Statement of Revenue, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the actual charge for goods and services provided by the University and the amount that is paid by students and/or third parties on behalf of students.

Previously, the University used the Alternate Method recommended by the National Association of College and University Business Officers (NACUBO) in Advisory Report 2000-05, *Accounting and Reporting Scholarship Discounts and Allowances to Tuition and Other Fee Revenues by Public Institutions of Higher Education*. This guidance allowed an estimated allocation of institutional aid between tuition allowance, auxiliary allowance, and expense on a proportional calculation of gross charges to total student refunds. This methodology inaccurately represented how institutional aid is administered because it failed to distinguish whether the refunds used in the proportional calculation came from institutional funds or other sources.

In Spring 2023, NACUBO issued Advisory Report 2023-01, *Public Institutions: Accounting for and Reporting Financial Aid as a Discount*. Recognizing the deficiencies of previously issued guidance, NACUBO outlined a new methodology grounded in a snapshot of current student charges and institutional aid data which is aggregated per student for the reporting period. This guidance requires that the discount calculation and allocation reflect the underlying agreement with the student. The University has applied Method B from the NACUBO guidance as it best reflects the University's allocation of institutional aid. The application of this guidance increased both tuition and auxiliary

discounts with a corresponding decrease in student aid expense and provides more accurate financial reporting; it has no impact on operating results or changes in net position in the current or prior years.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds payable, notes payable, and installment purchase agreements with maturities greater than one year, (2) pension plan liabilities, (3) OPEB liabilities, (4) unearned revenue, (5) estimated amounts for accrued compensated absences, (6) leases under GASB 87, (7) subscription-based information technology arrangements under GASB 96, and other liabilities that will not be paid or earned within the next fiscal year.

Bond premiums are deferred and amortized over the life of the bond. Bonds payable are reported including unamortized bond premiums. The amortization of bond premiums is reported as interest expense. The debt, as shown in the Statement of Net Position, is divided between current and non-current liabilities (see Note 10). The Statement of Revenues, Expenses, and Changes in Net Position reflects the interest expense which is recognized as a nonoperating expense as incurred.

Beginning Balance Adjustment

The University's beginning net position as of July 1, 2023, has been adjusted. The adjustment is due to a correction to the prior year's historical cost for buildings, equipment, amortizable land, intangibles, GASB Implementation Guide 2021-1, Question 5.1, as well as for correction of an error recording prior years' rent liability. The adjustment is as follows:

Net Position, July 1, 2023	\$ 202,739,153
Aggregate Asset Implementation	1,807,522
Buildings	56,876
Equipment	18,744
Amortizable Land	(1,386)
Intangibles	(217,176)
Long-term Liability-Non-Current	127,660
Support Agreement Relief	(11,316,833)
Adjusted Net Position, July 1, 2023	<u>\$ 193,214,560</u>

Other Postemployment Benefits

Pre-Medicare Retiree Healthcare Plan – Pre-Medicare Retiree Healthcare is a single-employer defined benefit OPEB plan that is treated like a cost-sharing plan for financial reporting purposes. This program was established by Title 2.2, Chapter 28 of the *Code of Virginia* for retirees who are not yet eligible to participate in Medicare. It is the same health insurance program offered to active employees and managed by the Virginia Department of Human Resources Management. After

retirement, Longwood University no longer subsidizes the retiree's premium; however, since both active employees and retirees are included in the same pool for purposes of determining health insurance rates, retiree rates are effectively lower than what might otherwise be available outside of this benefit.

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

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

Line of Duty Act Program - The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) is a multiple-employer cost-sharing plan. The Line of Duty Act Program was established pursuant to §9.1-400 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The Line of Duty Act Program provides death and

health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. For purposes of measuring the net Line of Duty Act Program OPEB liability, deferred outflows of resources, and deferred inflows of resources related to the Line of Duty Act Program OPEB, and Line of Duty Act Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Line of Duty Act Program OPEB Plan and the additions to/deductions from the VRS Line of Duty Act Program OPEB Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash and Cash Equivalents

Pursuant to Section 2.2-1800, et seq., *Code of Virginia*, all state funds of the University are maintained by the Treasurer of Virginia, who is responsible for the collection, disbursement, custody, and investment of State funds. Certain deposits held by the University are maintained in accounts that are collateralized in accordance with the Virginia Securities for Public Deposits Act, Section 2.2-4400, et seq., *Code of Virginia*, or covered by depository insurance. Under this Act, banks holding public deposits in excess of amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury board. Savings institutions

are required to collateralize 100 percent of deposits in excess of FDIC limits. Cash and cash equivalents represent cash with the Treasurer, cash on hand, certificates of deposit and temporary investments with original maturities of 90 days or less, and cash equivalents with the Virginia State Non-Arbitrage Program[®] (SNAP[®]). This program offers a professionally managed money market mutual fund, which provides a temporary pooled investment vehicle for bond proceeds pending expenditure, and with record keeping, depository, and arbitrage rebate calculations. SNAP[®] complies with all standards of GASB Statement 79. SNAP[®] investments are reported using the net asset value (NAV) per share, which is calculated on an amortized cost basis that provides a NAV that approximates fair value. Cash and cash equivalents reporting requirements are defined by GASB Statement 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting*.

On June 30, 2024, the carrying amount of cash with the Treasurer of Virginia was \$5,251,326. The carrying amount of cash not held by the Treasurer of Virginia is \$3,965,463. The carrying amount not held by the Treasurer consists of bank balances reported on June 30, 2024, in the amount of \$4,154,395 adjusted for reconciling items such as outstanding checks and deposits in transit. The Virginia Security for Public Deposits Act eliminates any custodial credit risk for the University.

Summary of the University's Cash and Cash Equivalents

	Value	
	As of June 30, 2024	Credit Rating
Cash and cash equivalents	2,303,234	
Restricted cash and cash equivalents	7,351,669	
Total Cash and Cash Equivalents	9,654,903	
Treasurer of Virginia	5,273,374	
Held in custody of others	3,965,463	
SNAP program	416,066	S&P AAAm
Total Cash and Cash Equivalents	9,654,903	

Investments

The majority of University funds are held by the Treasurer of Virginia and, therefore, are not invested by the University. Local funds held by the University are available for investment, per the Board of Visitors approved investment policy. In fiscal year 2024, local funds were not invested. Rather, they were held in a governmental checking account.

Concentration of Credit Risk

Concentration of credit risk requires the disclosures by amount and issuer of any investments in any one issuer that represent 5 percent or more of total investments. Investments explicitly guaranteed by the U.S. government and investments in mutual funds or external investment pools and other pooled investments are excluded from this requirement. As of June 30, 2024, the University did not have any investments other than in the State Non-Arbitrage Program (SNAP), which is an external investment pool not subject to concentration of credit risk.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of failure of the counterparty, the University will not be able to recover the value of its investment or collateral securities that are in the possession of the outside party. Due to the lack of investments outside of those held by the Treasurer of Virginia, this risk does not apply to the University.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The University does not invest in funds outside of investing bond proceeds in the State Non-Arbitrage Program (SNAP). On June 30, 2024, the carrying amount of the cash equivalents held in the SNAP program was \$416,066.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Longwood University does not have investments in foreign currency.

Securities Lending Transactions

The University participates in the State Treasury's securities lending program. Collateral held for security lending transactions of \$22,048 represents the University's allocated share of cash collateral received and reinvested and securities received by the State Treasury securities lending program. Information related to the credit risk of these investments and the State Treasury's securities lending program is available on a statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report (ACFR).

The Commonwealth's policy is to record unrealized gains and losses in the General Fund in the Commonwealth's basic financial statements. When gains or losses are realized, the actual gains and losses are recorded by the affected agencies.

4. ACCOUNTS AND NOTES RECEIVABLE

Accounts receivable consisted of the following on June 30, 2024:

Student tuition and fees	\$ 1,521,993
Auxiliary enterprises	803,449
Federal, state, and nongovernmental grants and contracts	<u>1,861,762</u>
Total	<u>\$ 4,187,204</u>
Less: Allowance for doubtful accounts	<u>(590,802)</u>
Net accounts receivable	<u>\$ 3,596,402</u>

5. DUE FROM COMPONENT UNIT

Due from foundation consisted of the following on June 30, 2024:

Longwood University Real Estate Foundation	\$ 244,462
Longwood University Foundation	<u>\$ 102,646</u>
Total Due from Foundations	<u>\$ 347,108</u>

6. CAPITAL APPROPRIATIONS, COMMONWEALTH EQUIPMENT AND CAPITAL PROJECT REIMBURSEMENT PROGRAMS

The Commonwealth has established several programs to provide state-supported institutions of higher education with bond proceeds for financing the acquisition and replacement of instructional and research equipment and facilities. During the fiscal year 2024, funding has been provided to the University from two programs: 21st Century bond program and the Equipment Trust Fund program (ETF). Both the 21st Century bond and Equipment Trust Fund programs are managed by the Virginia College Building Authority (VCBA). The VCBA issues bonds and uses the proceeds to reimburse the University and other institutions of higher education for expenses incurred in the acquisition of equipment and facilities.

The *Statement of Revenues, Expenses, and Changes in Net Position* includes amounts listed below for the year ended June 30, 2024, in the “Capital Appropriations” line item for equipment and facilities obtained with funding under these two programs as well as amounts for maintenance reserve.

Capital Appropriations

VCBA 21st Century Program	\$10,916,734
VCBA ETF Program	691,205
Maintenance Reserve - 23-24	1,826,752
Capital Projects	<u>5,000,000</u>
Total Available Appropriations	<u>\$18,434,691</u>

The line item, “Due from the Commonwealth,” on the *Statement of Net Position* for the year ended June 30, 2024, represents pending reimbursements from the following program:

21st Century Bonds	\$554,874
Accounts Payable from Commonwealth	<u>\$25,476</u>
Total Due from Commonwealth of Virginia	<u>\$580,350</u>

The line item, “Restricted Appropriations Available/Due from the Commonwealth,” on the *Statement of Net Position* for the year ended June 30, 2024, represents unspent funds available for capital projects:

Total Appropriations Available - Capital Projects	\$15,060,991
Total Appropriations Available - Other	<u>611,054</u>
Total Available Capital Appropriations	<u>\$15,672,045</u>

7. CAPITAL ASSETS

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

	Beginning Balance 6/30/2023	Additions	Reductions	Ending Balance 6/30/2024
<u>Non-Depreciable Capital Assets</u>				
Land	\$5,468,138	-	-	\$5,468,138
CIP	12,892,282	23,260,064	(3,763,120)	32,389,226
Total Non-Depreciable Capital Assets	18,360,420	23,260,064	(3,763,120)	37,857,364
<u>Depreciable Capital Assets</u>				
Buildings	356,222,089	2,960,143	-	359,182,232
Aggregate Assets (1)	2,747,836	756,391	-	3,504,227
Equipment (2)	21,525,616	1,381,525	(733,841)	22,173,300
Infrastructure	60,870,977	490,963	(12,180)	61,349,760
Library Materials	13,600,481	269,532	(1,390,663)	12,479,350
Intangible Assets (3)	1,865,967	-	(34,250)	1,831,717
Total Depreciable Capital Assets, Cost	456,832,966	5,858,554	(2,170,934)	460,520,586
<u>Accumulated Depreciation</u>				
Buildings	121,602,305	8,860,848	-	130,463,153
Aggregate Assets (4)	940,314	559,036	-	1,499,350
Equipment (5)	18,073,738	929,677	(733,069)	18,270,346
Infrastructure	38,073,019	1,460,574	(12,180)	39,521,413
Library Materials	11,653,087	389,475	(1,390,663)	10,651,899
Intangible Assets (6)	1,706,954	128,724	(34,250)	1,801,428
Total Accumulated Depreciation	192,049,417	12,328,334	(2,170,162)	202,207,589
Depreciable Capital Assets, Net	264,783,549	(6,469,780)	(772)	258,312,997
<u>Leased Assets</u>				
Right-to-Use Assets - Building (7)	2,654,402	47,244,825	(687,719)	49,211,508
Right-to-Use Assets - Equipment (8)	636,874	-	(91,836)	545,038
Right-to-Use Assets - Land	1,781,226	-	-	1,781,226
Total Leased Assets	5,072,502	47,244,825	(779,555)	51,537,772
<u>Leased Assets Amortization</u>				
Right-to-Use Assets - Building (9)	1,401,947	2,604,683	(687,719)	3,318,911
Right-to-Use Assets - Equipment (10)	191,948	138,162	(91,836)	238,274
Right-to-Use Assets - Land	612,301	314,670	-	926,971
Total Accumulated Amortization	2,206,196	3,057,515	(779,555)	4,484,156
<u>SBITA Assets</u>				
Right-to-Use Assets - Intangibles (11)	5,340,813	263,488	(271,847)	5,332,454
<u>SBITA Assets Amortization</u>				
Right-to-Use Assets - Intangibles (12)	1,139,185	1,369,102	(271,847)	2,236,440
Net Other Capital Assets	7,067,934	43,081,696	-	50,149,630
Depreciable and Amortizable Capital Assets, Net	271,851,483	36,611,916	(772)	308,462,627
All Capital Assets, Net	290,211,903	59,871,980	(3,763,892)	346,319,991

Note (1): Beginning balances have been restated by \$2,747,836 to record assets received in FY23 in the Aggregate Assets category.

Note (2): Beginning balances have been restated by \$19,851 to record an asset received in FY23 in the Equipment category.

Note (3): Beginning balances have been restated by \$(165,773) to record a reduction associated with assets in a prior fiscal year in the Intangibles category.

Note (4): Beginning balances have been restated by \$940,314 to record depreciation due to implementation of the aggregate assets Implementation Guide in FY23.

Note (5): Beginning balances have been restated by \$208 to record depreciation of an asset in FY23 in the Equipment category.

Note (6): Beginning balances have been restated by \$(69,072) to record depreciation of an asset in FY23 in the Intangible category.

Note (7): Beginning balances have been restated by \$(318,984) to record the remeasurement of some associated leases.

Note (8): Beginning balances have been restated by \$(1,631) to record the reduction of a Right-to-Use asset received in a prior fiscal year in Equipment category.

Note (9): Beginning balances have been restated by \$(70,885) to record a reduction in amortization of a Right-to-Use asset received and remeasurement of some associated leases in a prior fiscal year in the Buildings category.

Note (10): Beginning balances have been restated by \$973 to record the addition of amortization and remeasurement of a Right-to-Use asset received in a prior fiscal year in the Equipment category.

Note (11): Beginning balances have been restated by \$313,619 to record the addition of a Right-to-Use asset received in a prior fiscal year in the SBITA category.

Note (12): Beginning balances have been restated by \$119,978 to record the additional amortization of a Right-to-Use asset received in a prior fiscal year as well as remeasurement of some assets in the SBITA category.

8. DEFERRED OUTFLOWS OF RESOURCES

The composition of deferred outflows of resources as of June 30, 2024, is summarized as follows:

Deferred loss - 9 (c) General Obligation Bonds Refundings	\$178,799
Deferred loss - VCBA Pooled Notes Payable Refundings	<u>173,026</u>
Deferral on Debt Defeasance	351,825
Deferred Outflows - Pension Liability	7,766,632
Deferred Outflows - Other Post Employment Benefits	<u>2,175,617</u>
Deferral on Pension and OPEB	\$9,942,249
Total Deferred Outflows of Resources	<u><u>\$10,294,074</u></u>

9. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consisted of the following on June 30, 2024:

Employee salaries, wages, and fringe benefits payable	\$5,463,887
Vendors and suppliers accounts payable	5,210,898
Retainage payable	1,073,753
Interest payable	371,133
Total accounts payable and accrued expenses	<u>\$12,119,671</u>

10. NONCURRENT LIABILITIES

The University's non-current liabilities include long-term debt (further described in Note 11) and other non-current liabilities.

In FY20, the University signed a support agreement with the Longwood University Real Estate Foundation (LUREF) related to student housing and received a payment of \$23,000,000 for a 40-year ground lease of all University-owned student housing. This payment was booked as a long-term liability and is being amortized over the term of the agreement. The unearned balance on June 30, 2024, was \$20,692,123; the amount that will be earned in the next 12 months is \$575,000.

The support agreement appoints the University as the manager of the LUREF housing project and stipulates that the University provide all personnel for resident advisory, public safety, education staffing, maintenance, grounds, housekeeping, and janitorial services, and bills the Foundation for these costs; the Foundation is required to furnish utilities and insurance. The University is charged with setting and collecting all rents and making rent payments to LUREF for use of the projects.

During FY24, the University received \$7.7 million in prepayments of management fees from the Longwood University Real Estate Foundation, which will be earned approximately evenly over the next two successive fiscal years. This prepayment of management fees assisted the University in meeting auxiliary expenses for the fiscal year.

During prior fiscal years, the University received relief from the LUREF for some payments scheduled to be made under the support agreement, totaling \$11,316,833. Repayment to the LUREF for this relief will commence in FY26 and continue over the remaining term of the bonds held by the LUREF, concluding in FY59. The annual payment for this liability will be \$342,934.

A summary of changes in non-current liabilities for the year ending June 30, 2024, is presented as follows:

Category	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Long Term Debt:					
9 (c) General Obligation Bonds	\$ 4,909,527	\$ 1,469,000	\$2,828,052	\$ 3,550,475	\$ 1,355,766
Unamortized Premium	498,214	46,614	257,082	287,746	94,484
	5,407,741	1,515,614	3,085,134	3,838,221	1,450,250
VCBA Pooled Notes	31,545,000	-	3,210,000	28,335,000	2,965,000
Unamortized Premium	1,307,774	-	180,012	1,127,762	170,573
	32,852,774	-	3,390,012	29,462,762	3,135,573
Installment Purchases					
Front-end Loader	16,323	-	16,323	-	-
Paper Cutter	24,156	-	5,813	18,343	6,050
Paper Cutter-Buyout	2,278	-	-	2,278	-
	42,757	-	22,136	20,621	6,050
Total Long Term Debt	38,303,272	1,515,614	6,497,282	33,321,604	4,591,873
Accrued Compensated Absences	1,463,921	935,910	989,040	1,410,791	902,213
Prepaid Ground Lease	21,267,123	-	575,000	20,692,123	575,000
Prepaid Management Fees	-	7,734,276 (1)	-	7,734,276	4,268,765
Support Agreement Relief	11,316,833 (2)	-	-	11,316,833	-
Net Pension Liability	28,329,235	1,544,662 (3)	-	29,873,897	-
OPEB - HIC	5,088,373	-	289,447 (4)	4,798,926	-
OPEB - GLI	2,609,398	-	169,035 (4)	2,440,363	-
OPEB - LODA	397,113	-	26,361 (4)	370,752	9,929
OPEB - PMRH	2,997,453	-	155,123 (4)	2,842,330	225,339
Total OPEB Liability	11,092,337	-	639,966	10,452,371	235,268
Lease Liability	3,212,708	48,286,225	(360,365)	51,859,298	2,098,372
SBIT As	3,944,539 (5)	245,988	1,234,852	2,955,675	1,153,380
Finance Purchase Obligation	43,875	-	9,599	34,276	9,875
Total Long Term Liabilities	\$118,973,843	\$60,262,675	\$9,585,374	\$ 169,651,144	\$13,834,746

Note (1): Moved Prepaid Management Fees from Unearned Revenue to long-term liability.

Note (2): Support Agreement Relief Liability Beginning Balance Adjustment recorded.

Note (3): Additions reflect net increase.

Note (4): Reductions reflects net decrease.

Note (5): Beginning Balances of SBIT A Liability Adjusted due to correct beginning SBIT A liability.

Installment Purchase Agreements

The installment purchases are for equipment purchased to be used in printing services.

Payment on this commitment is as follows:

Industrial Paper Cutter	
Installment	
Fiscal Year	Purchase
2025	6,050
2026	6,296
2027	5,997
Buy-Out Amount	2,278
Total	\$ 20,621

Long-Term Leases

The University has qualified long-term leases under GASB Statement No. 87. The fundamental principle of this statement is that leases are financings of a right-to-use asset. To improve the consistency of accounting and financial reporting, qualified leases under GASB 87 will be recognized as an intangible right-to-use asset as well as a lease liability. For reporting purposes, the University has established a long-term lease classification threshold of \$50,000 and greater that applies to the total calculated leased asset amount. This threshold is not limited to single assets, but can also include a group of assets.

The University has entered into various leasing agreements associated with buildings, equipment, and land in order to perform necessary operations of the University. Leased buildings are used for functions including office space, classroom space, and storage. Leased equipment is used in areas such as postal services, printing services, and grounds maintenance. Lastly, leased land is used for additional parking near campus.

Intangible Right-To-Use Assets

The right-to-use asset will be recorded at the value equal to the initial measurement of the lease liability, plus any lease payments made before the commencement of the lease term, as well as any ancillary charges necessary to place the leased asset into service. This includes all lease or lease-type agreements that are material in value and have a total lifespan greater than twelve months. A lease lifespan includes renewal periods if the option to renew is reasonably certain to be exercised. The right-to-use assets are amortized on a straight-line basis over the life of the related lease. See footnote seven – *Capital Assets* for leased right-to-use asset balances and amortization.

Lease Liabilities

The associated lease liability will be recorded at the discounted present value of the expected payment streams during the lease term. This includes all lease or lease-type agreements that are material in value and have a total life greater than twelve months. The schedule for future lease payments for all categories: building, equipment, and land, as of June 30, 2024, is as follows:

Summary of Future Lease Payments as of June 30, 2024

Long Term Leases

Fiscal Year	Principal	Interest	Total	Executory Costs
2025	2,098,372	2,697,631	4,796,002	-
2026	2,089,487	2,594,077	4,683,564	-
2027	2,101,705	2,485,103	4,586,807	-
2028	1,966,224	2,374,597	4,340,821	-
2029	1,935,257	2,272,967	4,208,224	-
2030-2034	10,590,820	9,721,148	20,311,968	-
2035-2039	13,058,292	6,632,418	19,690,711	-
2040-2044	15,017,283	2,845,624	17,862,906	-
2045-2049	2,992,259	86,976	3,079,236	-
Total	51,849,698	31,710,541	83,560,238	-

Subscription-Based Information Technology Arrangements (SBITA)

The University has qualifying subscription-based information technology agreements under GASB Statement No. 96. A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with, tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction. The University has established that a long-term SBITA has a contract term greater than twelve months and has a calculated asset value threshold of \$5,000 or more.

SBITA Assets

The University will recognize a right-to-use subscription asset as well as a subscription liability. The subscription asset will be initially measured using the initial subscription liability amount, plus any payments made to the SBITA vendor before the commencement of the subscription term, as well as any capitalized implementation costs. The subscription term includes the period during which the University has a non-cancellable right to use the underlying information technology asset. The subscription term may also include periods covered by an option to extend or terminate if it is reasonably certain the University will or will not exercise those options. The right-to-use subscription asset amount should not include any incentives received from the SBITA vendor at or before the commencement of the subscription. See footnote seven – *Capital Assets* for right-to-use SBITA asset balances and amortization.

SBITA Liabilities

The subscription liability will be measured at the present value of the subscription payments expected to be made throughout the term. Future subscription payments will be discounted using the interest rate the SBITA vendor charges or the incremental borrowing rate if the interest rate is not readily determinable. The University will recognize the amortization of the

discount on the subscription liability as an outflow of resources, or interest expense, in subsequent financial reporting periods. The schedule for future SBITA obligations as of June 30, 2024, is as follows:

Summary of Future SBITA Intangible Subscription Payments as of June 30, 2024
Long Term SBITAs

Fiscal Year	Principal	Interest	Total
2025	1,157,309	85,046	1,242,355
2026	950,237	51,564	1,001,801
2027	775,428	21,949	797,377
2028	43,358	1,405	44,763
2029	29,343	201	29,544
Total	2,955,675	160,165	3,115,840

Finance Purchase Obligations

The University has several finance purchase obligations to finance the acquisition of equipment.

The remaining length of the first finance purchase obligation is three years. Payment on this commitment is as follows:

Duplo Booklet Maker and Trimmer	
<u>Fiscal Year</u>	<u>Finance Purchase</u>
2025	5,200
2026	5,350
2027	7,476
Total	18,026

The second finance purchase obligation has a remaining commitment of three years. Payment on this commitment is as follows:

VG3 Wide Format Printer	
<u>Fiscal Year</u>	<u>Finance Purchase</u>
2025	4,675
2026	4,810
2027	6,765
Total	16,250

11. LONG-TERM INDEBTEDNESS

Refunding of Debt

In March 2024, the Commonwealth of Virginia, on behalf of the University, issued the following:

\$281,000 in General Obligation 9(c) bonds, Series 2024B in order to refund \$285,300.05 of Series 2013B. The refunding had a premium of \$7,100.87 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$4,050.69 over the life of the debt and will result in net present value savings of \$3,958.84 and a net accounting gain of \$3,100.

\$795,000 in General Obligation 9(c) bonds, Series 2024B in order to refund \$816,579.53 of Series 2013B. The refunding had a premium of \$29,581.93 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$17,733.78 over the life of the debt and will result in net present value savings of \$17,099.43 and a net accounting gain of \$25,200.

\$393,000 in General Obligation 9(c) bonds, Series 2024B in order to refund \$398,886.70 of Series 2013B. The refunding had a premium of \$9,931.11 and an interest rate of 5.00%. The refunding bonds decrease debt service payments by \$5,530.31 over the life of the debt and will result in net present value savings of \$5,406.42 and a net accounting gain of \$11,400.

9(c) General Obligation Bonds Payable

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

General Obligation bonds payable on June 30, 2024, consist of the following:

Residence Hall:	Interest Rates	Maturity	Amount
2024 B 1 - Housing Facilities Ren - 2013B Ref - 2005A	5.00%	2025	281,000
2024 B 2 - Housing Facilities Ren - 2013 B - 2006B	5.00%	2026	795,000
2024 B 3 - Ren Cox Hall - 2013B - 2007B	5.00%	2025	393,000
2015 B 1 Renovate Cox Hall - 2007B Ref Portion	5.00%	2027	790,900
2015 B 2 Renovate Cox Hall - 2008B Ref Portion	5.00%	2028	1,290,575
Total bonds payable			<u>\$ 3,550,475</u>

A summary of future principal and interest requirements of long-term debt for General Obligation bonds payable as of June 30, 2024, follows:

Year ending June 30	Principal	Interest
2025	1,355,765	177,524
2026	1,107,420	109,735
2027	739,407	54,364
2028	347,883	17,395
Total	\$ 3,550,475	\$ 359,018
Add: Unamortized Premium	287,746	
Total	<u>\$ 3,838,221</u>	

VCBA Pooled Notes Payable

The University participates in the Public Higher Education Financing Program (Pooled Bond Program) created by the Virginia General Assembly in 1996. Through the Pooled Bond Program, the Virginia College Building Authority (VCBA) issues 9 (d) bonds and uses the proceeds to purchase debt obligations (notes) of the University and various other institutions of higher education. The University's general revenue secures these notes. The interest rates listed below are the rates at issuance.

The following schedule describes each of the notes outstanding:

	<u>Interest Rates</u>	<u>Maturity</u>	<u>Amounts</u>
2014 B - Fitness center, Lacrosse/field hockey complex, Soccer fields, Lancer gym, Baseball/softball, Blackwell and Phase II and III Heating Plant	4.00 – 5.00%	2026	1,795,000
2015 A - University Center	3.00 – 5.00%	2046	19,625,000
2015 B - Heating Plant III, Student Union 2009 A	3.00 – 5.00%	2029	750,000
2016 A – Refunding of 2006 A and 2007 A - Lacrosse/Field Hockey Complex, Baseball/Softball, Heating Plant Phase II & III, Fitness Center, Blackwell Hall & Bookstore	3.00 – 5.00%	2028	2,490,000
2018 A – Wheeler Mall Replace Steam Dist. System	4.00 – 5.00%	2039	2,455,000
2021 B - Refunding 2012 A - Fitness Center, Lacrosse/field hockey, Soccer fields, Lancer gym, Blackwell and Heating plant II	0.48%	2025	1,220,000
Total notes payable			<u>\$ 28,335,000</u>

A summary of future principal and interest requirements of VCBA Pooled Notes Payable as of June 30, 2024, follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2025	2,965,000	1,017,197
2026	2,705,000	919,194
2027	1,930,000	825,044
2028	1,490,000	751,243
2029	1,005,000	697,469
2030-2034	4,665,000	3,011,631
2035-2039	5,570,000	2,099,491
2040-2044	5,485,000	1,069,494
2045-2049	2,520,000	101,800
Total	<u>28,335,000</u>	<u>\$10,492,563</u>
Add: Unamortized Premium	<u>1,127,762</u>	
Total	<u><u>\$29,462,762</u></u>	

12. DEFERRED INFLOWS OF RESOURCES

The deferred inflows of resources on June 30, 2024, are as follows:

Deferral on debt defeasance - Gain - Bond Refunding	\$ 32,200
Deferred Inflows - Pension	4,481,797
Deferred Inflows - Other Postemployment Benefits	<u>5,007,792</u>
Total Deferred Inflows - Pension & OPEB	9,489,589
Total Deferred Inflows	<u>\$ 9,521,789</u>

13. COMMITMENTS

Construction Contracts

As of June 30, 2024, outstanding commitments for capital outlay projects totaled approximately \$4,872,108.

Other Contractual Agreements

In FY20, the University signed a support agreement with the Longwood University Real Estate Foundation (LUREF) related to student housing (note 10). As part of this support agreement, the University is committed to paying annual rent to the LUREF; the FY25 obligation is \$22,531,826. This is an annual obligation under this support agreement that will fluctuate slightly with student enrollment and will increase approximately at the average annual rate of inflation for the services listed in Note 10. Due to this natural fluctuation, the University only includes the current obligation in this note.

The University was also contractually committed to payments totaling \$35,066 relative to an energy performance contract, \$37,691 in short-term lease agreements, and \$6,299 in short-term SBITAs. The University has, as of June 30, 2024, the following total future payments due under the above agreements:

<u>Fiscal Year</u>	<u>Contractual Agreements</u>
2025	22,566,140
2026	26,870
2027	8,162
2028	7,560
2029	<u>3,150</u>
Total	<u>\$ 22,611,882</u>

14. STATE APPROPRIATIONS

During the year ended June 30, 2024, the following changes were made to the University's original operating appropriation, including supplemental appropriations received under the Virginia Acts of Assembly 2023, Special Session I, Chapter 1.

Original Appropriation:	
Educational and General Programs	\$39,249,680
Student Financial Assistance	9,776,567
Supplemental Adjustments:	
VIVA	2,816
Tech Talent Investment Program	834,997
SVRTC Funds	108,905
Reallocation of prior year reverted funds	688
2023 Amendments to 2022 Appropriation Act	10,000
Items 255.5A & 255.5 C, Chapter 1	2,583,000
Items 483, 484, and 485, Chapter 1	3,771,224
Reversion	(629,160)
Adjusted Appropriations	<u>\$ 55,708,717</u>

15. EXPENSES BY NATURAL CLASSIFICATIONS

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

	Compensation and Benefits	Goods and Services	Scholarships and Fellowships	Plant and Equipment	Other	Depreciation/ Amortization	Total
Instruction	\$35,312,955	\$ 3,709,628	\$ -	\$ (81,402)	\$ -	\$ -	\$ 38,941,181
Research	207,893	301,841	-	2,088	-	-	511,822
Public service	1,113,088	571,678	-	75,524	-	-	1,760,290
Academic support	5,793,941	1,185,533	-	1,187,410	-	-	8,166,884
Student services	4,118,362	768,851	-	64,153	-	-	4,951,366
Institutional support	9,770,914	982,190	-	1,128,318	68,619	-	11,950,041
Operation & maintenance of plant	4,602,733	4,779,938	-	1,039,461	-	-	10,422,132
Depreciation	-	-	-	-	-	12,328,334	12,328,334
Amortization	-	-	-	-	-	4,426,617	4,426,617
Student aid	49,173	10,289	1,391,917	-	-	-	1,451,379
Auxiliary activities	12,324,353	21,931,540	-	25,959,691	-	-	60,215,584
Other expenditures	-	(61,189)	-	61,189	-	-	-
Total	<u>\$73,293,412</u>	<u>\$34,180,299</u>	<u>\$1,391,917</u>	<u>\$29,436,432</u>	<u>\$68,619</u>	<u>\$16,754,951</u>	<u>\$155,125,630</u>

16. RETIREMENT PLANS

A. Virginia Retirement System (Defined Benefit Retirement Plans)

Plan Description

All full-time, salaried permanent employees of state agencies are automatically covered by the VRS State Employee Retirement Plan or the VaLORS Retirement Plan upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and

their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS BY PLAN STRUCTURE		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	About Plan 2 Same as Plan 1.	About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.
Eligible Members Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.	Eligible Members Members are in Plan 2 if their membership date is on or after July 1, 2010, to December 31, 2013, and they have not taken a refund, or their membership date	Eligible Members Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

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

employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.		credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. <u>Defined Contributions Component:</u> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Vesting Same as Plan 1.	Vesting <u>Defined Benefit Component:</u> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. <u>Defined Contributions Component:</u> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

		Members are always 100% vested in the contributions that they make. Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.	Calculating the Benefit See definition under Plan 1.	Calculating the Benefit <u>Defined Benefit Component:</u> See definition under Plan 1. <u>Defined Contribution Component:</u> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	Average Final Compensation A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement	Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1,	Service Retirement Multiplier <u>Defined Benefit Component:</u>

benefit. The retirement multiplier for non-hazardous duty members is 1.70%. VaLORS: The retirement multiplier for VaLORS employees is 1.70% or 2.00%.	2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013. VaLORS: The retirement multiplier for VaLORS employees is 2.00% applied to hazardous duty service and 1.70% applied to non-hazardous duty service and no supplement.	VRS: The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans. VaLORS: Not applicable <u>Defined Contribution Component:</u> Not applicable.
Normal Retirement Age VRS: Age 65. VaLORS: Age 60.	Normal Retirement Age VRS: Normal Social Security retirement age. VaLORS: Same as Plan 1.	Normal Retirement Age <u>Defined Benefit Component:</u> VRS: Same as Plan 2. VaLORS: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit. VaLORS: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equal 90. VaLORS: Same as Plan 1.	Earliest Unreduced Retirement Eligibility <u>Define Benefit Component:</u> VRS: Same as Plan 2. VaLORS: Not applicable. <u>Defined Contribution Component:</u> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit. VaLORS: Age 50 with at least five years of service credit.	Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit. VaLORS: Same as Plan 1.	Earliest Reduced Retirement Eligibility Defined Benefit Component: VRS: Same as Plan 2. VaLORS: Not Applicable. Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increases (up to 4%) up to a maximum COLA of 5%. Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1, after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date. Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability.	Cost-of-Living Adjustment (COLA) in Retirement The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. Eligibility: Same as Plan 1. Exceptions to COLA Effective Dates: Same as Plan 1.	Cost-of-Living Adjustment (COLA) in Retirement Defined Benefit Component: Same as Plan 2. Defined Contribution Component: Not applicable. Eligibility: Same as Plan 1 and Plan 2. Exceptions to COLA Effective Dates: Same as Plan 1 and Plan 2.

• The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.		
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted. Most state employees are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. VSDP members are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	Disability Coverage State employees (including Plan 1 and Plan 2 opt-ins) participating in the Hybrid Retirement Plan are covered under the Virginia Sickness and Disability Program (VSDP), and are not eligible for disability retirement. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VSDP are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for	Purchase of Prior Service Same as Plan 1.	Purchase of Prior Service Defined Benefit Component: Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service.

retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.		<u>Defined Contribution Component:</u> Not applicable.
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Contributions

The contribution requirement for active employees is governed by §51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each state agency's contractually required employer contribution rate for the fiscal year ended June 30, 2024, was 14.46% of covered employee compensation for employees in the VRS State Employee Retirement Plan. For employees in the VaLORS Retirement Plan, the contribution rate was 24.60% of covered employee compensation. These rates were the final approved General Assembly rates which were based on actuarially determined rates from an actuarial valuation as of June 30, 2021. The actuarially determined rates, when combined with employee contributions, were expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the VRS State Employee Retirement Plan were \$4,199,100 and \$3,834,300 for the years ended June 30, 2024, and June 30, 2023, respectively. Contributions from the University to the VaLORS Retirement Plan were \$174,600 and \$160,300 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$73.0 million to the VRS State Plan and \$6.6 million to VaLORS. These special payments were authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and are classified as special employer contributions. The University's proportionate share of these special contributions are reported as nonoperating revenue in the Grants and Contracts line.

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

On June 30, 2024, the University reported a liability of \$28,732,018 for its proportionate share of the VRS State Employee Retirement Plan Net Pension Liability and a liability of \$1,141,879 for its proportionate share of the VaLORS Retirement Plan Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023, and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The University's proportion of the Net Pension Liability was based on the University's actuarially determined employer contributions to the pension plans for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the University's proportion of the VRS State Employee Retirement Plan was 0.568% as compared to

0.595% at June 30, 2022. At June 30, 2023, the University's proportion of the VaLORS Retirement Plan was 0.177% as compared to 0.213% at June 30, 2022.

For the year ended June 30, 2024, the University recognized pension expense of \$1,227,333 for the VRS State Employee Retirement Plan and \$26,591 for the VaLORS Retirement Plan. Since there was a change in proportionate share between June 30, 2022, and June 30, 2023, a portion of the pension expense was related to deferred amounts from changes in proportion and differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	VRS State Employee Retirement Plan (SERP)		VaLORS	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	2,790,802	829,975	25,226	-
Net difference between projected and actual earnings on pension plan investments	-	2,010,856	-	48,647
Change in assumptions	379,568	-	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	197,067	1,493,798	269	98,521
Employer contributions subsequent to the measurement date	4,199,100	-	174,600	-
Total	\$7,566,537	\$4,334,629	\$200,095	\$147,168

A total of \$4,373,700 (\$4,199,100 for VRS State Employee Retirement Plan (SERP) and \$174,600 for VaLORS) reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	VRS SERP	VaLORS	Total
FY 2025	(1,311,700)	(108,898)	(1,420,598)
FY 2026	(1,803,772)	(61,144)	(1,864,916)
FY 2027	2,075,543	46,589	2,122,132
FY 2028	72,737	1,780	74,517
FY 2029	-	-	-

Actuarial Assumptions – VRS State Employee Retirement Plan (SERP)

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Actuarial Assumptions – VaLORS

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

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and survivors:

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

Mortality Improvement:

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

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

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

Net Pension Liability

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

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

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

Long-Term Expected Rate of Return

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

the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS – Multi – Asset Public Strategies	4.00%	4.50%	0.18%
PIP – Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
			8.25%

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

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.5%.

Discount Rate

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

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

The following presents the University's proportionate share of the VRS State Employee Retirement Plan net pension liability using the discount rate of 6.75%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
University's proportionate share of the VRS State Employee Retirement Plan Net Pension Liability	47,879,270	28,732,018	12,707,243

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
University's proportionate share of the VaLORS Employee Retirement Plan Net Pension Liability	1,745,696	1,141,879	648,626

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

At June 30, 2024, the University had accrued retirement contributions payable to the pension plan of \$295,271 including \$283,915 payable to the VRS State Employee Retirement Plan and \$11,356 payable to the VaLORS Retirement Plan. The payable is based on retirement contributions earned by University employees through June 30, 2024, but not yet paid to the plan.

B. Optional Retirement Plans

Full-time faculty and certain administrative staff may participate in defined contribution plans as authorized by the *Code of Virginia*, offered by Teacher Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF) and DCP Tax-Exempt Services. These plans are fixed-contribution programs where the retirement benefits received are based upon employer and employee contributions, plus interest and dividends. Employees hired prior to July 1, 2010 (Plan 1) have an employer required contribution rate of 10.4 percent. Employees hired on or after July 1, 2010 (Plan 2) have an employer required contribution rate of 8.5 percent and an employee required contribution rate of 5 percent.

Individual contracts issued under the plan provide for full and immediate vesting of both the University's and the employee's contributions. Total pension costs under these plans were approximately \$1,752,608 for the year ended June 30, 2024. Contributions to the optional retirement plan were calculated using the base salary amount of approximately \$18,810,217 for fiscal year 2024.

Included in Accounts Payable and Accrued Expenses at June 30, 2024 are payables of \$9,139 for the outstanding amount of contributions to the Optional Retirement Plans.

C. Deferred Compensation

Employees of the University are employees of the Commonwealth of Virginia. State employees may participate in the Commonwealth's Deferred Compensation Plan. Participating employees can contribute to the plan each pay period with the Commonwealth matching up to \$20 per pay period. The dollar amount match can change

depending on the funding available in the Commonwealth's budget. The Deferred Compensation Plan is a qualified defined contribution plan under Section 401(a) of the Internal Revenue Code. The University's expense for contributions under the Deferred Compensation Plan, which is an amount assessed by the Commonwealth, were approximately \$154,557 for the fiscal year ended June 30, 2024.

17. OTHER POSTEMPLOYMENT BENEFITS

The University participates in postemployment benefit programs that are sponsored by the Commonwealth and administered by the Virginia Retirement System (VRS, or the System) or the Department of Human Resource Management. These programs include the Pre-Medicare Retiree Healthcare program, Virginia Sickness and Disability program, Group Life Insurance program, Retiree Health Insurance Credit program, and Line of Duty Act program. The specific information for each of these Other Postemployment Benefit (OPEB) programs is described below.

Plan Descriptions

Pre-Medicare Retiree Healthcare (PMRH) program – All full-time and part-time permanent salaried state employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS), Judicial Retirement System (JRS), or the Optional Retirement Plan (ORP) are eligible to participate in the Commonwealth's healthcare program upon employment. Retirees who are not yet eligible for Medicare health benefits may continue to participate in this program by meeting certain eligibility requirements.

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

Group Life Insurance (GLI) program - All full-time, salaried, permanent employees of the state, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia. In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills the University directly for the premiums. The University deducts these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI program post-employment benefit.

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

Line of Duty Act (LODA) program - All paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA program. As required by statute, the VRS is responsible for managing the assets of the program. Participating employers made contributions to the program beginning in FY 2012. University contributions are determined by the VRS actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

Plan Provisions

PMRH program

Eligible employees

The Commonwealth provides a healthcare plan established by Title 2.2, Chapter 28 of the Code of Virginia for retirees who are not yet eligible to participate in Medicare. For a VRS retiree to participate in the Pre-Medicare Retiree Healthcare (PMRH) program, the participant must:

- be a retiring state employee who is eligible for a monthly retirement benefit from the VRS, and

- be receiving (not deferring) the retirement benefit immediately upon retirement*, and
- have his or her last employer before retirement be the Commonwealth of Virginia, and
- be eligible for coverage (even if not enrolled) as an active employee in the State Health Benefits Program until his or her retirement date (not including extended coverage/COBRA), and
- have enrolled no later than 31 days from his or her retirement date.

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

Effective January 1, 2017**, for an Optional Retirement Plan (ORP) retiree to participate in the PMRH program, the participant must:

- be a terminating state employee who participates in one of the qualified Optional Retirement Plans, and
- have his or her last employer before termination be the Commonwealth of Virginia, and
- be eligible for coverage (even if not enrolled) in the State Employee Health Benefits Program for active employees at the time of termination, and
- meet the age and service requirements for an immediate retirement benefit under the VRS plan that would have been applicable had ORP coverage not been selected, and
- enroll in the State Retiree Health Benefits Program no later than 31 days from the date that coverage (or eligibility for coverage) was lost due to termination of employment.

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

VSDP program

Eligible employees

The Virginia Sickness and Disability Program (VSDP), also known as the Disability Insurance Trust Fund was established January 1, 1999, to provide short-term and long-term disability benefits for non-work-related and work-related disabilities.

Eligible employees are enrolled automatically upon employment. They include:

- Full-time and part-time permanent salaried state employees covered under VRS, SPORS and VaLORS (members new to VaLORS following its creation on October 1, 1999, have been enrolled since the inception of VSDP).
- State employees hired before January 1, 1999, who elected to transfer to VSDP rather than retain their eligibility to be considered for VRS disability retirement.
- Public college and University faculty members who elect the VRS defined benefit plan. If the institution does not offer the program or the faculty member does not make an election, he or she is enrolled in VSDP.

Benefits Amounts

The Virginia Sickness and Disability Program (VSDP) provides the following benefits for eligible employees:

- Leave – Sick, family and personal leave. Eligible leave benefits are paid by the employer.
- Short-Term Disability – The program provides a short-term disability benefit beginning after a seven calendar-day waiting period from the first day of disability. The benefit provides income replacement beginning at 100% of the employee's pre-disability income, reducing to 80% and then 60% based on the period of the disability and the length of service of the employee. Short-term disability benefits are paid by the employer.
- Long-Term Disability (LTD) – The program provides a long-term disability benefit beginning after 125 workdays of short-term disability and continuing until the employee reaches his or her normal retirement age. The benefit provides income replacement of 60% of the employee's pre-disability income. If an employee becomes disabled within five years of his or her normal retirement age, the employee will receive up to five years of VSDP benefits, provided he or she remains medically eligible. Long-term disability benefits are paid for by the Virginia Disability Insurance Program (VSDP) OPEB Plan.
- Income Replacement Adjustment – The program provides for an income replacement adjustment to 80% for catastrophic conditions.
- Long-Term Care Plan – The program also includes a self-funded long-term care plan that assists with the cost of covered long-term care services.

Disability Insurance Program (VSDP) Plan Notes

- Employees hired or rehired on or after July 1, 2009, must satisfy eligibility periods before becoming eligible for non-work-related short-term disability benefits and certain income-replacement levels.
- A state employee who is approved for VSDP benefits on or after the date that is five years prior to his or her normal retirement date is eligible for up to five years of VSDP benefits.

- Employees on work-related short-term disability receiving only a workers' compensation payment may be eligible to purchase service credit for this period if retirement contributions are not being withheld from the workers' compensation payment. The rate will be based on 5.00% of the employee's compensation.

Cost-of-Living Adjustment (COLA)

During periods an employee receives long-term disability benefits, the LTD benefit may be increased annually by an amount recommended by the actuary and approved by the Board.

- Plan 1 employees vested as of 1/1/2013 – 100% of the VRS Plan 1 COLA (The first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%).
- Plan 1 employee non-vested as of 1/1/2013, Plan 2 and Hybrid Plan employees – 100% of the VRS Plan 2 and Hybrid COLA (The first 2% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 2%) up to a maximum COLA of 3%).

For participating full-time employees taking service retirement, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.

- 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

For participating full-time employees receiving supplemental (work-related) disability benefits, the creditable compensation may be increased annually by an amount recommended by the actuary and approved by the Board, from the date of the commencement of the disability to the date of retirement.

- 100% of the increase in the pay over the previous plan year for continuing VSDP members in the State, SPORS and VaLORS Plans, with a maximum COLA of 4.00%.

GLI program

Eligible employees

The GLI program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: City of Richmond, City of Portsmouth, City of Roanoke, City of Norfolk, and Roanoke City School Board. Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit amounts

The benefits payable under the GLI program have several components:

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

Reduction in benefit amounts

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

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

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

Retiree HIC program

Eligible employees

The HIC program was established January 1, 1990, for retired state employees covered under VRS, SPORS, VaLORS and Judicial Retirement System (JRS) who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include full-time and part-time permanent salaried state employees covered under VRS, SPORS, VaLORS and JRS.

Benefit amounts

The HIC program provides the following benefits for eligible employees:

- At Retirement – For State employees who retire the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement – For State employees, other than state police officers, who retire on disability or go on long-term disability under the Virginia Sickness and Disability Program (VSDP), the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher.

For State police officers with a non-work-related disability who retire on disability or go on long-term disability under VSDP, the monthly benefit is \$120.00 or \$4.00 per year of service, whichever is higher.

For State police officers with a work-related disability, there is no benefit provided under the HIC program if the premiums are being paid under the Virginia Line of Duty Act (LODA). However, they may receive the credit for premiums paid for other qualified health plans.

HIC program notes

The monthly HIC benefit cannot exceed the individual's premium amount. Employees who retire after being on long-term disability under VSDP must have at least 15 years of service credit to qualify for HIC as a retiree.

LODA program

Eligible employees

The eligible employees of the LODA program are paid employees and volunteers in hazardous duty positions in Virginia localities and hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS).

Benefit amounts

The Line of Duty Act Program (LODA) provides death and health insurance benefits for eligible individuals.

Death benefits – The Line of Duty Act program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows:

- \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after.
- \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date.
- An additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

Health insurance benefits – The Line of Duty Act program provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors, and family members.

Contributions

PMRH program

The University 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 University effectively subsidizes the costs of the participating retirees' healthcare through payment of the University's portion of the premiums for active employees. This fund is reported as part of the Commonwealth's Healthcare Internal Service Fund. Benefit payments are recognized when due and payable in accordance with the benefit terms. PMRH 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 Virginia Department of Human Resource Management. There were approximately 3,551 retirees and 92,780 active employees in the program as of June 30, 2023. There are no inactive employees entitled to future benefits who are not currently receiving benefits. There are no assets accumulated in a trust to pay benefits for this program.

VSDP program

The contribution requirements for the VSDP are governed by §51.1-1140 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for VSDP for the year ended June 30, 2024, was 0.61% of covered employee compensation. This rate was the General Assembly approved rate which was

based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits payable during the year, with an adjustment to amortize the accrued OPEB assets. Contributions to the VSDP from the University were \$128,200 and \$114,000 for the years ended June 30, 2024, and June 30, 2023, respectively.

GLI program

The contribution requirements for the GLI program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2024, was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI program from the University were \$274,200 and \$258,300 for the years ended June 30, 2024, and June 30, 2023, respectively. In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The University's proportionate share of this special contribution was reported in nonoperating revenues as Grant and Contract revenue.

Retiree HIC program

The contribution requirement for active employees is governed by §51.1-1400(D) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each state agency's contractually required employer contribution rate for the year ended June 30, 2024, was 1.12% of covered employee compensation for employees in the Retiree HIC program. This rate was the approved General Assembly rate, which was based on an actuarially determined rate as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the University to the Retiree HIC program were \$568,400 and \$535,500 for the years ended June 30, 2024, and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$8.5 million which

was applied to the Health Insurance Credit Plan for state employees. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified

as a special employer contribution. The University's proportionate share of this special contribution was reported in nonoperating revenues as Grant and Contract revenue.

LODA program

The contribution requirements for the LODA program are governed by §9.1-400.1 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA program for the year ended June 30, 2024, was \$830.00 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021, and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA program from the University were \$11,600 and \$12,300 for the years ended June 30, 2024, and June 30, 2023, respectively.

OPEB Liabilities, (Assets), OPEB Expense, and OPEB Deferred Inflows/Outflows of Resources

At June 30, 2024, the University reported the following liabilities (assets) for its proportionate share of the OPEB programs. The University's reported liability for PMRH is its proportionate share of the collective total Pre-Medicare Retiree Healthcare OPEB liability of \$351.9 million.

PMRH	\$	2,842,330
VSDP	\$	(1,168,750)
GLI	\$	2,440,363
HIC	\$	4,798,926
LODA	\$	370,752

These VRS liabilities (assets) were measured as of June 30, 2023, and the total OPEB liability used to calculate each net liability (asset) was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. The University's proportion of the PMRH OPEB liability was based on its healthcare premium contributions as a percentage of the total employer's calculated healthcare premium contributions for all participating employers, as valued and measured as of June 30, 2023. The University's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2023, relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. For VSDP, GLI, and HIC OPEB programs, the University's proportionate share of each liability (asset) was based on the University's actuarially determined employer contributions to each plan for the year ended June 30, 2023, relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2023, the University's proportion share was:

PMRH	0.808% as compared to 0.825% at June 30, 2022
VSDP	0.370% as compared to 0.372% at June 30, 2022
GLI	0.203% as compared to 0.217% at June 30, 2022
HIC	0.584% as compared to 0.621% at June 30, 2022
LODA	0.092% as compared to 0.105% at June 30, 2022

For the year ended June 30, 2024, the University recognized the following OPEB expenses for these OPEB programs:

PMRH	\$ (1,526,934)
VSDP	\$ 41,441
GLI	\$ 24,067
HIC	\$ 605,903
LODA	\$ 56,944

Since there was a change in proportionate share between measurement dates, a portion of these OPEB expenses was related to deferred amounts from changes in proportion.

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

Program	Source		Deferred Outflow		Deferred Inflows
PMRH	Differences between expected and actual experience	\$	72,910	\$	687,089
	Change in assumptions		-		1,740,304
	Changes in proportionate share		37,759		540,367
	Amounts associated with transactions subsequent to measurement date		225,339		-
	Total	\$	336,008	\$	2,967,760
VSDP	Differences between expected and actual experience	\$	84,237	\$	160,812
	Net difference between projected and actual earnings on VSDP OPEB program investments		-		32,044
	Change in assumptions		4,009		12,852
	Changes in proportionate share		69,976		18,159
	University contributions subsequent to measurement date		128,200		-

	Total	\$	286,422	\$	223,867
GLI	Differences between expected and actual experience	\$	243,733	\$	74,077
	Net difference between projected and actual earnings on GLI OPEB program investments		-		98,067
	Change in assumptions		52,164		169,078
	Changes in proportionate share		34,800		350,536
	University contributions subsequent to measurement date		274,200		-
	Total	\$	604,897	\$	691,758
HIC	Differences between expected and actual experience	\$	113	\$	306,554
	Net difference between projected and actual earnings on HIC OPEB program investments		12,524		-
	Change in assumptions		113,400		-
	Changes in proportionate share		76,131		612,987
	University contributions subsequent to measurement date		568,400		-
	Total	\$	770,568	\$	919,541
LODA	Differences between expected and actual experience	\$	19,776	\$	69,812
	Net difference between projected and actual earnings on LODA OPEB program investments		-		1,085
	Change in assumptions		82,348		76,451
	Changes in proportionate share		63,998		57,518
	University contributions subsequent to measurement date		11,600		-
	Total	\$	177,722	\$	204,866

The following amounts reported as deferred outflows of resources related to the University's OPEB resulting from amounts associated with transactions subsequent to the measurement date will be recognized as a reduction of the total OPEB Liability in the fiscal year ending June, 30, 2025.

PMRH	\$	225,339
VSDP	\$	128,200
GLI	\$	274,200
HIC	\$	568,400
LODA	\$	11,600

Other amounts reported as deferred outflows/inflows of resources related to the OPEB programs will be recognized in each program's expense in future reporting periods as follows:

Year ended June 30:		PMRH		VSDP		GLI		HIC		LODA
2025	\$	(1,241,397)		(38,756)		(110,386)		(211,492)		5,417
2026	\$	(782,193)		(46,933)		(193,106)		(229,931)		5,451
2027	\$	(519,970)		18,765		(36,837)		(164,211)		1,963
2028	\$	(284,487)		2,287		(17,255)		(83,157)		(2,418)
2029	\$	(29,045)		2,363		(3,477)		(28,582)		(8,970)
Thereafter	\$	-		(3,372)		-		-		(40,188)

Actuarial Assumptions and Methods (PMRH)

The total Pre-Medicare Retiree Healthcare OPEB liability was based on an actuarial valuation with a valuation date of June 30, 2023. The Department of Human Resource Management selected the economic, demographic and healthcare claim cost assumptions. The actuary provided guidance with respect to these assumptions. Initial healthcare costs trend rates used were 7.75 percent for medical and pharmacy and 4.0 percent for dental. The ultimate trend rates used were 4.50 percent for medical and pharmacy and 4.0 percent for dental.

Valuation Date	Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.
Measurement Date	June 30, 2023 (one year prior to the end of the fiscal year)
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed
Effective Amortization Period	5.80 years

Discount Rate	3.65%
Projected Salary Increases	5.35% to 3.5% based on years of service from 1 year to 20 years or more
Medical Trend Under 65	Medical & Rx: 7.75% to 4.50% Dental: 4.00%
Year of Ultimate Trend	2033
Mortality rates	Mortality rates vary by participant status and gender
Pre-Retirement:	Pub-2010 Benefits Weighted General Employee Rates projected generationally with a Modified MP-2021 Improvement Scale; females set forward 2 years
Post-Retirement:	Pub-2010 Benefits Weighted General Healthy Retiree Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for females
Post-Disablement:	Pub-2010 Benefits Weighted General Disabled Rates projected generationally with a Modified MP-2021 Improvement Scale; males and females set forward 3 years
Beneficiaries and Survivors:	Pub-2010 Benefits Weighted General Contingent Annuitant Rates projected generationally with a Modified MP-2021 Improvement Scale; 110% of rates for males and females

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

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

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

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

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

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

Actuarial Assumptions (VSDP, GLI, HIC, LODA)

VSDP, GLI, HIC programs

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

Inflation	2.5 percent
Salary increases, including inflation -	
General state employees	3.5 percent – 5.35 percent
Teachers (GLI only)	3.5 percent – 5.95 percent
SPORS employees	3.5 percent – 4.75 percent
VaLORS employees	3.5 percent – 4.75 percent
JRS employees (GLI and HIC only)	4.0 percent
Locality – General employees (GLI only)	3.5 percent – 5.35 percent
Locality – Hazardous Duty employees (GLI only)	3.5 percent – 4.75 percent
Investment rate of return	6.75 percent, net of OPEB plan investment expenses, including inflation

LODA program

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

Inflation	2.50 percent
Salary increases, including inflation -	
General state employees	N/A
SPORS employees	N/A
VaLORS employees	N/A
Locality employees	N/A
Medical cost trend rates assumption –	
Under age 65	7.00 percent – 4.75 percent

Ages 65 and older	5.25 percent – 4.75 percent
Year of ultimate trend rate	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.86 percent, including inflation*

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – Teachers (GLI)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected
generationally

Mortality Improvement Scale:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – JRS Employees (GLI, HIC)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

Pub-2010 amount Weighted General Disabled Rates projected generationally.

Beneficiaries and Survivors:

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

Mortality Improvement Scales:

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

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

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

Mortality rates – Largest Ten Locality Employers - General Employees (GLI)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – Non-Largest Ten Locality Employers - General Employees (GLI)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – Largest Ten Locality Employers with Public Safety Employees or Hazardous Duty Employees (GLI, LODA)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Mortality rates – Non-Largest Ten Locality Employers with Public Safety Employees or Hazardous Duty Employees (GLI, LODA)

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

Net OPEB Liability (Asset)

The net OPEB liability/(asset) (NOL/NOA) for the VSDP, GLI, HIC and LODA represents each OPEB program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL/NOA amounts for each OPEB program are as follows (amounts expressed in thousands):

	VSDP		GLI		HIC		LODA	
Total OPEB Liability	\$	318,901	\$	3,907,052	\$	1,102,220	\$	406,211
Plan Fiduciary Net Position		634,779		2,707,739		280,599		5,311
Net OPEB Liability (Asset)	\$	(315,878)	\$	1,199,313	\$	821,621	\$	400,900
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability		199.05%		69.30%		25.46%		1.31%

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

Long-Term Expected Rate of Return

VSDP, GLI, HIC programs

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS – Multi-Asset Public Strategies	4.00%	4.50%	0.18%
PIP – Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
Expected arithmetic nominal return**			8.25%

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

**On June 15, 2023, the VRS Board elected a long-term rate of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.5%.

LODA program

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

Discount Rate

PMRH program

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

VSDP program

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

HIC program

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

GLI program

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the University for this OPEB program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate. From July 1, 2023, on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the OPEB fiduciary net position for this OPEB program was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term

expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liability for this OPEB program.

LODA program

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

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

The following presents the University's proportionate share of the OPEB liability/(asset) for PMRH using the discount rate of 3.65%; VSDP, GLI, and HIC using the discount rate of 6.75%; and LODA using the discount rate of 3.86%. As well, the University's proportionate share of the OPEB liability (asset) is presented as it would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

University's Proportionate Share of OPEB Liability (Asset)

		1.00% Decrease		Current Discount Rate		1.00% Increase
		2.65%		3.65%		4.65%
PMRH	\$	3,010,362	\$	2,842,330	\$	2,681,946
		5.75%		6.75%		7.75%
VSDP	\$	(1,081,608)	\$	(1,168,750)	\$	(1,245,567)
GLI	\$	3,617,380	\$	2,440,363	\$	1,488,737
HIC	\$	5,418,988	\$	4,798,926	\$	4,267,221
		2.86%		3.86%		4.86%
LODA	\$	415,701	\$	370,752	\$	332,725

Sensitivity of the University's Proportionate Share of the PMRH OPEB and LODA OPEB Liabilities to Changes in the Health Care Trend Rate

Because the Pre-Medicare Retiree Healthcare and Line of Duty Act programs contain provisions for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the University's proportionate share of the OPEB liability for these OPEB programs using the health care trend rate of 7.75% decreasing to 4.50% for PMRH and 7.00% decreasing to 4.75% for LODA. As well, the

University's proportionate share of the OPEB liability is presented as it would be if it were calculated using a health care trend rate that is one percentage point lower or one percentage point higher than the current rate:

		1.00% Decrease		Current Health Care Trend Rate		1.00% Increase
		6.75% decreasing to 3.50%		7.75% decreasing to 4.50%		8.75% decreasing to 5.50%
PMRH	\$	2,585,719	\$	2,832,330	\$	3,140,020
		6.00% decreasing to 3.75%		7.00% decreasing to 4.75%		8.00% decreasing to 5.75%
LODA	\$	314,410	\$	370,752	\$	440,568

Fiduciary Net Position

Detailed information about Fiduciary Net Position for each of these OPEB programs, excluding PMRH, is available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VSDP, GLI and HIC OPEB programs

The amount payable outstanding on June 30, 2024, for each of these OPEB programs was as follows:

VSDP	\$	5,035
GLI	\$	12,656
HIC	\$	20,282

18. CONTINGENCIES

Longwood University receives assistance from non-state grantor agencies in the form of grants. Entitlement to these resources is generally conditional upon compliance with the terms and conditions of grant agreements, including the expenditure of resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by the grantors. All disallowances as a result of these audits become a liability of Longwood University. As of June 30, 2024, Longwood University estimates that no material liabilities will result from such audits.

19. RISK MANAGEMENT

The University is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, non-performance of duty, injuries to employees, and natural disasters. The University participates in insurance plans maintained by the Commonwealth of Virginia. The state employee health care and workers' compensation plans are administered by the Department of Human Resource Management and the risk management insurance plans are administered by the Department of Treasury, Division of Risk Management. Risk management insurance includes property, general liability, medical malpractice, faithful performance of duty bond, automobile, and air and watercraft plans. The University pays premiums to each of these departments for its insurance coverage. Information relating to the Commonwealth's insurance plans is available at the statewide level in the Commonwealth of Virginia's Annual Comprehensive Financial Report.

20. PENDING LITIGATION

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

21. SUBSEQUENT EVENTS

During FY24, the Longwood University Administration, having analyzed the current political and economic climate and found potential for great future volatility, pursued and secured a \$5 million line of credit with Benchmark Community Bank. This has not been utilized as of the issuance of these statements.

22. COMPONENT UNITS

The University's discretely presented component units are presented in the aggregate on the face of the financial statements. The University has three component units, all with fiscal years ending on December 31st – Longwood University Foundation (LUF), Longwood University Real Estate Foundation (LUREF), and the Longwood University Trust (Trust). These organizations are separately incorporated entities, and other auditors examine the related financial statements. The component unit statements on the following pages, and subsequent notes, comply with the Governmental Accounting Standards Board (GASB) presentation format. The foundations follow the Financial Accounting Standards Board (FASB) presentation format in their audited financial statements. Consequently, reclassifications have been made to convert their statements to the GASB format.

LUF audited financial statements can be found here:

<https://www.longwood.edu/foundation/financial-archives/>

Copies of the audited financial statements of the Trust and LUREF are available upon request by contacting Longwood University's Office of Administration and Finance:

Administration and Finance
Eason Hall, Room 130
201 High Street
Farmville, VA 23909
(434) 395-2355
Fax: (434) 395-2635

Statement of Net Position
Assets

	LUF	LUREF	Trust	Total
Current assets:				
Cash and cash equivalents	\$ 2,529,100	\$ 4,725,882	\$ 1,222,793	\$ 8,477,775
Accounts receivable, net	56,056	12,147,366	-	12,203,422
Contributions receivable, net	492,974	-	-	492,974
Prepaid expenses	538,225	130,411	3,187	671,823
Other Asset	-	575,000	-	575,000
Total current assets	<u>\$ 3,616,355</u>	<u>\$ 17,578,659</u>	<u>\$ 1,225,980</u>	<u>\$ 22,420,994</u>
Noncurrent assets:				
Restricted cash and cash equivalents	563,982	-	-	563,982
Restricted Investments	98,584,117	46,026,545	-	144,610,662
Other non-current assets	142,541	20,404,639	-	20,547,180
Contributions receivable, net	1,816,504	-	-	1,816,504
Non-depreciable capital assets, net	6,336,958	18,314,873	-	24,651,831
Depreciable capital assets, net	54,185	199,159,771	585	199,214,541
Total noncurrent assets	<u>107,498,287</u>	<u>283,905,828</u>	<u>585</u>	<u>391,404,700</u>
Total assets	<u>\$ 111,114,642</u>	<u>\$ 301,484,487</u>	<u>\$ 1,226,565</u>	<u>\$ 413,825,694</u>

Liabilities

Current liabilities:				
Accounts payable and accrued expenses	241,139	9,216,293	206,488	9,663,920
Line of Credit	-	1,451,647	-	1,451,647
Long-term liabilities - current portion	<u>-</u>	<u>4,156,484</u>	<u>-</u>	<u>4,156,484</u>
Total current liabilities	241,139	14,824,424	206,488	15,272,051
Noncurrent liabilities	<u>1,030,221</u>	<u>320,246,056</u>	<u>-</u>	<u>321,276,277</u>
Total liabilities	<u>\$ 1,271,360</u>	<u>\$ 335,070,480</u>	<u>\$ 206,488</u>	<u>\$ 336,548,328</u>

Net Position

Net Investment in capital assets	6,391,143	(43,976,060)	585	(37,584,332)
Restricted:				-
Nonexpendable:				-
Permanently restricted	63,371,320	-	-	63,371,320
Expendable:				-
Temporarily restricted	31,506,196	429,778	153,569	32,089,543
Other	-	-	-	-
Unrestricted	<u>8,574,623</u>	<u>9,960,289</u>	<u>865,923</u>	<u>19,400,835</u>
Total net position	<u>\$ 109,843,282</u>	<u>\$ (33,585,993)</u>	<u>\$ 1,020,077</u>	<u>\$ 77,277,366</u>

Statement of Revenues, Expenses and Changes in Net Position

	<u>LUF</u>	<u>LUREF</u>	<u>Trust</u>	<u>Total</u>
Operating revenues:				
Gifts and contributions	-	1,308,875	3,294,823	4,603,698
Other operating revenues	-	25,679,787	148,161	25,827,948
Total operating revenues	-	26,988,662	3,442,984	30,431,646
Operating expenses				
Institutional support	2,828,115	5,240,000	2,662,213	10,730,328
Operation and maintenance - Plant	-	9,850,952	-	9,850,952
Depreciation	-	7,472,918	796	7,473,714
Student aid	2,712,688	-	-	2,712,688
Administrative and fundraising	1,276,982	-	791,137	2,068,119
Other expenditures	182,120	-	265,939	448,059
Total operating expenses	6,999,905	22,563,870	3,720,085	33,283,860
Operating gain (loss)	(6,999,905)	4,424,792	(277,101)	(2,852,214)
Nonoperating revenues (expenses):				
Investment revenue (loss)	5,416,547	1,653,145	16,026	7,085,718
Interest on Capital Asset-Related Debt	-	(14,447,131)	-	(14,447,131)
Other Revenue	581,200	1,364,990	-	1,946,190
Gain (loss) on disposal/sale of plant assets	879,087	6,178	-	885,265
Net nonoperating revenues	6,876,834	(11,422,818)	16,026	(4,529,958)
Income before other revenues, expenses, gains or losses	(123,071)	(6,998,026)	(261,075)	(7,382,172)
Contributions to permanent endowments	1,287,777	-	-	1,287,777
Contributions to term endowments	995,315	-	-	995,315
Net other revenues	2,283,092	-	-	2,283,092
Increase (decrease) in net position	2,160,021	(6,998,026)	(261,075)	(5,099,080)
Net position - Beginning of year	107,683,261	(26,587,967)	1,281,152	82,376,446
Net position - End of year	<u>\$ 109,843,282</u>	<u>\$ (33,585,993)</u>	<u>\$ 1,020,077</u>	<u>\$ 77,277,366</u>

Contributions Receivable

	<u>LUF</u>
<u>Current Receivable</u>	
Receivable due in less than one year	\$ 492,974
Net current contributions receivable	<u>\$ 492,974</u>
Receivable due in greater than 1 year, net of discount (\$1,757,033)	1,816,504
Net noncurrent contributions receivable	<u>1,816,504</u>
Total contributions receivable	<u>\$ 2,309,478</u>

Investments

	<u>LUF</u>
Government bonds, corporate obligations, and fixed income securities	\$ 157,445
Redemption in transit	\$ 2,500,000
Corporate stocks and mutual funds	\$ 13,486,819
Limited partnership	\$ 50,083,466
Total Investments	<u>\$ 66,227,730</u>
Investment in LLC (at cost)	1,000,000
Beneficial interest in perpetual trust	<u>2,358,161</u>
Total	<u><u>\$ 69,585,891</u></u>

Capital Assets

	<u>LUF</u>	<u>LUREF</u>	<u>Trust</u>	<u>Total</u>
Nondepreciable capital assets:				
Land	\$ 1,286,854	\$ 17,335,191	\$ -	\$ 18,622,045
Construction in progress	-	979,682	-	979,682
Art Collection	4,848,165	-	-	4,848,165
Stream and wetland credit	201,939	-	-	201,939
Total capital assets not being depreciated	<u>\$ 6,336,958</u>	<u>\$ 18,314,873</u>	<u>\$ -</u>	<u>\$ 24,651,831</u>
Depreciable capital assets:				
Buildings	\$ 85,000	\$ 240,941,590	\$ -	\$ 241,026,590
Equipment	-	7,218,763	21,299	7,240,062
Land improvements	-	14,867,112	-	14,867,112
Total capital assets being depreciated	<u>\$ 85,000</u>	<u>\$ 263,027,465</u>	<u>\$ 21,299</u>	<u>\$ 263,133,764</u>
Less accumulated depreciation	<u>30,815</u>	<u>63,867,694</u>	<u>20,714</u>	<u>63,919,223</u>
Total depreciable capital assets, net	<u>54,185</u>	<u>199,159,771</u>	<u>585</u>	<u>199,214,541</u>
Total capital assets, net	<u><u>\$ 6,391,143</u></u>	<u><u>\$ 217,474,644</u></u>	<u><u>\$ 585</u></u>	<u><u>\$ 223,866,372</u></u>

Long-Term Liabilities

Longwood University Foundation

The noncurrent liabilities amount of \$1,030,221 at December 31, 2023, is comprised of \$772,770 amounts payable to third-party beneficiaries and \$257,451 annuities payable.

Longwood University Real Estate Foundation

Long-term debt is as follows on December 31, 2023:

Fixed Rate Educational Facilities Revenue Refunding Bonds, Series 2018A, total principal payments due each year of increasing amounts starting 2027 through maturity on January 1, 2055. The interest rate is fixed at 5%. Premium determined on the date of issue, total unamortized premium of \$4,451,985 and \$4,600,002 at December 31, 2023, and 2022, respectively.	120,910,000
Fixed Rate Educational Facilities Revenue Refunding Bonds, Series 2018B, total principal payments due each year of increasing amounts starting 2022 through maturity on January 1, 2027. The interest rate increases from 4% to 4.625% through maturity. Discount determined on the date of issue, total unamortized discount of \$19,944 and \$32,478 at December 31, 2023, and 2022, respectively.	6,015,000
Fixed Rate Educational Facilities Revenue Refunding Bonds, Series 2020A, total principal payments due each year of increasing amounts starting 2040 through maturity in 2059. The interest rate is fixed at 5%. Premium determined on the date of issue, total unamortized premium of \$4,508,763 and \$4,690,852 at December 31, 2023, and 2022, respectively.	121,625,000
Fixed Rate Educational Facilities Revenue Refunding Bonds, Series 2020B, total principal payments due each year of increasing amounts starting 2022 through maturity in 2034. The interest rate is fixed at 5%. Discount determined on the date of issue, total unamortized discount of \$323,883 and \$356,272 at December 31, 2023, and 2022, respectively.	13,095,000
Fixed Rate Educational Facilities Revenue Refunding Bonds, Series 2021, total principal payments due each year of increasing amounts through maturity on July 1, 2053. The interest rate is fixed at 5.375%.	49,900,000
Deed of trust note payable, 4.10%, due in monthly payments of principal and interest of \$22,223, maturing December 1, 2024. Collateralized by the building at 315 West Third Street.	2,118,306
Deed of trust promissory note payable, 5.25%, due in monthly payments of principal and interest of \$2,166, maturing October 1, 2030. Collateralized by property known as the Moton Museum.	149,414
Deed of trust promissory note payable with the United States Department of Agriculture, 4.25%, due in monthly payments of principal and interest of \$1,092, maturing February 10, 2051. Collateralized by property known as the Moton Museum.	210,235
Deed of trust promissory note payable with the United States Department of Agriculture, 4.00%, due in monthly payments of principal and interest of \$2,989, maturing February 10, 2051. Collateralized by property known as the Moton Museum.	593,374
Deed of trust note payable, 3.12%, due in monthly payments of interest only through January 10, 2018; thereafter monthly payments of principal and interest through August 14, 2030. Collateralized by property known as the Midtown CRE	6,732,336
Deed of trust note payable, 4.75%, due in monthly payments of principal and interest of \$6,043.49, maturing November 9, 2025. Collateralized by the property 3565 W Third Street and 106 Venable Street.	903,814
	\$ 322,252,479
(Discount) Premium, net	8,616,921
Less - loan costs, net	(6,466,860)
Less - current portion	(4,156,484)
	\$ 320,246,056

Maturities under long-term debt are as follows:

2024	4,156,484
2025	3,455,367
2026	3,145,325
2027	3,804,133
2028	4,392,693
Thereafter	<u>303,298,477</u>
Total	<u>\$ 322,252,479</u>

In March 2021, the LUREF received \$49,900,000 in financing through the Industrial Development Authority (IDA) of the Town of Farmville, Virginia, with the issuance of Educational Facilities Revenue Bonds (Convocation Center Project) Series 2021. The purpose of the bonds is to finance a multipurpose special events and convocation center, including the relocation of tennis courts, all for the benefit of Longwood University. The bonds are scheduled to mature July 1, 2053, and have a fixed rate of 5.375% payable semi-annually in January and July.

The Series 2020 and 2018 bonds were both issued through the IDA of Farmville with the purpose of financing the acquisition, development, construction, and rehabilitation of student housing facilities.

The Series 2020 bonds, in the amount of \$134,720,000, were used to refund Series 2017 bonds, which financed the renovation of student housing facilities, financed the rehabilitation of four existing student housing facilities, and paid off debt collateralized by property known as Riverview, LLC.

The bonds, which have staggered maturity dates of January 1, 2040, 2050, and 2059, are subject to mandatory sinking fund redemptions of principal beginning January 1, 2024. Interest is fixed at 5% and is payable semiannually in January and July.

The Series 2018 bonds, in the amount of \$128,425,000, were issued in 2018 for the purpose of refunding prior bond issuances (Series 2015) that were used to acquire, construct, and equip the student housing facility known as "ARC Quad" (consisting in large part of Sharp and Register Halls) and other student housing projects including Lancer Park, Longwood Landings, Longwood Village. The Series 2018A bonds have a fixed interest rate of 5% with staggered maturity dates from January 2027 through January 2055. The Series 2018B bonds have fixed interest rates in the range of 4.0% to 4.625% with staggered maturities from January 2022 through January 2027.

The Series 2020 and 2018 bonds are subject to mandatory, optional, and extraordinary redemption.

The bond agreements require the establishment and maintenance of several reserve accounts for the collecting, holding, and disbursement of funds related to the issuance of the bonds, payment of project costs, payment of repairs, and repayment of principal and interest. These accounts are disclosed in Note 5 of the Longwood University Real Estate Foundation's financial statements.

The student housing facilities bonds (Series 2020 and 2018) bonds are covered by a Master Trust Indenture (covering all amounts held in required accounts and reserves under the bond agreements), Deed of Trust (providing a fee simple interest in all real and personal property, all rents and profits, leases, and awards related to the property), Support Agreement, and Management Agreement. Under the Master Trust Indenture, the bonds are collateralized by the gross revenues of the Foundation, the Deed of Trust, and all monies and securities held in required reserve accounts.

The Support Agreement requires the projects to be operated as part of the Longwood University housing system and on an equal basis with the University's own student housing facilities. The Support Agreement requires preferential treatment in that the University must assign all its students in need of housing to the projects covered under the bonds, until at least 95% of the beds of each project are occupied.

The Management Agreement appoints the University as manager of each housing project. As such, the University is charged with setting and collecting all rents and making a monthly payment to the Foundation for the use of the projects. The University provides all personnel for resident advisory, public safety, education staffing, maintenance, grounds, housekeeping and janitorial services, and bills the Foundation for these costs. The Foundation is required to furnish utilities and insurance. All expenses associated with the management of the projects are subordinated and paid to the bond trustee monthly. Amounts are paid to the University by requisitioning such funds from the bond trustee.

Under the bonds, the Foundation is required to meet certain debt coverage ratios. As of December 31, 2023, and 2022, Foundation management believes the Foundation is in compliance with the requirements of the loan agreement.

Other Significant Transactions with Longwood University

Longwood University Foundation

In conjunction with its mission to support the activities and operations of Longwood University, the Longwood University Foundation has entered into various lease arrangements for nominal amounts with the University. Total net book value of assets leased to the University, including land, was \$1,341,039 and \$1,343,164 at December 31, 2023, and 2022, respectively, including land on the consolidated statements of financial position.

For the years ended December 31, 2023, and 2022, the Foundation recognized \$445,933 and \$617,042, respectively, of in-kind contributions and fundraising expense for services provided by University personnel that directly benefited the Foundation.

Longwood University Real Estate Foundation

Lessor Activities – The LUREF owns multiple properties separate from the student housing and projects that are leased to the University and others under multiple operating leases. Leases to the University are for office space, storage, non-student housing, and parking lots, with terms of one to ten years. Leases to faculty members for housing are on an annual basis. Commercial leases at Midtown Square are leased to non-University parties with terms of three to five years. University and commercial rental income for the years ended December 31, 2023, and 2022, totaled \$1,983,263 and \$1,889,805, respectively, and is included in rent revenue and parking revenue in the statement of revenues, expenses, and changes in net position.

The following is a schedule by year of future estimated minimum rental payments expected to be received under leases for terms beyond 12 months for the years ending December 31:

	University Related	Commercial	Total
2024	2,708,707	395,269	3,103,976
2025	4,128,366	361,142	4,489,508
2026	4,193,959	356,368	4,550,327
2027	4,284,145	274,534	4,558,679
2028	3,966,430	132,845	4,099,275
	<u>\$ 19,281,607</u>	<u>\$ 1,520,158</u>	<u>\$ 20,801,765</u>

Outstanding receivables for rent from the University on December 31, 2023, and 2022, were \$11,977,635 and \$7,733,092, respectively, exclusive of the lease table above.

The LUREF pays the University fees under management agreements related to facilities covered by tax-exempt bond issuances. These fees are based on the costs to manage the specific properties. Total management fees paid for 2023 and 2022 were \$1,481,878 and \$1,140,935, respectively.

The LUREF made contributions of \$5,240,000 and \$2,000,000 to the University during the years ended December 31, 2023, and 2022, respectively.

Longwood University Trust

The Organization receives funds on behalf of Longwood University Foundation (the “Foundation”) and Longwood University Real Estate Foundation (the “LUREF”) in an agency capacity. These amounts are not reflected in the consolidated statement of activities of the Longwood University Trust, as the Organization acts in an agency capacity and the funds are passed through to the Foundation and the LUREF. For the year ended December

31, 2023, the Organization received funds totaling \$341,339 and \$245,255 to be disbursed to the Foundation and LUREF, respectively. As of December 31, 2023, funds totaling \$35,831 and \$61,926, respectively, had yet to be disbursed and are classified as current liabilities on the statement of revenues, expenses, and changes in net position as of December 31, 2023.

As of December 31, 2023, the Organization also had amounts payable to the University totaling \$77,229, representing operating gift transfers at year-end.

The Organization has recorded contributed services for program, management and general, and fundraising services in the amount of \$715,620, which has been reflected in the program, management and general, and fundraising expenses on the statement of revenues, expenses, and changes in net position.

Component Unit Subsequent Events

Longwood University Real Estate Foundation

The LUREF has a contract in place for the construction of the Innovation Hub build-out. The contract was signed in February 2024, and the estimated cost to complete is approximately \$2.8 million. Construction had not yet commenced as of June 27, 2024.

REQUIRED SUPPLEMENTAL INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information for Pension Plans

Schedule of University's Share of Net Pension Liability for VRS State Employee Retirement Plan (SERP)*					
For the years ended June 30, 2024-2015					
	Employer's Proportion of net pension liability (Asset)	Employer's Proportionate share of net pension liability (Asset)	Employer's covered payroll	Employer's Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a % of total pension liability
2024	0.57%	\$ 28,732,018	\$ 28,441,301	101.02%	82.19%
2023	0.59%	26,982,722	27,431,099	98.37%	83.26%
2022	0.59%	21,266,448	24,191,563	87.91%	86.44%
2021	0.63%	45,846,909	26,508,876	172.95%	72.15%
2020	0.65%	40,905,733	27,075,000	151.08%	75.13%
2019	0.64%	34,517,000	26,132,362	132.09%	77.39%
2018	0.62%	36,064,000	24,578,532	146.73%	75.33%
2017	0.62%	40,699,000	25,657,086	158.63%	71.29%
2016	0.62%	37,768,000	23,822,599	158.54%	72.81%
2015	0.61%	33,984,000	24,148,561	140.73%	74.28%

Schedule of University's Share of Net Pension Liability (VaLORS)*					
For the years ended June 30, 2024-2015					
	Employer's Proportion of net pension liability (Asset)	Employer's Proportionate share of net pension liability (Asset)	Employer's covered payroll	Employer's Proportionate share of net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a % of total pension liability
2024	0.18%	\$ 1,141,879	\$ 651,577	175.25%	74.91%
2023	0.21%	1,346,513	720,583	186.87%	74.41%
2022	0.21%	1,082,808	723,744	149.61%	78.18%
2021	0.20%	1,583,937	749,653	211.29%	65.74%
2020	0.22%	1,557,136	785,000	198.36%	68.31%
2019	0.22%	1,368,000	758,437	180.37%	69.56%
2018	0.20%	1,322,000	594,492	222.37%	67.22%
2017	0.18%	1,413,000	547,193	258.23%	61.01%
2016	0.17%	1,232,000	506,879	243.06%	62.64%
2015	0.17%	1,120,000	511,674	218.89%	63.05%

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

Schedule of University's Pension Contributions VRS State Employee Retirement Plan (SERP)					
For the Years Ended June 30, 2024-2015					
Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 4,199,100	\$ 4,199,100	-	\$ 31,258,287	13.43%
2023	3,834,300	3,834,300	-	28,441,301	13.48%
2022	3,741,500	3,741,500	-	27,431,099	13.64%
2021	3,498,100	3,498,100	-	24,191,563	14.46%
2020	3,584,000	3,584,000	-	26,508,876	13.52%
2019	3,519,000	3,519,000	-	27,075,000	13.00 %
2018	3,482,000	3,482,000	-	26,132,362	13.32 %
2017	3,315,644	3,315,644	-	24,578,532	13.49 %
2016	3,407,261	3,407,261	-	25,657,085	13.28 %
2015	2,937,326	2,937,326	-	23,822,599	12.33 %

Schedule of University's Pension Contributions (VaLORS)					
For the Years Ended June 30, 2024-2015					
Year Ended June 30	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 174,600	\$ 174,600	-	\$ 709,561	24.61%
2023	160,300	160,300	-	651,577	24.60%
2022	157,800	157,800	-	720,583	21.90%
2021	158,500	158,500	-	723,744	21.90%
2020	162,000	162,000	-	749,653	21.61%
2019	170,000	170,000	-	785,000	21.66 %
2018	159,650	159,650	-	758,437	21.05 %
2017	125,141	125,141	-	594,492	21.05 %
2016	100,355	100,355	-	547,193	18.34 %
2015	89,566	89,566	-	506,879	17.67 %

Notes to Required Supplemental Information for Pension Plans

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

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

VRS - State Employee Retirement Plans (SERP):

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

VaLORS Retirement Plan:

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

Required Supplementary Information for Other Postemployment Benefit Plans
Schedules of University's Share of Other Post-Employment Benefits (OPEB) Liabilities (Assets)
For the years ended June 30, 2024-2018*

Plan	Year*	Employer's Proportion of Net OPEB Liability (Asset)	Employer's Proportionate Share of Net OPEB Liability (Asset)	Employer's Covered Payroll	Proportionate Share of net OPEB Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of Total OPEB Liability (Asset)
GLI	2024	0.20%	\$ 2,440,363	\$ 47,833,333	5.10%	69.30%
GLI	2023	0.22%	2,609,398	47,111,111	5.54%	67.21%
GLI	2022	0.21%	2,489,911	44,129,630	5.64%	67.45%
GLI	2021	0.23%	3,927,439	48,433,269	8.11%	52.64%
GLI	2020	0.24%	3,925,455	47,307,692	8.30%	52.00%
GLI	2019	0.25%	3,726,000	46,098,868	8.08%	51.22%
GLI	2018	0.24%	3,598,000	43,924,000	8.19%	48.86%
HIC	2024	0.58%	\$ 4,798,926	\$ 47,812,500	10.04%	25.46%
HIC	2023	0.62%	5,088,373	47,026,786	10.82%	21.52%
HIC	2022	0.61%	5,148,489	43,633,929	11.80%	19.75%
HIC	2021	0.67%	6,164,044	48,376,410	12.74%	12.02%
HIC	2020	0.69%	6,401,684	47,264,957	13.54%	10.56%
HIC	2019	0.69%	6,307,000	45,750,000	13.79%	9.51%
HIC	2018	0.68%	6,208,000	43,924,000	14.13%	8.03%
VSDP	2024	(0.37%)	\$ (1,168,750)	\$ 18,688,525	(6.25%)	199.05%
VSDP	2023	(0.37%)	(1,097,584)	17,114,754	(6.41%)	195.90%
VSDP	2022	(0.37%)	(1,266,089)	15,918,033	(7.95%)	229.01%
VSDP	2021	(0.40%)	(887,851)	17,433,548	(5.09%)	181.88%
VSDP	2020	(0.43%)	(839,637)	17,457,627	(4.81%)	167.18%
VSDP	2019	(0.43%)	(974,000)	16,231,884	(6.00%)	194.74%
VSDP	2018	(0.42%)	(856,000)	16,322,000	(5.24%)	186.63%

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

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only seven years are available. Additional years will be added as they become available.

Plan	Year*	Employer's Proportion of the Collective Total OPEB Liability	Employer's Proportionate Share of the Collective Total OPEB Liability	Employer's Covered-Employee Payroll	Employer's Proportionate Share of the Collective Total OPEB Liability as a Percentage of Its Covered-Employee Payroll
PMRH	2024	0.81%	\$ 2,842,330	\$ 44,472,191	6.35%
PMRH	2023	0.82%	2,997,453	41,848,275	7.16%
PMRH	2022	0.86%	3,858,019	39,362,792	9.80%
PMRH	2021	0.88%	4,996,810	40,969,280	12.20%
PMRH	2020	0.88%	6,002,288	39,868,400	15.06%
PMRH	2019	0.88%	8,810,802	39,423,120	22.35%
PMRH	2018	0.85%	11,068,862	39,272,640	28.18%

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

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only seven years are available. Additional years will be added as they become available.

Plan	Year*	Employer's Proportion of Net LODA OPEB Liability (Asset)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	Covered-Employee Payroll**	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage Of Covered-Employee Payroll**	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability
LODA	2024	0.09%	\$ 370,752	\$ 626,207	59.21%	1.31%
LODA	2023	0.10%	397,113	663,770	59.83%	1.87%
LODA	2022	0.09%	413,562	661,538	62.52%	1.68%
LODA	2021	0.09%	391,508	756,190	51.77%	1.02%
LODA	2020	0.10%	358,463	807,453	44.39%	0.79%
LODA	2019	0.09%	284,000	731,927	38.80%	0.60%
LODA	2018	0.07%	193,000	668,000	28.89%	1.30%

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

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

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only seven years are available. Additional years will be added as they become available.

Schedule of the University's OPEB Contributions						
For the years ended June 30, 2024-2018						
Plan	Year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll*	Contributions as a % of Covered Payroll*
GLI	2024	\$ 274,200	\$ 274,200	-	\$ 50,777,778	0.54%
GLI	2023	258,300	258,300	-	47,833,333	0.54%
GLI	2022	254,400	254,400	-	47,111,111	0.54%
GLI	2021	238,300	238,300	-	44,129,630	0.54%
GLI	2020	251,853	251,853	-	48,433,269	0.52%
GLI	2019	246,000	246,000	-	47,307,692	0.52%
GLI	2018	244,324	244,324	-	46,098,868	0.53%
HIC	2024	\$ 568,400	\$ 568,400	-	\$ 50,750,000	1.12%
HIC	2023	535,500	535,500	-	47,812,500	1.12%
HIC	2022	526,700	526,700	-	47,026,786	1.12%
HIC	2021	488,700	488,700	-	43,633,929	1.12%
HIC	2020	566,004	566,004	-	48,376,410	1.17%
HIC	2019	553,000	553,000	-	47,264,957	1.17%
HIC	2018	549,000	549,000	-	45,750,000	1.20%
LODA	2024	\$ 11,600	\$ 11,600	-	\$ 612,578	1.89%
LODA	2023	12,300	12,300	-	626,207	1.96%
LODA	2022	14,300	14,300	-	663,770	2.15%
LODA	2021	12,900	12,900	-	661,770	1.95%
LODA	2020	12,704	12,704	-	755,280	1.68%
LODA	2019	13,000	13,000	-	809,448	1.61%
LODA	2018	10,000	10,000	-	731,916	1.37%
VSDP	2024	\$ 128,200	\$ 128,200	-	\$ 21,016,393	0.61%

VSDP	2023	114,000	114,000	-	18,688,525	0.61%
VSDP	2022	104,400	104,400	-	17,114,754	0.61%
VSDP	2021	97,100	97,100	-	15,918,033	0.61%
VSDP	2020	108,088	108,088	-	17,433,548	0.62%
VSDP	2019	103,000	103,000	-	17,457,627	0.59%
VSDP	2018	112,000	112,000	-	16,231,884	0.69%

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

This schedule is intended to show information for 10 years. Since 2018 is the first year for this presentation, only seven years are available. Additional years will be added as they become available.

Notes to Required Supplementary Information for OPEB Plans

PMRH program

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

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

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

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

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

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

GLI, HIC, LODA and VSDP programs:

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

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

General State Employees (GLI, HIC, LODA, VSDP)

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

Teachers (GLI)

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

SPORS Employees (GLI, HIC, LODA, VSDP)

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

VaLORS Employees (GLI, HIC, LODA, VSDP)

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

JRS Employees (GLI, HIC)

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

Largest Ten Locality Employers - General Employees (GLI)

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

Line of Duty Disability	No change
Discount Rate	No change

Non-Largest Ten Locality Employers - General Employees (GLI)

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

Largest Ten Locality Employers – Hazardous Duty Employees (GLI)

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.

Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Largest Ten Locality Employers with Public Safety Employees (LODA)

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

Non-Largest Ten Locality Employers with Public Safety Employees (LODA)

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

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Staci A. Henshaw, CPA
Auditor of Public Accounts

Commonwealth of Virginia

Auditor of Public Accounts

P.O. Box 1295
Richmond, Virginia 23218

April 16, 2026

The Honorable Abigail Spanberger
Governor of Virginia

Joint Legislative Audit
and Review Commission

Board of Visitors
Longwood University

Taylor Reveley, IV
President, Longwood University

INDEPENDENT AUDITOR'S REPORT

Report on Financial Statements

Opinions

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

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

We did not audit the financial statements of the aggregate discretely presented component units of the University, which are discussed in Note 22. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the component units of the University, is based solely on the reports of the other auditors.

Basis for Opinions

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

Emphasis of Matters

Changes in Accounting Principles

As discussed in Note 2 of the accompanying financial statements, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections and GASB Implementation Guide No. 2021-1 Question 5.1, relating to capitalizing groups of assets. Our opinions are not modified with respect to these matters.

Correction of 2023 Financial Statements

As discussed in Note 2 of the accompanying financial statements, the fiscal year 2023 financial statements have been restated to correct misstatements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following be presented to supplement the basic financial statements: Management's Discussion and Analysis on pages 3 through 18, the Schedules of University's Share of Net Pension Liability, the

Schedules of University's Pension Contributions, and the Notes to the Required Supplementary Information for Pension Plans on pages 110 through 112; the Schedules of University's Share of Other Post-Employment Benefits (OPEB) Liabilities (Assets), the Schedule of the University's OPEB Contributions, and the Notes to the Required Supplementary Information for OPEB Plans for the Health Insurance Credit, Group Life Insurance, Disability Insurance, Line of Duty, and Pre-Medicare Retiree Healthcare programs, as applicable, on pages 113 through 119. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated April 16, 2026, on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the University's internal control over financial reporting and compliance.

Staci A. Henshaw
AUDITOR OF PUBLIC ACCOUNTS

AVC/vks

LONGWOOD UNIVERSITY

Farmville, Virginia

as of June 30, 2024

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